

Comprehensive Annual Financial Report



Downtown Park Perspective



Fiscal Year Ended June 30, 2014

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CITY OF JACKSON, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2014**

**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

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INTRODUCTORY SECTION

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December 23, 2014

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, 2014.

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, 2014 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, 2014 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 2013 and into 2014. 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. Along with a \$ 3.35 million investment, the Center has already brought 120 jobs into the City and is expected to bring another 300 new jobs in the next five years. Full Spectrum Solutions, Inc., a leading manufacturer of energy efficient lighting established in 1997, has grown to 55 employees and expects to create 10 new jobs in the next two years.

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 the current 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 six fiscal years to approximately \$607 million. State equalized values (50% of estimated true market values) have also declined - for the seventh year in a row - to \$623 million. Market values, especially in the residential sector, have begun to show slow but steady growth and should continue into the next few years as real estate sales prices improve and the City continues its demolition program of vacant and abandoned housing - a program that has already completed or committed to demolish over 400 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.

State shared revenues within the City's General Fund, which had been subject to the Governor's Economic Vitality Incentive Program (EVIP) for the past few years, are now subject to the City, Village and Township Revenue Sharing (CVTRS) Program. To qualify for CVTRS payments, a local unit must provide 1) a Citizen's Guide of Local Finances and Performance Dashboard, 2) a Current Fiscal Year Adopted Budget / Subsequent Year Projected Budget, and 3) a Schedule of Debt and Debt Service Requirements. Actual State Shared revenues for fiscal year 2014 showed a 3.3% increase in the total constitutional and statutory components of state shared revenues, which amounted to \$4,165,582.

One of the City's major revenue categories - income taxes - continues to show growth for the fourth straight fiscal year after declining over \$1.1 million in fiscal year 2010. This growth in Income tax revenues, however, has slowed in fiscal year 2014 and only exceeded the previous fiscal year by \$63,200, or .8%. While the City did see its unemployment rate decline from the previous fiscal year, there was also a decline in the total labor force. Actual employment levels grew only .5%, from 14,333 to 14,405.

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. In an effort to better control these costs, the City implemented a self-funded health insurance program on July 1, 2014. It is hoped that the City will be able to use this program to not only to realize savings but at the same time provide better health coverages for its employees and retirees than would otherwise be possible in the open market.

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, along with some of its larger employers as well as the State, have recently begun an "Anchor Initiative" effort which would make it more attractive to live and work in the downtown area. In addition, the City has recently applied for over \$ 10 million in State grant funds that would enable the demolition of approximately 400 vacant structures, if awarded, thus furthering the City's efforts towards neighborhood revitalization. These are just some of the more major efforts the City is taking to not only reduce operating costs and become more cost efficient, but to set the framework for the City to become a more viable and thriving place to live and work 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, 2013. 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**

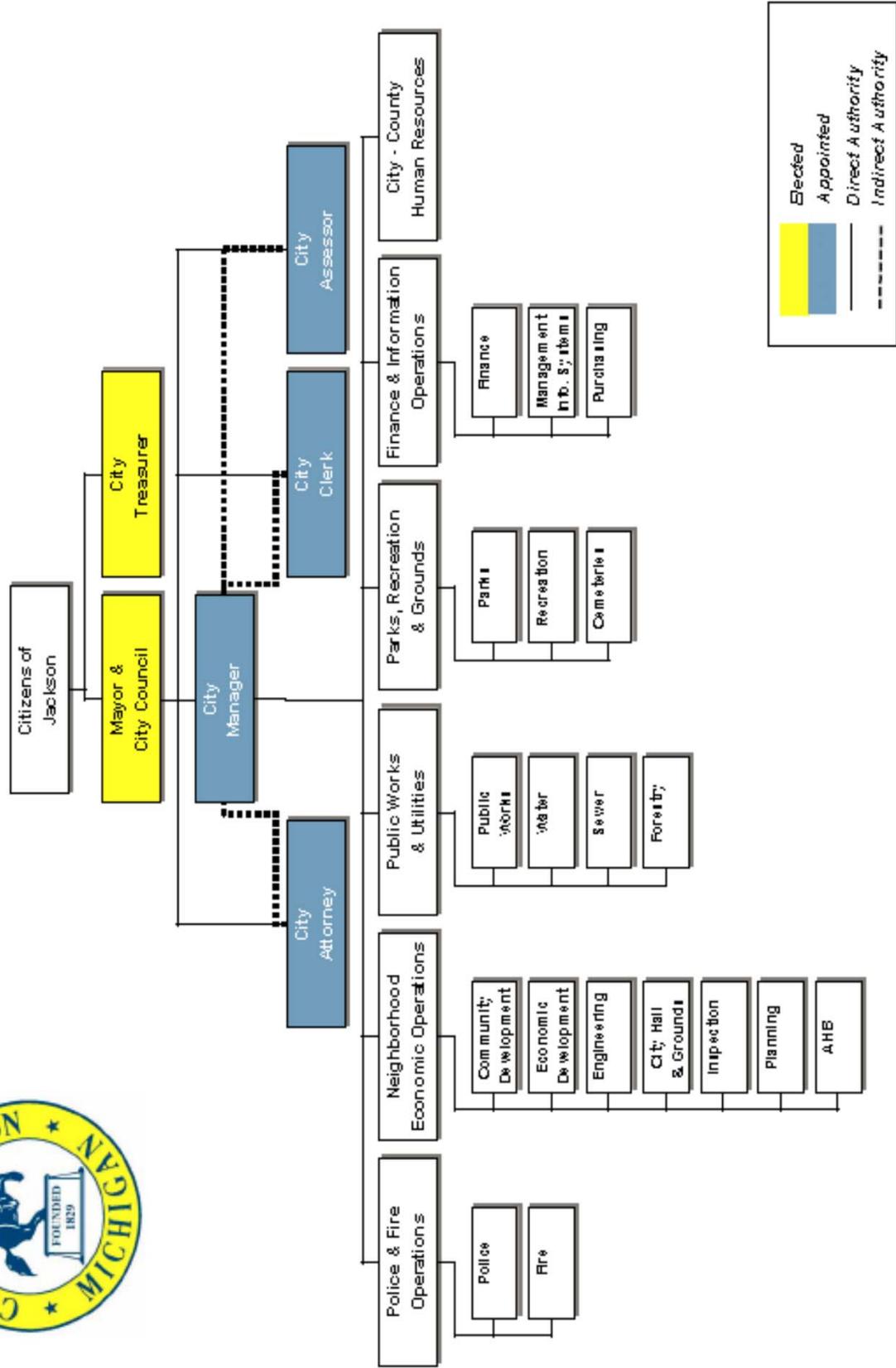
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



City of Jackson Organizational Structure



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



CITY COUNCIL

Jason C. Smith, Mayor

Arlene Robinson	1st Ward
Kimberly Jaquish	2nd Ward
Daniel P. Greer	3rd Ward
Laura D. Schlecte	4th Ward
Andrew R. Frounfelker	5th Ward
Derek J. Dobies	6th Ward

CITY OFFICIALS

Patrick H. Burtch, City Manager

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 23, 2014

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, 2014, 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, 2014 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.

Implementation of GASB Statement No. 67

The City implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, in the current year. While there was no effect on the amounts reported in the financial statements themselves, there were substantial changes to the disclosures found in Note 13 to the financial statements, including the calculation of the City's net pension liability, which will be required to be recorded by the City in its next fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 23, 2014, 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.



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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, 2014. 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 \$114,709,187 (*net position*). Of this amount, \$12,623,664 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$1,547,588.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,757,353, an increase of \$1,530,790 in comparison with the prior year. Approximately 31 percent of this total amount, or \$3,702,687, 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 \$4,757,198, or 25 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$810,000 during the current fiscal year.

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.

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.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

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 30 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 26 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.

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.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

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 \$114,709,187 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (83 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	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$18,084,273	\$16,988,283	\$25,753,962	\$23,613,041	\$ 43,838,235	\$ 40,601,324
Capital assets	75,993,295	76,143,540	57,737,510	57,746,945	133,730,805	133,890,485
Total assets	94,077,568	93,131,823	83,491,472	81,359,986	177,569,040	174,491,809
Deferred outflows of resources	846,001	902,553	-	-	846,001	902,553
Liabilities						
Long-term liabilities outstanding	41,907,043	42,199,988	555,092	624,612	42,462,135	42,824,600
Other liabilities	19,619,926	15,593,928	1,623,793	719,059	21,243,719	16,312,987
Total liabilities	61,526,969	57,793,916	2,178,885	1,343,671	63,705,854	59,137,587
Net position:						
Net investment in capital assets	37,303,547	36,771,568	57,537,510	57,446,945	94,841,057	94,218,513
Restricted	7,181,966	6,439,037	62,500	62,500	7,244,466	6,501,537
Unrestricted (deficit)	(11,088,913)	(6,970,145)	23,712,577	22,506,870	12,623,664	15,536,725
Total net position	\$33,396,600	\$36,240,460	\$81,312,587	\$80,016,315	\$114,709,187	\$116,256,775

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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 4,848,628	\$ 6,587,602	\$12,747,090	\$14,550,167	\$ 17,595,718	\$ 21,137,769
Operating grants and contributions	4,954,371	7,603,364	-	-	4,954,371	7,603,364
Capital grants and contributions	1,715,400	4,434,092	-	-	1,715,400	4,434,092
General revenues:						
Property taxes	9,347,632	9,495,893	-	-	9,347,632	9,495,893
Income taxes	8,080,526	8,017,329	-	-	8,080,526	8,017,329
Grants and contributions not restricted to specific programs	4,350,343	4,218,247	502,598	274,432	4,852,941	4,492,679
Other	192,908	151,999	91,290	105,049	284,198	257,048
Gain on sale of capital assets	12,140	16,996	-	-	12,140	16,996
Total revenues	33,501,948	40,525,522	13,340,978	14,929,648	46,842,926	55,455,170
Expenses:						
Legislative	80,442	81,079	-	-	80,442	81,079
General government	5,316,441	4,774,616	-	-	5,316,441	4,774,616
Public safety	18,040,231	18,980,031	-	-	18,040,231	18,980,031
Public works	5,909,656	6,157,790	-	-	5,909,656	6,157,790
Culture and recreation	2,592,620	2,392,391	-	-	2,592,620	2,392,391
Community enrichment	3,049,440	3,281,198	-	-	3,049,440	3,281,198
Interest on long-term debt	1,275,528	1,595,962	-	-	1,275,528	1,595,962
Sewer	-	-	4,528,885	4,622,944	4,528,885	4,622,944
Water	-	-	6,388,397	6,079,526	6,388,397	6,079,526
Stormwater utilities	-	-	524,814	1,441,642	524,814	1,441,642
Parking system	-	-	633,440	625,116	633,440	625,116
Golf practice center	-	-	50,620	53,471	50,620	53,471
Total expenses	36,264,358	37,263,067	12,126,156	12,822,699	48,390,514	50,085,766
Change in net position before transfers	(2,762,410)	3,262,455	1,214,822	2,106,949	(1,547,588)	5,369,404
Transfers	(81,450)	(80,900)	81,450	80,900	-	-
Change in net position	(2,843,860)	3,181,555	1,296,272	2,187,849	(1,547,588)	5,369,404
Net position - beginning of year	36,240,460	33,058,905	80,016,315	77,828,466	116,256,775	110,887,371
Net position - end of year	\$33,396,600	\$36,240,460	\$81,312,587	\$80,016,315	\$114,709,187	\$116,256,775

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

The government's net position decreased by \$1,547,588 during the current fiscal year. Governmental activities decreased \$2,843,860 while business-type activities increased \$1,296,272. The decrease in the governmental activities is significantly less than the increase from a year ago of \$3,181,555 and reflects the decline of federal grants as well as the ongoing efforts of the government to continue cost containment practices previously implemented. Governmental activities revenues in total decreased \$7,023,574, or 17%, while governmental activities expenses decreased \$998,709, or 3%. Similarly, the increase in net position in the business-type activities was also not as large as the increase of \$2,187,849 from last fiscal year. Business-type activities revenues declined \$1,588,670, or 11%, while business-type activities expenses declined \$696,543, or 5%.

Governmental activities. Governmental activities decreased the City's net position by \$2,843,860 during fiscal year 2014. Some significant elements of this decrease are as follows:

- Charges for services decreased \$1,738,974 largely as a result of the decrease in demolition billings of \$771,569, and a decrease from the prior year charge associated with the Section 108 loan elimination of \$ 570,000.
- Operating grants and contributions decreased \$2,658,974 in comparison with the prior year largely from the decrease in the EPA grant funds which made up over \$1.94 million of that decrease. These funds were utilized in the demolition of the old Consumers Energy Headquarters building in the prior fiscal year.
- Capital grants and contributions decreased \$ 2,718,682 almost entirely as a result of the decrease in the Major Street (special revenue) Fund's decline in federal construction grant revenues from the prior year, a year that included the completion of the \$ 8 million West Avenue Bridge Project.
- Expenses, for the most part, were comparable to prior year's.

Business-type activities. Business-type activities increased the City's net position by \$1,296,272 during fiscal year 2014. This change resulted from an increase in the sewage fund totaling \$421,353 and the water fund of \$1,658,745 offset by a decrease in the parking deck fund of \$225,766. The nonmajor enterprise funds in total reflected an decrease in net position of \$407,544. A portion of the decrease in the nonmajor enterprise stormwater utility fund is due to the cessation of that funds operations after the first month into the fiscal year following a court decision that ruled the stormwater fees were not valid. This decision resulted in the decline of approximately \$ 1.1 million in fees compared to the prior year.

Key elements of this increase are as follows:

- During the fiscal year there were no increases in sewer and water rates. This follows two previous fiscal years that saw increases in both rates of approximately 10% in 2012 and 2.7% in 2013.
- Sewer fund charges for services remained relatively unchanged from the prior fiscal year. Sewer operating expenses decreased \$ 121,573, or 2.7%.
- Water charges for services decreased \$432,455, or 5.4%, as a result of the decrease in volume of 13.3% from the prior fiscal year. Water system revenues by user class remained relatively unchanged for commercial users but saw a 5.4% increase in residential users with the industrial user class showing a decrease of \$613,254, or 47.6%. Fluctuations, historically, are usually more significant from year to year in the industrial class, as a rule.

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 \$11,757,353, an increase of \$1,530,790 in comparison with the prior year. Approximately 31 percent of this total amount, or \$3,702,687, 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 \$164,357, prepaid expenditures \$10,073, funds advanced on a long term basis \$110,000, cemetery perpetual care \$1,875,787 and endowments related to Ella Sharp Park and facilities \$1,085,065; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$3,996,757; and 3) committed which indicate funds that have self-imposed limitations, which total \$812,627. 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 \$4,757,198, while total fund balance was \$4,817,271. 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 24.6 percent of total general fund expenditures while total fund balance represents 24.9 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$566,229 during the current fiscal year. The City continues to experience declines in its tax base, although much smaller than in prior years. Offsetting this small decline, however, is the continued phase-out of the renaissance zone exemption as well as expiration of some tax increment projects - both which increase the taxes collected for general operations. Income tax revenues, which showed significant growth in the prior year, have increased slightly by \$63,197, or 0.8%, from the prior fiscal year.

The community development block grant special revenue fund had a small decrease of \$124,816 in fund balance for the current year resulting in an ending fund balance of \$303,865. 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 \$299,157 from the prior fiscal year leaving a total surplus of \$1,271,584 at fiscal year-end. Street and state highway construction decreased substantially, as indicated previously, in comparison with the prior fiscal year, a year which included the completion of two large projects - the West Avenue bridge and Ganson Street repaving. The unusually harsh winter of 2013/14 resulted in winter maintenance expenditures to increase 83% over prior year levels while street maintenance and traffic service activities saw decreases.

The special assessment capital projects fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, decreased the amount of its fund deficit by \$94,866. This fund, which has a deficit by its nature, recorded \$193,389 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$288,254.

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 \$10,747,810 and \$11,968,894, respectively. The sewage fund had an increase in net position for the year of \$421,353, whereas the water fund had an increase of \$1,658,745. 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, which was expected to continue at the rate of growth seen in the prior year. Other differences were much smaller and due to minor adjustments during the budget process. Total revenues were unfavorable when compared to budget by \$213,569.

Expenditures were favorable when compared to budget in total by \$721,647. There were no activity budgets that were exceeded. The actual increase in fund balance of \$566,229 exceeded the anticipated budgeted increase of \$73,765 by \$492,464, or 2.5 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, 2014, amounted to \$133,730,805 (net of accumulated depreciation). This investment in capital assets includes land, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net decrease in the City's investment in capital assets for the current fiscal year was \$159,680 or .12 percent.

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

- Infrastructure improvements of approximately \$2.8 million comprised largely of street and bridge construction.
- Various water and sewer system improvements totaling approximately \$2.0 million, including water distribution mains of \$935,000 million and sewer line replacements of approximately \$609,000.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,428,780	\$ 2,423,583	\$ 8,956,886	\$ 8,956,886	\$ 11,385,666	\$ 11,380,469
Systems	-	-	36,419,391	34,730,196	36,419,391	34,730,196
Land improvements	12,613,890	12,927,899	1,432,117	1,477,726	14,046,007	14,405,625
Infrastructure	43,310,967	43,270,602	-	-	43,310,967	43,270,602
Buildings and improvements	10,782,375	10,991,025	9,250,905	10,934,795	20,033,280	21,925,820
Park and recreation facilities	4,720,493	4,576,691	-	-	4,720,493	4,576,691
Machinery and equipment	2,136,790	1,953,740	1,678,211	1,647,343	3,815,001	3,601,083
Total	\$75,993,295	\$76,143,540	\$57,737,510	\$57,746,946	\$133,730,805	\$133,890,486

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 \$39,348,577. Of this amount, \$39,148,577 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$39,148,577	\$39,858,577	\$ -	\$ -	\$ 39,148,577	\$ 39,858,577
Revenue bonds	-	-	200,000	300,000	200,000	300,000
Total	\$39,148,577	\$39,858,577	\$ 200,000	\$ 300,000	\$ 39,348,577	\$ 40,158,577

The City's total bonded debt decreased by \$810,000 (2 percent) during the current fiscal year.

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 \$62,316,855, which is significantly in excess of the City's outstanding general obligation debt of \$39,148,577.

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 2014/15 fiscal year:

- The unemployment rate for the City is currently 8.6 percent (10/14), which is a decrease from a rate of 12.2 percent a year ago (10/13). While this compares unfavorably to the state's average unemployment rate of 7.1 percent and the national average rate of 5.8 percent, this decrease in the government's unemployment rate, along with the increase in employment levels - from 13,900 to 14,267 - should have a positive effect on this year's income tax revenues.
- Ad valorem (real and personal) taxable values of property have decreased 2.6 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 2014 fiscal year, unassigned fund balance in the general fund increased to \$4,757,198. The current budget anticipates that this fund balance amount will increase by \$62,308.

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, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Assets					
Pooled cash and investments	\$ 8,405,490	\$ 22,515,052	\$ 30,920,542	\$ 1,655,309	\$ 263,356
Restricted cash:					
Cash on hand with agents	215,646	-	215,646	-	-
Pooled cash and investments	2,919,426	62,500	2,981,926	-	-
Receivables, net	6,072,779	3,173,927	9,246,706	-	88,673
Interfund balances	296,502	(296,502)	-	-	-
Prepays and other assets	174,430	298,985	473,415	-	-
Capital assets not being depreciated	2,428,780	8,956,886	11,385,666	-	-
Capital assets being depreciated, net	73,564,515	48,780,624	122,345,139	-	-
Total assets	94,077,568	83,491,472	177,569,040	1,655,309	352,029
Deferred outflows of resources					
Deferred charge on refunding	846,001	-	846,001	-	-
Liabilities					
Accounts payable and accrued liabilities	2,648,648	1,498,793	4,147,441	623	17,530
Accrued interest payable	124,269	-	124,269	-	-
Unearned revenue	356,474	125,000	481,474	-	-
Long-term debt:					
Due within one year	1,038,958	128,991	1,167,949	-	-
Due in more than one year	40,868,085	426,101	41,294,186	-	-
Other noncurrent liability due in more than one year - net other postemployment benefit obligation	16,490,535	-	16,490,535	-	-
Total liabilities	61,526,969	2,178,885	63,705,854	623	17,530
Deferred inflows of resources					
Unavailable - notes receivable	-	-	-	-	38,720
Net position					
Net investment in capital assets	37,303,547	57,537,510	94,841,057	-	-
Restricted for:					
Debt service	33,330	62,500	95,830	-	-
Highways and streets	1,839,293	-	1,839,293	-	-
Endowments	3,020,852	-	3,020,852	-	-
Public improvement and recreation	1,942,854	-	1,942,854	-	-
Public safety	41,772	-	41,772	-	-
Rehabilitation programs	303,865	-	303,865	-	-
Unrestricted (deficit)	(11,088,913)	23,712,577	12,623,664	1,654,686	295,779
Total net position	\$ 33,396,600	\$ 81,312,587	\$ 114,709,187	\$ 1,654,686	\$ 295,779

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, 2014

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 80,442	\$ -	\$ -	\$ -	\$ (80,442)
General government	5,316,441	1,996,087	346,904	-	(2,973,450)
Public safety	18,040,231	1,562,472	714,223	-	(15,763,536)
Public works	5,909,656	205,433	2,840,151	1,467,070	(1,397,002)
Culture and recreation	2,592,620	815,646	36,718	-	(1,740,256)
Community enrichment and development	3,049,440	268,990	1,016,375	248,330	(1,515,745)
Interest on long-term debt	1,275,528	-	-	-	(1,275,528)
Total governmental activities	36,264,358	4,848,628	4,954,371	1,715,400	(24,745,959)
Business-type activities:					
Sewer	4,528,885	4,781,863	-	-	252,978
Water	6,388,397	7,504,420	-	-	1,116,023
Stormwater utilities	524,814	97,196	-	-	(427,618)
Parking system	633,440	327,175	-	-	(306,265)
Golf practice center	50,620	36,436	-	-	(14,184)
Total business-type activities	12,126,156	12,747,090	-	-	620,934
Total primary government	\$ 48,390,514	\$ 17,595,718	\$ 4,954,371	\$ 1,715,400	\$ (24,125,025)
Component units					
Brownfield redevelopment authority	\$ 1,182,404	\$ -	\$ -	\$ -	\$ (1,182,404)
Downtown development authority	169,265	78,440	26,725	-	(64,100)
Total component units	\$ 1,351,669	\$ 78,440	\$ 26,725	\$ -	\$ (1,246,504)

continued...

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	\$ (24,745,959)	\$ 620,934	\$ (24,125,025)	\$ (1,182,404)	\$ (64,100)
General revenues and transfers					
Property taxes	9,347,632	-	9,347,632	1,061,413	87,009
Income taxes	8,080,526	-	8,080,526	-	-
Grants and contributions not restricted to specific purposes	4,350,343	502,598	4,852,941	-	2,234
Unrestricted interest earnings	192,908	91,290	284,198	6,027	1,443
Gain on sale of capital assets	12,140	-	12,140	-	-
Transfers - internal activities	(81,450)	81,450	-	-	-
Total general revenues and transfers	21,902,099	675,338	22,577,437	1,067,440	90,686
Change in net position	(2,843,860)	1,296,272	(1,547,588)	(114,964)	26,586
Net position, beginning of year	36,240,460	80,016,315	116,256,775	1,769,650	269,193
Net position, end of year	\$ 33,396,600	\$ 81,312,587	\$ 114,709,187	\$ 1,654,686	\$ 295,779

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, 2014

	General	Community Development Block Grant	Major Streets	Special Assessment Capital Projects
Assets				
Pooled cash and investments	\$ 2,520,103	\$ 315,734	\$ 1,016,331	\$ -
Accounts receivables, net	419,077	-	45,563	-
Taxes receivable	1,673,191	-	-	-
Other receivables	-	-	-	1,060,316
Due from other governments	1,439,492	-	317,348	-
Due from other funds	-	55,404	-	-
Interfund receivable	185,425	-	-	-
Inventories	-	-	149,492	-
Prepaid expenditures	10,073	-	-	-
Restricted assets - cash and cash equivalents	-	193,455	-	-
Loans receivable	-	282,375	-	-
Long-term advances to other funds	50,000	-	-	-
Total assets	\$ 6,297,361	\$ 846,968	\$ 1,528,734	\$ 1,060,316
Liabilities				
Accounts payable	\$ 886,699	\$ 145,353	\$ 245,315	\$ -
Accrued payroll	233,145	11,493	11,835	-
Other liabilities	67,989	-	-	-
Due to other funds	4,288	13,680	-	12,333
Interfund payable	-	-	-	-
Unearned revenue	287,969	40,202	-	-
Long-term advances from other funds	-	50,000	-	1,042,178
Total liabilities	1,480,090	260,728	257,150	1,054,511
Deferred inflows of resources				
Unavailable revenue - loans receivable	-	282,375	-	-
Unavailable revenue - special assessment receivable	-	-	-	1,060,316
Total deferred inflows of resources	-	282,375	-	1,060,316
Fund balances				
Nonspendable	60,073	-	149,492	-
Restricted	-	303,865	1,122,092	-
Committed	-	-	-	-
Unassigned (deficit)	4,757,198	-	-	(1,054,511)
Total fund balances (deficit)	4,817,271	303,865	1,271,584	(1,054,511)
Total liabilities, deferred inflows of resources and fund balances	\$ 6,297,361	\$ 846,968	\$ 1,528,734	\$ 1,060,316

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

Nonmajor Governmental Funds	Totals
\$ 6,166,375	\$ 10,018,543
421,624	886,264
-	1,673,191
15,431	1,075,747
322,049	2,078,889
43,963	99,367
-	185,425
14,865	164,357
-	10,073
-	193,455
-	282,375
60,000	110,000
<u>\$ 7,044,307</u>	<u>\$ 16,777,686</u>
\$ 336,468	\$ 1,613,835
31,896	288,369
-	67,989
43,071	73,372
185,425	185,425
28,303	356,474
-	1,092,178
<u>625,163</u>	<u>3,677,642</u>
-	282,375
-	1,060,316
<u>-</u>	<u>1,342,691</u>
3,035,717	3,245,282
2,570,800	3,996,757
812,627	812,627
-	3,702,687
<u>6,419,144</u>	<u>11,757,353</u>
<u>\$ 7,044,307</u>	<u>\$ 16,777,686</u>

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CITY OF JACKSON, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2014

Fund balances - total governmental funds	\$ 11,757,353
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	191,904,387
Accumulated depreciation	(117,300,083)
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	282,375
Deferred special assessments	1,060,316
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	3,131,596
Portion of internal service funds net position attributed to business-type activities	236,502
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	125,713
Unamortized deferred loss on refunding	846,001
Bonds, installment contracts and claims and litigation	(39,709,632)
Unamortized bond premium	(512,885)
Other postemployment benefit obligation	(16,490,535)
Compensated absences	(1,810,239)
Accrued interest on long-term liabilities	(124,269)
Net position of governmental activities	<u>\$ 33,396,600</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, 2014

	General	Community Development Block Grant	Major Streets	Special Assessment Capital Projects
Revenues				
Property taxes	\$ 6,953,802	\$ -	\$ -	\$ -
Income taxes	8,080,526	-	-	-
Licenses and permits	265,297	-	-	-
Intergovernmental	4,244,084	784,801	3,370,137	-
Charges for services	1,218,086	-	-	-
Fines and forfeits	184,411	-	-	-
Special assessments	-	-	-	288,255
Investment income	26,901	-	1,704	-
Parking fees	-	-	-	-
Miscellaneous	167,695	120,788	138,905	-
Total revenues	21,140,802	905,589	3,510,746	288,255
Expenditures				
Current:				
Legislative	80,442	-	-	-
General government	4,111,567	-	-	-
Public safety	12,731,670	234,778	-	-
Public works	693,097	-	3,815,133	-
Culture and recreation	1,454,265	-	-	-
Community enrichment and development	254,537	795,627	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	19,325,578	1,030,405	3,815,133	-
Revenues over (under) expenditures	1,815,224	(124,816)	(304,387)	288,255
Other financing sources (uses)				
Proceeds from sale of capital assets	12,140	-	-	-
Transfers in	30,353	-	603,544	-
Transfers out	(1,291,488)	-	-	(193,389)
Total other financing sources (uses)	(1,248,995)	-	603,544	(193,389)
Net change in fund balances	566,229	(124,816)	299,157	94,866
Fund balances (deficit), beginning of year	4,251,042	428,681	972,427	(1,149,377)
Fund balances (deficit), end of year	\$ 4,817,271	\$ 303,865	\$ 1,271,584	\$ (1,054,511)

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



Nonmajor Governmental Funds	Totals
\$ 2,393,830	\$ 9,347,632
-	8,080,526
-	265,297
2,442,084	10,841,106
2,370,637	3,588,723
-	184,411
-	288,255
157,515	186,120
248,430	248,430
95,780	523,168
<u>7,708,276</u>	<u>33,553,668</u>
-	80,442
-	4,111,567
2,862,639	15,829,087
535,795	5,044,025
1,091,339	2,545,604
952,377	2,002,541
781,655	781,655
710,000	710,000
<u>1,272,030</u>	<u>1,272,030</u>
<u>8,205,835</u>	<u>32,376,951</u>
<u>(497,559)</u>	<u>1,176,717</u>
-	12,140
2,425,938	3,059,835
<u>(1,233,025)</u>	<u>(2,717,902)</u>
<u>1,192,913</u>	<u>354,073</u>
695,354	1,530,790
<u>5,723,790</u>	<u>10,226,563</u>
<u>\$ 6,419,144</u>	<u>\$ 11,757,353</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, 2014

Net change in fund balances - total governmental funds	\$ 1,530,790
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	3,266,067
Loss on disposal of capital assets	(237)
Depreciation expense	(3,757,837)
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	(94,865)
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	710,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in accrued claims and litigation	(561,055)
Change in accrued interest payable on bonds	24,277
Amortization of bond discount	(7,959)
Amortization of bond premium	36,735
Amortization of refunding loss	(56,552)
Change in net other postemployment benefit obligation	(3,265,171)
Change in the accrual of compensated absences	115,224
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	(541,415)
Net operating loss attributable to business-type activities	150,516
Interest revenue from governmental internal service funds	46,755
Transfers made from governmental internal service funds	(423,383)
Change in net position of governmental activities	<u>\$ (2,843,860)</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, 2014

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

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Property taxes	\$ 6,948,484	\$ 6,946,098	\$ 6,953,802	\$ 7,704	\$ 6,780,334
Income taxes	8,150,000	8,300,000	8,080,526	(219,474)	8,017,329
Licenses and permits	264,200	281,200	265,297	(15,903)	271,848
Intergovernmental	4,209,502	4,258,058	4,244,084	(13,974)	4,403,887
Charges for services	1,271,486	1,216,684	1,218,086	1,402	1,216,088
Fines and forfeits	178,790	185,316	184,411	(905)	223,947
Investment income	31,000	35,000	26,901	(8,099)	30,887
Miscellaneous	84,796	132,015	167,695	35,680	198,786
Total revenues	21,138,258	21,354,371	21,140,802	(213,569)	21,143,106
Expenditures					
Current:					
Legislative - City Council	84,067	83,338	80,442	(2,896)	81,079
General government:					
City Manager	302,867	319,707	317,508	(2,199)	335,185
City Clerk - Elections	104,138	91,051	68,448	(22,603)	139,098
Finance	442,583	444,503	440,940	(3,563)	420,734
City Assessor	330,976	329,196	315,171	(14,025)	306,245
City Attorney	387,581	396,961	388,718	(8,243)	456,668
City Clerk	106,039	118,900	112,132	(6,768)	223,013
Personnel	211,127	211,443	209,027	(2,416)	181,190
Purchasing	95,540	93,922	93,051	(871)	85,884
City Treasurer	299,613	311,737	311,177	(560)	281,269
City income tax administration	211,112	151,616	141,269	(10,347)	169,664
Management information services	376,430	391,574	390,297	(1,277)	320,580
City hall and grounds	312,465	355,490	311,868	(43,622)	338,672
Cemeteries	244,179	228,591	227,574	(1,017)	251,374
Administrative hearings bureau	22,851	28,636	28,634	(2)	22,687
Unallocated	746,767	870,933	755,753	(115,180)	802,219
Total general government	4,194,268	4,344,260	4,111,567	(232,693)	4,334,482
Public safety:					
Police:					
General	7,848,957	7,602,200	7,591,853	(10,347)	7,355,129
STEP grant	-	9,608	9,608	-	7,765
Homeland security grant	-	-	-	-	280,586
Office of Highway Safety program	-	14,000	11,994	(2,006)	14,761
MCOLES training	-	13,930	13,930	-	26,021
In-service training	2,756	2,756	2,756	-	9,418
Consortium training	13,069	13,069	12,690	(379)	30,908
Fire -					
Suppression	3,292,085	3,155,375	3,000,942	(154,433)	3,155,849
Police and fire - unallocated	2,178,396	2,097,536	2,077,192	(20,344)	1,983,187
Emergency measures	69,736	35,690	10,705	(24,985)	37,015
Total public safety	13,404,999	12,944,164	12,731,670	(212,494)	12,900,639

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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, 2014

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

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax property maintenance	\$ 13,776	\$ 29,383	\$ 25,464	\$ (3,919)	\$ 16,965
Civic affairs	49,254	47,844	26,599	(21,245)	37,698
Drains at large	-	41,723	31,942	(9,781)	-
Storm drain construction	-	10,619	158	(10,461)	-
Grounds maintenance	47,609	130,613	106,343	(24,270)	18,775
Sidewalk construction	65,000	140,210	82,563	(57,647)	37,032
Street lighting	499,689	464,765	459,713	(5,052)	454,919
Weed control	60,568	60,570	47,109	(13,461)	36,236
Reimbursements	(82,000)	(161,210)	(86,794)	(74,416)	(8,138)
Total public works	<u>653,896</u>	<u>764,517</u>	<u>693,097</u>	<u>(71,420)</u>	<u>593,487</u>
Culture and recreation:					
Parks and recreation administration	638,415	713,240	687,125	(26,115)	641,374
Parks and facilities maintenance	521,395	515,519	513,104	(2,415)	510,854
Forestry	289,363	365,635	177,066	(188,569)	257,314
Lt. Nixon memorial pool	85,920	84,920	73,790	(11,130)	111,517
Sharp Park swimming pool	38,312	36,443	33,878	(2,565)	94,076
Historical district	9,523	6,410	6,408	(2)	7,809
Reimbursements	(40,000)	(100,000)	(37,106)	(62,894)	(39,998)
Total culture and recreation	<u>1,542,928</u>	<u>1,622,167</u>	<u>1,454,265</u>	<u>(167,902)</u>	<u>1,582,946</u>
Community enrichment/development:					
Planning	196,944	188,170	164,618	(23,552)	93,267
Land acquisition	-	-	-	-	15,973
Economic development	100,000	100,609	89,919	(10,690)	4,293
Total community enrichment and development	<u>296,944</u>	<u>288,779</u>	<u>254,537</u>	<u>(34,242)</u>	<u>113,533</u>
Total expenditures	<u>20,177,102</u>	<u>20,047,225</u>	<u>19,325,578</u>	<u>(721,647)</u>	<u>19,606,166</u>
Revenues over expenditures	<u>961,156</u>	<u>1,307,146</u>	<u>1,815,224</u>	<u>508,078</u>	<u>1,536,940</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	14,000	15,000	12,140	(2,860)	16,996
Transfers in	55,100	52,119	30,353	(21,766)	46,406
Transfers out	(674,900)	(1,300,500)	(1,291,488)	(9,012)	(776,472)
Total other financing sources (uses)	<u>(605,800)</u>	<u>(1,233,381)</u>	<u>(1,248,995)</u>	<u>(15,614)</u>	<u>(713,070)</u>
Net change in fund balances	355,356	73,765	566,229	492,464	823,870
Fund balances, beginning of year	4,251,042	4,251,042	4,251,042	-	3,427,172
Fund balances, end of year	<u>\$ 4,606,398</u>	<u>\$ 4,324,807</u>	<u>\$ 4,817,271</u>	<u>\$ 492,464</u>	<u>4,251,042</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, 2014

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

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Intergovernmental	\$ 6,268,524	\$ 6,268,524	\$ 784,801	\$ (5,483,723)	\$ 1,067,406
Investment income	2,477	2,477	-	(2,477)	1,581
Miscellaneous	1,771,959	1,771,959	120,788	(1,651,171)	222,797
Total revenues	8,042,960	8,042,960	905,589	(7,137,371)	1,291,784
Expenditures					
Current:					
Public safety -					
Code enforcement	2,375,065	2,375,065	234,778	(2,140,287)	455,098
Community enrichment and development:					
Rehabilitation	984,094	984,094	136,147	(847,947)	174,449
Rehabilitation loans	3,303	3,303	1,813	(1,490)	(374)
Public services	578,954	578,954	43,196	(535,758)	40,908
Administration	1,023,780	1,023,780	172,252	(851,528)	150,711
Economic development	36,000	36,000	-	(36,000)	-
Culture and recreation	323,357	323,357	49,408	(273,949)	-
Interim assistance	8,329	8,329	-	(8,329)	-
Street construction	1,178,695	1,178,695	-	(1,178,695)	121,129
Sidewalks and drives	176,523	176,523	78,762	(97,761)	3,118
Forestry	114,000	114,000	-	(114,000)	1
Public facility demolition	855,704	855,704	314,049	(541,655)	304,560
Public improvement	7,606	7,606	-	(7,606)	-
Homelessness prevention	399,965	399,965	-	(399,965)	-
Total expenditures	8,065,375	8,065,375	1,030,405	(7,034,970)	1,249,600
Net change in fund balances	(22,415)	(22,415)	(124,816)	(102,401)	42,184
Fund balances, beginning of year	428,681	428,681	428,681	-	386,497
Fund balances, end of year	\$ 406,266	\$ 406,266	\$ 303,865	\$ (102,401)	\$ 428,681

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, 2014

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

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Intergovernmental	\$ 2,528,972	\$ 3,807,308	\$ 3,370,137	\$ (437,171)	\$ 6,046,804
Investment income	-	1,000	1,704	704	2,173
Miscellaneous	144,824	145,824	138,905	(6,919)	176,041
Total revenues	2,673,796	3,954,132	3,510,746	(443,386)	6,225,018
Expenditures					
Public works:					
Street construction	577,576	1,132,783	723,055	(409,728)	485,738
Street maintenance	479,285	517,624	385,455	(132,169)	479,167
Traffic services	634,048	620,036	565,207	(54,829)	574,187
Winter maintenance	333,857	503,743	384,380	(119,363)	209,144
Trunkline maintenance	195,100	195,100	150,693	(44,407)	168,629
State highway construction	726,960	2,198,971	1,606,343	(592,628)	4,221,472
Total expenditures	2,946,826	5,078,257	3,815,133	(1,263,124)	6,138,337
Revenues over (under) expenditures	(273,030)	(1,124,125)	(304,387)	819,738	86,681
Other financing sources (uses)					
Transfers in	436,934	603,544	603,544	-	740,630
Transfers out	(330,000)	-	-	-	(641,921)
Total other financing sources (uses)	106,934	603,544	603,544	-	98,709
Net change in fund balances	(166,096)	(520,581)	299,157	819,738	185,390
Fund balances, beginning of year	972,427	972,427	972,427	-	787,037
Fund balances, end of year	\$ 806,331	\$ 451,846	\$ 1,271,584	\$ 819,738	\$ 972,427

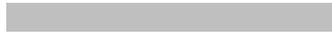
The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds
June 30, 2014

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
Assets				
Current assets:				
Pooled cash and investments	\$ 9,720,022	\$ 11,061,467	\$ 1,273,850	\$ 459,713
Accounts receivable, net	1,304,042	1,869,885	-	-
Inventories	-	298,985	-	-
Restricted cash and cash equivalents:				
Cash on hand with agents	-	-	-	-
Bond reserve	62,500	-	-	-
Total current assets	11,086,564	13,230,337	1,273,850	459,713
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	16,112,014	22,256,044	10,254,774	157,792
Total noncurrent assets	16,266,961	22,314,413	17,315,617	1,840,519
Total assets	27,353,525	35,544,750	18,589,467	2,300,232
Liabilities				
Current liabilities:				
Accounts payable	198,570	730,891	22,265	291,557
Accrued payroll	18,887	37,521	547	1,819
Interfund payable	-	-	-	-
Accrued compensated absences	9,469	19,522	-	-
Customer deposits	-	196,736	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	125,000	-
Current portion of:				
Estimated claims payable	-	-	-	-
Revenue bonds	100,000	-	-	-
Total current liabilities	326,926	984,670	147,812	293,376
Noncurrent liabilities:				
Long term advance	-	-	-	60,000
Estimated claims payable, net	-	-	-	-
Revenue bonds payable, net	100,000	-	-	-
Accrued compensated absences, net	49,328	276,773	-	-
Total noncurrent liabilities	149,328	276,773	-	60,000
Total liabilities	476,254	1,261,443	147,812	353,376
Net position				
Net investment in capital assets	16,066,961	22,314,413	17,315,617	1,840,519
Restricted for bond reserve	62,500	-	-	-
Unrestricted	10,747,810	11,968,894	1,126,038	106,337
Total net position	\$ 26,877,271	\$ 34,283,307	\$ 18,441,655	\$ 1,946,856

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



	Governmental Activities
Totals	Internal Service
\$ 22,515,052	\$ 1,232,875
3,173,927	76,313
298,985	-
-	215,646
62,500	-
<u>26,050,464</u>	<u>1,524,834</u>
-	1,216,444
8,956,886	-
<u>48,780,624</u>	<u>1,388,991</u>
<u>57,737,510</u>	<u>2,605,435</u>
<u>83,787,974</u>	<u>4,130,269</u>
1,243,283	136,538
58,774	28,599
-	119,957
28,991	-
196,736	-
-	25,995
125,000	-
-	256,659
100,000	-
<u>1,752,784</u>	<u>567,748</u>
60,000	174,266
-	256,659
100,000	-
326,101	-
<u>486,101</u>	<u>430,925</u>
<u>2,238,885</u>	<u>998,673</u>
57,537,510	1,388,991
62,500	-
<u>23,949,079</u>	<u>1,742,605</u>
<u>\$ 81,549,089</u>	<u>\$ 3,131,596</u>

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CITY OF JACKSON, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-Type Activities
June 30, 2014

Net position - enterprise funds	\$ 81,549,089
Amounts reported for <i>business-type activities</i> 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>(236,502)</u>
Net position of business-type activities	<u>\$ 81,312,587</u>

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, 2014

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
Operating revenues				
Charges for sales and services	\$ 4,781,863	\$ 7,504,420	\$ 272,956	\$ 187,851
Administrative fees	-	248,499	-	-
Other	69,588	169,360	-	15,151
Total operating revenues	4,851,451	7,922,279	272,956	203,002
Operating expenses				
Personal services	1,095,845	2,478,718	56,176	62,466
Administration	-	-	-	-
Materials and supplies	276,827	422,338	-	1,397
Contractual and other services	2,053,612	2,670,708	184,540	320,982
Benefit payments	-	-	-	-
Depreciation	1,031,569	735,443	262,943	23,921
Stormwater refunds	-	-	-	282,930
Total operating expenses	4,457,853	6,307,207	503,659	691,696
Operating income (loss)	393,598	1,615,072	(230,703)	(488,694)
Nonoperating revenues (expenses)				
Investment income	41,230	43,673	4,937	1,450
Interest and fiscal charges	(13,475)	-	-	(1,750)
Total nonoperating revenues (expenses)	27,755	43,673	4,937	(300)
Income (loss) before transfers	421,353	1,658,745	(225,766)	(488,994)
Transfers in	-	-	-	81,450
Transfers out	-	-	-	-
Change in net position	421,353	1,658,745	(225,766)	(407,544)
Net position, beginning of year	26,455,918	32,624,562	18,667,421	2,354,400
Net position, end of year	<u>\$ 26,877,271</u>	<u>\$ 34,283,307</u>	<u>\$ 18,441,655</u>	<u>\$ 1,946,856</u>

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

	Governmental Activities
Totals	Internal Service
\$ 12,747,090	\$ 1,984,613
248,499	-
254,099	832,821
<u>13,249,688</u>	<u>2,817,434</u>
3,693,205	1,027,835
-	111,726
700,562	358,291
5,229,842	1,303,878
-	169,304
2,053,876	387,815
282,930	-
<u>11,960,415</u>	<u>3,358,849</u>
<u>1,289,273</u>	<u>(541,415)</u>
91,290	46,755
(15,225)	-
<u>76,065</u>	<u>46,755</u>
1,365,338	(494,660)
81,450	-
-	(423,383)
<u>1,446,788</u>	<u>(918,043)</u>
<u>80,102,301</u>	<u>4,049,639</u>
<u>\$ 81,549,089</u>	<u>\$ 3,131,596</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 Fiscal Year Ended June 30, 2014

Net change in net position - total enterprise funds	\$ 1,446,788
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>(150,516)</u>
Change in net position of business-type activities	<u><u>\$ 1,296,272</u></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, 2014

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 4,931,661	\$ 8,021,619	\$ 272,956	\$ 205,462
Receipts for interfund services provided	-	-	-	-
Payments to employees	(1,128,212)	(2,407,822)	(55,976)	(62,466)
Payments to vendors and claimants	(2,222,007)	(2,612,405)	(167,263)	(362,452)
Net cash provided by (used in) operating activities	1,581,442	3,001,392	49,717	(219,456)
Cash flows from capital and related financing activities				
Purchase of capital assets	(787,483)	(1,256,958)	-	-
Principal and interest paid on long-term debt	(113,475)	-	-	(1,750)
Interfund advances	-	-	-	-
Net cash used in capital and related financing activities	(900,958)	(1,256,958)	-	(1,750)
Cash flows from noncapital financing activities				
Transfers in	-	-	-	81,450
Transfers out	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	81,450
Cash flows from investing activities				
Interest received on investments	41,230	43,673	4,937	1,450
Net change in cash and cash equivalents	721,714	1,788,107	54,654	(138,306)
Cash and cash equivalents, beginning of year	9,060,808	9,273,360	1,219,196	598,019
Cash and cash equivalents, end of year	\$ 9,782,522	\$ 11,061,467	\$ 1,273,850	\$ 459,713
Classified on the statement of net position as:				
Cash and cash equivalents	\$ 9,720,022	\$ 11,061,467	\$ 1,273,850	\$ 459,713
Restricted cash and cash equivalents	62,500	-	-	-
	\$ 9,782,522	\$ 11,061,467	\$ 1,273,850	\$ 459,713

	Governmental Activities
Totals	Internal Service
\$ 13,431,698	\$ -
-	2,973,459
(3,654,476)	(1,015,248)
<u>(5,364,127)</u>	<u>(1,921,375)</u>
<u>4,413,095</u>	<u>36,836</u>
(2,044,441)	(729,577)
(115,225)	-
<u>-</u>	<u>107,199</u>
<u>(2,159,666)</u>	<u>(622,378)</u>
81,450	-
<u>-</u>	<u>(423,383)</u>
<u>81,450</u>	<u>(423,383)</u>
<u>91,290</u>	<u>46,755</u>
2,426,169	(962,170)
<u>20,151,383</u>	<u>2,410,691</u>
<u>\$ 22,577,552</u>	<u>\$ 1,448,521</u>
\$ 22,515,052	\$ 1,232,875
62,500	215,646
<u>\$ 22,577,552</u>	<u>\$ 1,448,521</u>

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	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)	\$ 393,598	\$ 1,615,072	\$ (230,703)	\$ (488,694)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,031,569	735,443	262,943	23,921
Change in:				
Accounts receivable	80,210	88,554	-	-
Interfund receivable	-	-	-	2,460
Inventories	-	(26,493)	-	-
Accounts payable	108,432	507,134	17,277	254,889
Accrued payroll	(764)	8,813	200	(2,032)
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Accrued compensated absences	(31,603)	62,083	-	-
Advance from other funds	-	-	-	(10,000)
Customer deposits	-	10,786	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,581,442</u>	<u>\$ 3,001,392</u>	<u>\$ 49,717</u>	<u>\$ (219,456)</u>

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

	Governmental Activities
Totals	Internal Service
\$ 1,289,273	\$ (541,415)
2,053,876	387,815
168,764	10,073
2,460	139,864
(26,493)	-
887,732	21,824
6,217	12,587
-	25,995
-	(19,907)
30,480	-
(10,000)	-
10,786	-
<u>\$ 4,413,095</u>	<u>\$ 36,836</u>

concluded.

CITY OF JACKSON, MICHIGAN

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2014

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ 47,035	\$ 305,069
Investments, at fair value:		
U.S. treasuries	1,854,662	-
U.S. agencies	445,548	-
Mortgage-backed securities	27,086	-
Corporate bonds:		
Domestic bonds	9,283,786	-
Domestic mutual funds	10,215,526	-
Equities:		
Domestic stocks	26,099,739	-
Domestic mutual funds	15,519,961	-
International stocks	9,086,235	-
International mutual funds	6,017,506	-
Money market accounts	3,668,894	-
Receivables:		
Interest and dividends receivable	43,196	-
Other	300,542	-
Total assets	<u>82,609,716</u>	<u>\$ 305,069</u>
Liabilities		
Due to other governments	-	33,066
Refunds payable and other liabilities	359,697	272,003
Total liabilities	<u>359,697</u>	<u>\$ 305,069</u>
Net position		
Restricted for pension and other employee benefits	<u>\$ 82,250,019</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, 2014

Additions

Contributions:

Employer	\$ 4,605,312
Plan members	1,328,771
Total contributions	<u>5,934,083</u>

Investment income:

Net appreciation in fair value of investments	12,330,248
Interest	252,179
Dividends	675,287
Total investment income	<u>13,257,714</u>

Less investment expense	<u>435,433</u>
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Net investment income	<u>12,822,281</u>
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Total additions	<u>18,756,364</u>
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Deductions

Benefits	8,840,224
Refunds of contributions	122,516
Administrative expense	150,335
	<u>9,113,075</u>

Total deductions	<u>9,113,075</u>
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Net change in net position	9,643,289
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Net position restricted for pension and other employee benefits

Beginning of year	<u>72,606,730</u>
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End of year	<u>\$ 82,250,019</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

The City had no amounts in excess of expenditures over appropriations in individual funds.

4. FUND DEFICIT

At June 30, 2014, the special assessment capital projects fund had a fund deficit of \$1,054,511. This deficit will be eliminated as deferred special assessments become due. The Sharp Park golf practice center enterprise fund had a deficit of \$17,212 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, 2014:

	Primary Government	Component Units	Total
Statement of Net Position			
Pooled cash and investments	\$ 30,920,542	\$ 1,918,665	\$ 32,839,207
Restricted cash:			
Cash on hand with agents	215,646	-	215,646
Pooled cash and investments	2,981,926	-	2,981,926
Statement of Fiduciary Net Position			
Pooled cash and investments	352,104	-	352,104
Investments - pension	82,218,943	-	82,218,943
Total	\$ 116,689,161	\$ 1,918,665	\$ 118,607,826
Deposits and investments:			
Bank deposits (checking, savings and certificates of deposit)			\$ 19,947,676
Investments in securities and mutual funds:			
Cash and investment pool			16,209,366
Pension and other employee benefits trust funds			82,218,943
Cash on hand with agents			215,646
Cash on hand			16,195
Total			\$ 118,607,826

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, 2014, \$17,149,972 of the City's total bank balance of \$19,151,938 (total book balance was \$19,947,676) 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, 2014:

U.S. treasuries	\$ 1,002,613
U.S. agencies	761,631
Domestic equities	17,777
Money markets	<u>14,427,345</u>
 Total	 <u>\$ 16,209,366</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, 2014, 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, 2014, 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, 2014, 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, 2014, 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	\$ 1,002,613	\$ 213,898	\$ 614,540	\$ 174,175	\$ -
U.S. agencies	761,631	136,091	625,540	-	-
	<u>\$ 1,764,244</u>	<u>\$ 349,989</u>	<u>\$ 1,240,080</u>	<u>\$ 174,175</u>	<u>\$ -</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, 2014:

Investments at fair value, as determined by quoted market price:	
U.S. treasuries	\$ 1,854,662
U.S. agencies	445,548
Mortgage-backed securities	27,086
Corporate bonds:	
Domestic bonds	9,283,786
Domestic mutual funds	10,215,526
Equities:	
Domestic stocks	26,099,739
Domestic mutual funds	15,519,961
International stocks	9,086,235
International mutual funds	6,017,506
Money market accounts	<u>3,668,894</u>
Total investments	<u>\$ 82,218,943</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, 2014, 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	\$ 250,397
AA+	145,281
AA-	61,334
A+	304,713
A	368,038
A-	862,900
BBB+	755,664
BBB	903,687
BBB-	259,075
BB+	741,379
BB	386,271
BB-	227,498
B+	661,104
B	56,280
B-	72,141
Not rated	<u>3,255,110</u>
Totals	<u>\$ 9,310,872</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, 2014, 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, 2014, 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	\$ 1,854,662	\$ 309,872	\$ 937,063	\$ 607,727	\$ -
U.S. agencies	445,548	20,258	184,463	24,951	215,876
Mortgage-backed securities	27,086	-	3,532	11,596	11,958
Domestic corporate bonds:					-
Callable	2,072,607	-	253,820	565,836	1,252,951
Non-callable	7,211,179	735,605	4,181,736	1,394,697	899,141
	<u>\$ 11,611,082</u>	<u>\$ 1,065,735</u>	<u>\$ 5,560,614</u>	<u>\$ 2,604,807</u>	<u>\$ 2,379,926</u>

The City assumes that its callable bonds totaling \$2,072,607 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 34 percent due from other governments, 27 percent income taxes, 18 percent special assessments, 16 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, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated -				
Land	\$ 2,423,583	\$ 5,197	\$ -	\$ 2,428,780
Capital assets being depreciated:				
Infrastructure	136,347,274	2,799,327	-	139,146,601
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,628,082	71,698	-	16,699,780
Park and recreation facilities	9,718,719	286,586	-	10,005,305
Machinery and equipment	13,569,003	832,836	402,569	13,999,270
	<u>192,026,259</u>	<u>3,990,447</u>	<u>402,569</u>	<u>195,614,137</u>
Less accumulated depreciation for:				
Infrastructure	93,076,672	2,758,962	-	95,835,634
Land improvements	2,835,282	314,009	-	3,149,291
Buildings and improvements	5,637,057	282,652	2,304	5,917,405
Park and recreation facilities	5,142,028	142,784	-	5,284,812
Machinery and equipment	11,615,263	647,245	400,028	11,862,480
	<u>118,306,302</u>	<u>4,145,652</u>	<u>402,332</u>	<u>122,049,622</u>
Total capital assets being depreciated, net	<u>73,719,957</u>	<u>(155,205)</u>	<u>237</u>	<u>73,564,515</u>
Governmental activities capital assets, net	<u>\$ 76,143,540</u>	<u>\$ (150,008)</u>	<u>\$ 237</u>	<u>\$ 75,993,295</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated - Land	\$ 8,956,886	\$ -	\$ -	8,956,886
Capital assets being depreciated:				
Systems	77,350,657	1,748,875	29,835	79,069,697
Land improvements	2,512,519	-	-	2,512,519
Buildings and improvements	12,899,449	-	-	12,899,449
Machinery and equipment	10,627,610	295,566	220,039	10,703,137
	<u>103,390,235</u>	<u>2,044,441</u>	<u>249,874</u>	<u>105,184,802</u>
Less accumulated depreciation for:				
Systems	41,200,075	1,480,066	29,835	42,650,306
Land improvements	1,034,791	45,611	-	1,080,402
Buildings and improvements	3,385,036	263,508	-	3,648,544
Machinery and equipment	8,980,274	264,691	220,039	9,024,926
	<u>54,600,176</u>	<u>2,053,876</u>	<u>249,874</u>	<u>56,404,178</u>
Total capital assets being depreciated, net	<u>48,790,059</u>	<u>(9,435)</u>	<u>-</u>	<u>48,780,624</u>
Business-type activities capital assets, net	<u>\$ 57,746,945</u>	<u>\$ (9,435)</u>	<u>\$ -</u>	<u>\$ 57,737,510</u>

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

Governmental activities:	
General government	\$ 252,490
Public safety	155,296
Public works, including depreciation of general infrastructure assets	2,842,557
Culture and recreation	223,009
Community enrichment and development	284,485
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>387,815</u>
Total depreciation expense - governmental activities	<u>\$ 4,145,652</u>
Business-type activities:	
Sewage	\$ 1,031,569
Water	735,443
Parking system	262,943
Golf practice center	<u>23,921</u>
Total depreciation expense - business-type activities	<u>\$ 2,053,876</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

8. PAYABLES

Payables in the governmental activities are 66 percent vendors, 19 percent claims, 12 percent accrued payroll, and 3 percent other. Business-type activities payables are 79 percent vendors, 16 percent deposits and 5 percent accrued payroll.

9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2014, amounts due from and due to other funds were as follows:

Receivable funds	General Fund	Payable Funds		
		Community Development Block Grant	Special Assessment Capital Projects	Nonmajor Governmental Funds
CDBG special revenue fund	\$ -	\$ -	\$ 12,333	\$ 43,071
Nonmajor governmental funds	4,288	13,680	-	-
	<u>\$ 4,288</u>	<u>\$ 13,680</u>	<u>\$ 12,333</u>	<u>\$ 43,071</u>

Receivable funds	Internal Service Funds	Total
CDBG special revenue fund	\$ -	\$ 55,404
Nonmajor governmental funds	25,995	43,963
	<u>\$ 25,995</u>	<u>\$ 99,367</u>

At June 30, 2014, 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	-	-	60,000	-	60,000
Internal service funds	-	1,042,178	-	174,266	1,216,444
	<u>\$ 50,000</u>	<u>\$ 1,042,178</u>	<u>\$ 60,000</u>	<u>\$ 174,266</u>	<u>\$ 1,326,444</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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.

At June 30, 2014, the interfund receivables and payables, which resulted from negative cash balances, consisted of the following:

	Receivable	Payable
General fund	\$ 185,425	\$ -
Nonmajor governmental funds	-	185,425
Totals	<u>\$ 185,425</u>	<u>\$ 185,425</u>

For the year ended June 30, 2014, interfund transfers consisted of the following:

Transfers Out	Transfers In				Total
	General Fund	Major Streets Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General fund	\$ 5,988	\$ -	\$ 1,264,000	\$ 21,500	\$ 1,291,488
Special assessment capital projects fund	-	92,490	54,699	46,200	193,389
Nonmajor governmental funds	24,365	511,054	683,856	13,750	1,233,025
Internal service funds	-	-	423,383	-	423,383
	<u>\$ 30,353</u>	<u>\$ 603,544</u>	<u>\$ 2,425,938</u>	<u>\$ 81,450</u>	<u>\$ 3,141,285</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 \$49,433,577.

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
Governmental activities			
1999 building authority limited tax	2019	5.25%	\$ 230,000
2001 downtown development	2026	3.70%-5.75%	8,898,577
2007 brownfield refunding	2030	4.00%-4.375%	9,095,000
2011 downtown development refunding	2030	4.375%-4.750%	5,395,000
2012 brownfield redevelopment refunding	2031	2.00%-4.00%	7,480,000
2013 general obligation refunding	2027	2.00%-4.00%	8,050,000
			<u>\$ 39,148,577</u>

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

Year	Governmental Activities	
	Principal	Interest
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	2,017,608	2,446,683
2020-2024	10,745,944	13,575,341
2025-2029	16,041,368	7,524,080
2030-2031	4,175,000	234,819
	<u>\$ 39,148,577</u>	<u>\$ 31,771,501</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Revenue bonds. The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds issued in prior years for the items listed below was \$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>\$ 200,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Business-type Activities	
	Principal	Interest
2015	\$ 100,000	\$ 7,975
2016	100,000	2,675
	<u>\$ 200,000</u>	<u>\$ 10,650</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 39,858,577	\$ -	\$ 710,000	\$ 39,148,577	\$ 765,000
Judgments (Note 16)	-	561,055	-	561,055	92,934
Compensated absences	1,925,463	1,177,364	1,292,588	1,810,239	181,024
Less deferred amounts for:					
Issuance discount	(133,672)	-	(7,959)	(125,713)	-
Issuance premium	549,620	-	36,735	512,885	-
	<u>\$ 42,199,988</u>	<u>\$ 1,738,419</u>	<u>\$ 2,031,364</u>	<u>\$ 41,907,043</u>	<u>\$ 1,038,958</u>
Business-type activities					
Revenue bonds	\$ 300,000	\$ -	\$ 100,000	\$ 200,000	\$ 100,000
Compensated absences	324,612	195,961	165,481	355,092	28,991
	<u>\$ 624,612</u>	<u>\$ 195,961</u>	<u>\$ 265,481</u>	<u>\$ 555,092</u>	<u>\$ 128,991</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, 2014, the net appreciation on investments of donor-restricted endowments was \$13,427 and there was an overall decrease in fund balance of \$13,805. 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 \$1,145,065.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2014, the net appreciation on investments of donor-restricted endowments was \$26,540 and there was an overall increase in fund balance of \$16,519. 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 \$1,875,787.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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, 2014 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, 2014, \$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, 2014 is as follows:

	2014	2013
Claims liability at beginning of fiscal year	\$ 513,318	\$ 513,318
Claims and changes in estimates	106,178	286,908
Claims payments	<u>(106,178)</u>	<u>(286,908)</u>
Claims liability at June 30, 2014	<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, 2013 levy was assessed and valued at approximately \$525 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.72 mills (cannot exceed 7.00 mills) with an additional 1.72 (cannot exceed 2.00 mills) for public improvement, 5.64 for Act 345 Pension, 1.01 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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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.

16. COMMITMENTS

The City previously adopted a stormwater utility fee ordinance that attempted to recover costs and expenses incurred by the City for maintaining the stormwater utility system. The ordinance was legally challenged and it was then ruled by a judge that stormwater fees were a tax in violation of the Headlee Amendment, which requires voter approval for all new taxes. As a result, the City was ordered to repay \$844,000; this matter is not covered by the City's insurance. A liability has been recorded for the current year repayment in the stormwater fund for approximately \$283,000. The remaining amount of approximately \$561,000 has been recorded as long-term debt in the government-wide statements and will be repaid over a period of five years.

17. DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plans

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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 and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of trust assets are 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 plans (the plans 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 of 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.

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, 2013, 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	181	28	166
Terminated plan members entitled to, but not yet receiving benefits	21	-	8
Active plan members	156	-	72
	<u>358</u>	<u>28</u>	<u>246</u>

The plans' policy in regard to the allocation of invested assets is established and may be amended by the respective Board of Trustees. The policy pursues an investment strategy that protects the financial health of the plans and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the plans may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the plans will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty. The investment allocation targets for each plan are as follows:

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Asset Class	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Domestic fixed income	30.00%	35.00%	33.75%
Domestic equity	45.00%	50.00%	48.25%
International equity	20.00%	15.00%	18.00%
Real estate	5.00%	-	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The long-term expected rate of return on pension plan investments (for each plan) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 have not been formally adopted but are closely monitored by the Board of Trustees of each in order to achieve a blended money-weighted real rate of return of 8.0 percent.

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 10.6% for employees hired before July 1, 2012, and 7.29% for employees hired after July 1, 2012 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.

Management of the ERS is vested in the City of Jackson Employees' Retirement System Board of Trustees, which consists of nine members, four are elected to four-year terms (with no more than one from any one department), one is a citizen appointed by the City Council, one is a city council member appointed by the City Council and the remaining three are the Mayor, City Manager and City Clerk of the City of Jackson.

The annual required contribution for the current year was determined as part of the June 30, 2013 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

Net pension liability of the City's ERS Plan. The components of the net pension liability of the City's ERS Plan at June 30, 2014, are as follows:

Total pension liability	\$ 52,026,997
Plan fiduciary net position	(38,374,054)
Plan net pension liability	<u>\$ 13,652,943</u>
Plan fiduciary net position as a percentage of the total pension liability	73.76%
Covered employee payroll	\$8,219,105
Net position liability as a percentage of covered employee payroll	166.31%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013 (and rolled forward to June 30, 2014), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3% to 7.0%, including inflation
Investment rate of return	7.5%, net of expenses
Mortality rate	RP-2000 Combined Table

Rate of Return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plans investments, net of pension plan investment expense, was 16.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. A single discount rate of 7.09% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 7.50% and a municipal bond rate of 4.29%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2053, and the municipal bond rate was applied to all benefit payments after that date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (6.09%)	Current Single Discount Rate (7.09%)	1% Increase (8.09%)
Plan net pension liability	\$ 19,636,158	\$ 13,652,943	\$ 8,573,828

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.

Management of this plan is vested in a separate board of trustees, which consists of five members, two of which are elected from the plan retirees (or, if none are available or willing to serve as this is a closed plan, from active members of the Act 345 Plan described below) and three are appointed by the City Council.

The annual required contribution for the current year was determined as part of a June 30, 2013 actuarial valuation using the entry age method. The actuarial assumptions included a 7.0% rate of return on investments and a 3.0% cost of living adjustment.

Net pension liability of the City's Police and Fire Plan. The components of the net pension liability of the City's Police and Fire Plan at June 30, 2014, are as follows:

Total pension liability	\$ 7,809,340
Plan fiduciary net position	(3,590,767)
Plan net pension liability	<u>\$ 4,218,573</u>
Plan fiduciary net position as a percentage of the total pension liability	45.98%
Covered employee payroll	Not applicable
Net position liability as a percentage of covered employee payroll	Not applicable

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013 (and rolled forward to June 30, 2014), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not applicable
Salary increases	Not applicable
Investment rate of return	7.0%, net of expenses
Retirement age	Closed plan
Mortality rate	RP-2000 Combined Table

Rate of Return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plans investments, net of pension plan investment expense, was 20.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. A single discount rate of 7.09% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (6.09%)	Current Single Discount Rate (7.09%)	1% Increase (8.09%)
Plan net pension liability	\$ 4,727,685	\$ 4,218,573	\$ 3,764,681

Policemen's and Firemen's Pension - Act 345

The Policemen's and Firemen's Pension Plan - Act 345 is a contributory defined benefit plan that covers uniformed policemen and firemen hired subsequent to July 1, 1974, and certain policemen and firemen hired prior to that date who have elected, under the provisions of the plan, to transfer from the City's Policemen's and Firemen's Pension Plan, and provides for retirement, death, and disability benefits. Members contribute 10.95% 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.

Management of this plan is vested in the City of Jackson Act 345 Pension Board, which consists of five members, two are elected to four-year terms (one each from the fire and police departments), two are appointed by the City Council and one is the City Treasurer of the City of Jackson.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The annual required contribution for the year was determined as part of a June 30, 2013 actuarial valuation using the entry age method. The actuarial assumptions included a 7.25% rate of return on investments, projected salary increases of 3.00% to 9.00%, including inflation at 3.00%, and no cost of living adjustments.

Net pension liability of the City's Police and Fire - Act 345 Plan. The components of the net pension liability of the City's Police and Fire Act 345 Plan at June 30, 2014, are as follows:

Total pension liability	\$ 72,612,711
Plan fiduciary net position	<u>(39,528,006)</u>
Plan net pension liability	<u>\$ 33,084,705</u>
Plan fiduciary net position as a percentage of the total pension liability	54.44%
Covered employee payroll	\$5,124,768
Net position liability as a percentage of covered employee payroll	645.58%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013 (and rolled forward to June 30, 2014), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.00% to 9.00%
Investment rate of return	7.25%, net of expenses
Mortality rate	RP-2000 Combined Table

Rate of Return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plans investments, net of pension plan investment expense, was 19.88 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. A single discount rate of 7.11% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.29%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2061. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (6.11%)	Current Single Discount Rate (7.11%)	1% Increase (8.11%)
Plan net pension liability	\$ 41,509,137	\$ 33,048,705	\$ 26,017,096

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	11 years	20 years
Open or closed amortization approach	Open	Closed	open for actives 14 years closed for retirees as of June 30, 2013

Three-year Trend Information

Year Ending	Annual Pension Cost (APC)	Actual Annual Contribution	Percentage of APC Contributed	Net Pension Obligation
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Employees' Retirement System

6/30/12	\$ 817,748	\$ 817,748	100%	\$ -
6/30/13	845,594	845,594	100%	-
6/30/14	986,872	986,872	100%	-

Policemen's and Firemen's Pension

6/30/12	\$ 500,000	\$ 500,000	100%	\$ -
6/30/13	599,431	599,431	100%	-
6/30/14	696,096	696,096	100%	-

Policemen's and Firemen's Pension - Act 345

6/30/12	\$ 2,843,528	\$ 2,843,528	100%	\$ -
6/30/13	2,870,342	2,870,342	100%	-
6/30/14	3,012,344	3,012,344	100%	-

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The funded status of each plan as of June 30, 2013, 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	\$ 33,538	\$ 48,773	\$ 15,235	68.8%	\$ 7,970	191.2%
PFP	3,200	8,189	4,989	39.1%	n/a	n/a
Act 345	33,996	66,450	32,454	51.2%	4,976	652.2%

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

18. 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.

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 194 retirees currently receiving benefits and 203 active members at June 30, 2013, 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, 2014, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. 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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

For fiscal year 2014, 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	\$ 3,917,634
Interest on net OPEB obligation	529,016
Adjustment to annual required contribution	<u>(500,201)</u>
Annual OPEB cost	3,946,449
Payment of current costs	<u>(681,278)</u>
Increase in net OPEB obligation	3,265,171
Net OPEB obligation, beginning of year	<u>13,225,364</u>
Net OPEB obligation, end of year	<u><u>\$ 16,490,535</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

Year Ended	OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 2,941,574	53.3%	\$ 11,133,212
6/30/13	3,774,773	44.6%	13,225,364
6/30/14	3,946,449	17.3%	16,490,535

The funded status of the plan as of June 30, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 48,888,510
Actuarial value of plan assets	<u>658,853</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 48,229,657</u></u>
Funded ratio	1.3%
Covered payroll (active plan members)	\$ 12,653,896
UAAL as a percentage of covered payroll	381.1%

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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, 2013
Actuarial cost method	Individual entry age
Amortization method	
contributions	Level percent; open for fire Level dollar; open for police and general
Remaining amortization period	30 years; open basis
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	3.00% - 7.00% for the General group 3.00% - 9.00% for the Police/Fire group
Healthcare inflation rate	9% in 2014, grading to 3% in 2019
Inflation rate	3.00%

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.

19. 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	\$ 2,428,780	\$ 8,956,886
Capital assets being depreciated, net	73,564,515	48,780,624
	<u>75,993,295</u>	<u>57,737,510</u>
Long-term liabilities:		
Due within one year	1,038,958	128,991
Due in more than one year	40,307,030	426,101
	<u>41,345,988</u>	<u>555,092</u>
Less compensated absences	(1,810,239)	(355,092)
Less deferred loss on refunding	(846,001)	-
	<u>38,689,748</u>	<u>200,000</u>
Net investment in capital assets	<u>\$ 37,303,547</u>	<u>\$ 57,537,510</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

20. 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, 2014:

	General	Community Development Block Grant	Major Streets	Nonmajor Funds	Total
Nonspendable					
Inventories	\$ -	\$ -	\$ 149,492	\$ 14,865	\$ 164,357
Prepaid expenditures	10,073	-	-	-	10,073
Perpetual care	-	-	-	1,875,787	1,875,787
Endowment	-	-	-	1,085,065	1,085,065
Advances	50,000	-	-	60,000	110,000
	<u>\$ 60,073</u>	<u>\$ -</u>	<u>\$ 149,492</u>	<u>\$ 3,035,717</u>	<u>\$ 3,245,282</u>
Restricted					
Rehabilitation programs	\$ -	\$ 303,865	\$ -	\$ -	\$ 303,865
Highways and streets	-	-	1,122,092	567,709	1,689,801
Public improvements	-	-	-	306,536	306,536
Culture and recreation	-	-	-	28,053	28,053
Public safety	-	-	-	41,772	41,772
Downtown Development Authority	-	-	-	1,593,400	1,593,400
Debt service	-	-	-	33,330	33,330
	<u>\$ -</u>	<u>\$ 303,865</u>	<u>\$ 1,122,092</u>	<u>\$ 2,570,800</u>	<u>\$ 3,996,757</u>
Committed					
Culture and recreation	\$ -	\$ -	\$ -	\$ 118,560	\$ 118,560
Public safety	-	-	-	642,500	642,500
Capital projects	-	-	-	51,567	51,567
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 812,627</u>	<u>\$ 812,627</u>

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, 2014

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Employee Health Care	Total
Assets					
Pooled cash and investments	\$ 26,771	\$ -	\$ 19,714	\$ 550	\$ 47,035
Investments, at fair value:					
U.S. treasuries	-	196,374	1,658,288	-	1,854,662
U.S. agencies	-	52,981	392,567	-	445,548
Mortgage-backed securities	-	-	27,086	-	27,086
Corporate bonds:					
Domestic bonds	-	807,178	8,476,608	-	9,283,786
Domestic mutual funds	10,215,526	-	-	-	10,215,526
Equities:					
Domestic stocks	5,294,394	1,769,928	19,035,417	-	26,099,739
Domestic mutual funds	15,514,351	4,473	1,137	-	15,519,961
International stocks	-	571,856	8,514,379	-	9,086,235
International mutual funds	6,017,506	-	-	-	6,017,506
Money market accounts	1,018,752	183,204	1,710,296	756,642	3,668,894
Total cash and investments	<u>38,087,300</u>	<u>3,585,994</u>	<u>39,835,492</u>	<u>757,192</u>	<u>82,265,978</u>
Receivables:					
Interest and dividends	1,487	4,773	36,936	-	43,196
Other	285,268	-	15,274	-	300,542
Total receivables	<u>286,755</u>	<u>4,773</u>	<u>52,210</u>	<u>-</u>	<u>343,738</u>
Total assets	38,374,055	3,590,767	39,887,702	757,192	82,609,716
Liabilities					
Refunds payable and other	-	-	359,697	-	359,697
Net position restricted for pension and other employee benefits	<u>\$ 38,374,055</u>	<u>\$ 3,590,767</u>	<u>\$ 39,528,005</u>	<u>\$ 757,192</u>	<u>\$ 82,250,019</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2014

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Employee Health Care	Total
Additions					
Contributions:					
Employer	\$ 986,872	\$ 606,096	\$ 3,012,344	\$ -	\$ 4,605,312
Plan members	786,020	-	542,751	-	1,328,771
Total contributions	<u>1,772,892</u>	<u>606,096</u>	<u>3,555,095</u>	<u>-</u>	<u>5,934,083</u>
Investment income:					
Net appreciation in fair value of investments	5,338,125	601,116	6,292,668	98,339	12,330,248
Interest	147	22,200	229,832	-	252,179
Dividends	218,072	36,392	420,823	-	675,287
Total investment income	<u>5,556,344</u>	<u>659,708</u>	<u>6,943,323</u>	<u>98,339</u>	<u>13,257,714</u>
Less investment expense	<u>115,998</u>	<u>35,868</u>	<u>283,567</u>	<u>-</u>	<u>435,433</u>
Net investment income	<u>5,440,346</u>	<u>623,840</u>	<u>6,659,756</u>	<u>98,339</u>	<u>12,822,281</u>
Total additions	<u>7,213,238</u>	<u>1,229,936</u>	<u>10,214,851</u>	<u>98,339</u>	<u>18,756,364</u>
Deductions					
Benefits	3,183,481	921,176	4,735,567	-	8,840,224
Refunds of contributions	122,516	-	-	-	122,516
Administrative expense	98,366	-	51,969	-	150,335
Total deductions	<u>3,404,363</u>	<u>921,176</u>	<u>4,787,536</u>	<u>-</u>	<u>9,113,075</u>
Net change in net position	<u>3,808,875</u>	<u>308,760</u>	<u>5,427,315</u>	<u>98,339</u>	<u>9,643,289</u>
Net position restricted for pension and other employee benefits					
Beginning of year	<u>34,565,180</u>	<u>3,282,007</u>	<u>34,100,690</u>	<u>658,853</u>	<u>72,606,730</u>
End of year	<u>\$ 38,374,055</u>	<u>\$ 3,590,767</u>	<u>\$ 39,528,005</u>	<u>\$ 757,192</u>	<u>\$ 82,250,019</u>

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GASB REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, MICHIGAN

GASB Statement 27 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)			
<u>Employees' Retirement System (entry age valuation method)</u>						
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%
2013	33,538	48,773	15,235	66.8%	7,970	191.2%
<u>Policemen's and Firemen's Pension (entry age valuation method)</u>						
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
2013	3,200	8,189	4,989	39.1%	n/a	n/a
<u>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</u>						
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%
2013	33,996	66,450	32,454	51.2%	4,976	652.2%

CITY OF JACKSON, MICHIGAN

GASB Statement 27 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>				
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%
2014	10.6%	986,872	986,872	100%
<u>Policemen's and Firemen's Pension</u>				
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%
2014	n/a	606,096	606,096	100%
<u>Policemen's and Firemen's Pension - Act 345</u>				
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%
2014	60.5%	3,012,344	3,012,344	100%

CITY OF JACKSON, MICHIGAN

GASB Statement 27 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, 2013	June 30, 2013	June 30, 2013
Actuarial Cost Method	Entry Age	Aggregate	Entry Age
Amortization Method	Level percent	Level dollar, closed	Level percent
DROP amortization period	9 years closed	n/a	n/a
Remaining amortization period	30 years open	11 years	20 years open for actives 14 years closed 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%	7.00%, 7.25%, and 7.50%
Projected salary increases	3.00% - 7.00%	N/A	3.00% -9.00%
Includes inflation at	3.0%	N/A	3.00%
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)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/07	\$ -	\$ 56,062,594	\$ 56,062,594	0.0%	\$ 17,393,970	322.3%
6/30/09	360,691	36,872,463	36,511,772	1.0%	14,340,080	254.6%
6/30/11	561,390	59,681,463	59,120,073	0.9%	12,795,432	462.0%
6/30/13	658,853	48,888,510	48,229,657	1.3%	12,653,896	381.1%

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%
6/30/14	3,917,634	681,278	17.4%

CITY OF JACKSON, MICHIGAN

Required Supplementary Information (GASB Statement No. 67)

Schedule of Investment Returns

Last Fiscal Year (ultimately 10 years of data will be presented)

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expense
Employees' Retirement System 6/30/2014	16.60%
Policemen's and Firemen's Pension 6/30/2014	20.30%
Policemen's and Firemen's Pension - Act 345 6/30/2014	19.88%

CITY OF JACKSON, MICHIGAN

Required Supplementary Information (GASB Statement No. 67)

Employees' Retirement System

Schedule of Changes in the City's ERS Plan Net Pension Liability and Related Ratios

Last Fiscal Year (ultimately 10 years of data will be presented)

	2014
Change in total pension liability	
Service cost	\$ 900,232
Interest	3,512,829
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(610,014)
Benefit payments, including refunds of member contributions	(3,305,997)
Net change in total pension liability	<u>497,050</u>
Total pension liability, beginning	<u>51,529,948</u>
Total pension liability, ending (a)	<u>52,026,998</u>
Change in plan fiduciary net position	
Contributions - employer	986,872
Contributions - member	786,020
Net investment income	5,556,344
Benefit payments, including refunds of member contributions	(3,305,997)
Administrative expense	(214,364)
Other	-
Net change in plan fiduciary net position	<u>3,808,875</u>
Plan fiduciary net position, beginning	<u>34,565,180</u>
Plan fiduciary net position, ending (b)	<u>38,374,055</u>
City's net pension liability, ending (a)-(b)	<u><u>\$13,652,943</u></u>
Plan fiduciary net position as a percentage of the total pension liability	73.76%
Covered-employee payroll	8,209,105
City's net pension liability as a percentage of covered payroll	166.31%

CITY OF JACKSON, MICHIGAN

Required Supplementary Information (GASB Statement No. 67)

Police and Fire Pension Plan

Schedule of Changes in the City's P&F Plan Net Pension Liability and Related Ratios

Last Fiscal Year (ultimately 10 years of data will be presented)

	2014
Change in total pension liability	
Service cost	\$ -
Interest	541,023
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(921,176)
Net change in total pension liability	<u>(380,153)</u>
 Total pension liability, beginning	 <u>8,189,493</u>
 Total pension liability, ending (a)	 <u>7,809,340</u>
Change in plan fiduciary net position	
Contributions - employer	606,096
Contributions - member	-
Net investment income	659,708
Benefit payments, including refunds of member contributions	(921,176)
Administrative expense	(35,868)
Other	-
Net change in plan fiduciary net position	<u>308,760</u>
 Plan fiduciary net position, beginning	 <u>3,282,007</u>
 Plan fiduciary net position, ending (b)	 <u>3,590,767</u>
 City's net pension liability, ending (a)-(b)	 <u><u>\$ 4,218,573</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 45.98%
 Covered-employee payroll	 N/A
 City's net pension liability as a percentage of covered payroll	 N/A

CITY OF JACKSON, MICHIGAN

Required Supplementary Information (GASB Statement No. 67)

Police and Fire - Act 345 Pension Plan

Schedule of Changes in the City's P&F - Act 345 Plan Net Pension Liability and Related Ratios

Last Fiscal Year (ultimately 10 years of data will be presented)

	2014
Change in total pension liability	
Service cost	\$ 987,637
Interest	4,928,085
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(244,312)
Benefit payments, including refunds of member contributions	(4,735,564)
Net change in total pension liability	<u>935,846</u>
 Total pension liability, beginning	 <u>71,676,864</u>
 Total pension liability, ending (a)	 <u>72,612,710</u>
 Change in plan fiduciary net position	
Contributions - employer	3,012,344
Contributions - member	542,751
Net investment income	6,943,323
Benefit payments, including refunds of member contributions	(4,735,567)
Administrative expense	(335,536)
Other	-
Net change in plan fiduciary net position	<u>5,427,315</u>
 Plan fiduciary net position, beginning	 <u>34,100,690</u>
 Plan fiduciary net position, ending (b)	 <u>39,528,005</u>
 City's net pension liability, ending (a)-(b)	 <u><u>\$33,084,705</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 54.44%
 Covered-employee payroll	5,124,768
 City's net pension liability as a percentage of covered payroll	645.58%

CITY OF JACKSON, MICHIGAN

Required Supplementary Information (GASB Statement No. 67)

Schedule of City Contributions

Last Fiscal Year (ultimately 10 years of data will be presented)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Employees' Retirement System (ERS)					
6/30/2014	\$ 1,126,236	\$ 986,872	\$ 139,364	\$ 8,209,105	12.0%
Policemen's and Firemen's Pension (PFP)					
6/30/2014	\$ 606,096	\$ 606,096	\$ -	not applicable	not applicable
Policemen's and Firemen's Pension - Act 345 (Act 345)					
6/30/2014	\$ 3,012,344	\$ 3,012,344	\$ -	\$ 5,124,768	58.8%

Notes to Schedule of Contributions

Valuation date	June 30, 2013 (and rolled forward to June 30, 2014, the measurement date)
Notes	Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.
Other information	There were no benefit changes during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed (level dollar PFP)
Remaining amortization period	30 years (12 years PFP; 20 years Act 345)
Asset valuation method	4-year smoothed market
Inflation	3.0%
Salary increases	3.0-7.0% (9.0% Act 345) including inflation
Investment rate of return	7.5% (7.0% PFP; 7.25% Act 345), net of pension plan investment expense, including inflation
Mortality rates	RP-2000 combined Mortality Table projected to 2017 with scale BB

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

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	1,551,588	29,042	1,666,319	2,919,426	6,166,375
Receivables:					
Accounts, net	389,537	-	32,087	-	421,624
Interest	-	-	-	15,431	15,431
Due from other governments	252,049	-	70,000	-	322,049
Due from other funds	13,680	4,288	-	25,995	43,963
Inventories	14,865	-	-	-	14,865
Long-term advance to other funds	-	-	-	60,000	60,000
Total assets	\$ 2,221,719	\$ 33,330	\$ 1,768,406	\$ 3,020,852	\$ 7,044,307
Liabilities					
Accounts payable	\$ 218,239	\$ -	\$ 118,229	\$ -	\$ 336,468
Accrued payroll	31,896	-	-	-	31,896
Due to other funds	43,071	-	-	-	43,071
Interfund payables	185,425	-	-	-	185,425
Unearned revenue	23,093	-	5,210	-	28,303
Total liabilities	501,724	-	123,439	-	625,163
Fund balances					
Nonspendable for:					
Inventories	14,865	-	-	-	14,865
Perpetual care	-	-	-	1,875,787	1,875,787
Endowment	-	-	-	1,085,065	1,085,065
Advances	-	-	-	60,000	60,000
Restricted for:					
Highways and streets	567,709	-	-	-	567,709
Public improvements	306,536	-	-	-	306,536
Culture and recreation	28,053	-	-	-	28,053
Public safety	41,772	-	-	-	41,772
Debt service	-	33,330	-	-	33,330
Downtown Development Authority	-	-	1,593,400	-	1,593,400
Committed for:					
Culture and recreation	118,560	-	-	-	118,560
Public safety	642,500	-	-	-	642,500
Capital projects	-	-	51,567	-	51,567
Total fund balances	1,719,995	33,330	1,644,967	3,020,852	6,419,144
Total liabilities and fund balances	\$ 2,221,719	\$ 33,330	\$ 1,768,406	\$ 3,020,852	\$ 7,044,307

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property taxes	\$ 925,167	\$ 634,336	\$ 834,327	\$ -	\$ 2,393,830
Intergovernmental	2,026,865	345,219	70,000	-	2,442,084
Charges for services	1,575,044	772,098	-	23,495	2,370,637
Investment income	113,115	210	4,223	39,967	157,515
Parking fees	-	-	248,430	-	248,430
Miscellaneous	95,780	-	-	-	95,780
Total revenues	4,735,971	1,751,863	1,156,980	63,462	7,708,276
Expenditures					
Current:					
Public safety	2,862,639	-	-	-	2,862,639
Public works	535,795	-	-	-	535,795
Culture and recreation	1,091,339	-	-	-	1,091,339
Community enrichment and development	943,067	-	-	9,310	952,377
Capital outlay	-	-	781,655	-	781,655
Debt service:					
Principal retirement	-	710,000	-	-	710,000
Interest and fiscal charges	-	1,272,030	-	-	1,272,030
Total expenditures	5,432,840	1,982,030	781,655	9,310	8,205,835
Revenues over (under) expenditures	(696,869)	(230,167)	375,325	54,152	(497,559)
Other financing sources (uses)					
Transfers in	1,804,543	253,088	368,307	-	2,425,938
Transfers out	(928,499)	(6,263)	(246,825)	(51,438)	(1,233,025)
Total other financing sources (uses)	876,044	246,825	121,482	(51,438)	1,192,913
Net change in fund balances	179,175	16,658	496,807	2,714	695,354
Fund balances, beginning of year	1,540,820	16,672	1,148,160	3,018,138	5,723,790
Fund balances, end of year	\$ 1,719,995	\$ 33,330	\$ 1,644,967	\$ 3,020,852	\$ 6,419,144

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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.

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, 2014

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Assets					
Pooled cash and investments	\$ 480,156	\$ 44,443	\$ 306,536	\$ 35,899	\$ 449,784
Accounts receivables, net	5,453	150	-	1,899	113,502
Due from other governments	96,425	-	-	-	-
Due from other funds	-	-	-	-	13,680
Inventories	-	14,865	-	-	-
Total assets	\$ 582,034	\$ 59,458	\$ 306,536	\$ 37,798	\$ 576,966
Liabilities					
Accounts payable	\$ 12,897	\$ 27,535	\$ -	\$ 8,544	\$ 141,352
Accrued payroll	1,428	10,418	-	4,473	-
Due to other funds	-	-	-	8,358	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	14,325	37,953	-	21,375	141,352
Fund balances					
Nonspendable for -					
Inventories	-	14,865	-	-	-
Restricted for:					
Highways and streets	567,709	-	-	-	-
Public improvements	-	-	306,536	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	6,640	-	-	-
Public safety	-	-	-	16,423	435,614
Total fund balances	567,709	21,505	306,536	16,423	435,614
Total liabilities and fund balances	\$ 582,034	\$ 59,458	\$ 306,536	\$ 37,798	\$ 576,966

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants	Recreation Millage
\$ 41,379	\$ -	\$ 116,983	\$ 36,252	\$ -	\$ -	\$ 40,156
-	-	-	-	268,533	-	-
-	1,793	-	-	-	11,749	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 41,379</u>	<u>\$ 1,793</u>	<u>\$ 116,983</u>	<u>\$ 36,252</u>	<u>\$ 268,533</u>	<u>\$ 11,749</u>	<u>\$ 40,156</u>
\$ 757	\$ -	\$ 1,845	\$ 11,436	\$ 7,449	\$ -	\$ 6,424
-	-	3,218	-	6,680	-	5,679
-	-	-	1,723	32,990	-	-
-	643	-	-	30,951	11,749	-
-	-	-	23,093	-	-	-
<u>757</u>	<u>643</u>	<u>5,063</u>	<u>36,252</u>	<u>78,070</u>	<u>11,749</u>	<u>12,103</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	28,053
40,622	1,150	-	-	-	-	-
-	-	111,920	-	-	-	-
-	-	-	-	190,463	-	-
<u>40,622</u>	<u>1,150</u>	<u>111,920</u>	<u>-</u>	<u>190,463</u>	<u>-</u>	<u>28,053</u>
<u>\$ 41,379</u>	<u>\$ 1,793</u>	<u>\$ 116,983</u>	<u>\$ 36,252</u>	<u>\$ 268,533</u>	<u>\$ 11,749</u>	<u>\$ 40,156</u>

continued...

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2014

	2008 Brownfield Revolving Loan	212 W. Michigan Building Demolition	SAFER Grant	Totals
Assets				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1,551,588
Accounts receivables, net	-	-	-	389,537
Due from other governments	-	-	142,082	252,049
Due from other funds	-	-	-	13,680
Inventories	-	-	-	14,865
Total assets	\$ -	\$ -	\$ 142,082	\$ 2,221,719
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 218,239
Accrued payroll	-	-	-	31,896
Due to other funds	-	-	-	43,071
Interfund payables	-	-	142,082	185,425
Unearned revenue	-	-	-	23,093
Total liabilities	-	-	142,082	501,724
Fund balances				
Nonspendable for -				
Inventories	-	-	-	14,865
Restricted for:				
Highways and streets	-	-	-	567,709
Public improvements	-	-	-	306,536
Culture and recreation	-	-	-	28,053
Public safety	-	-	-	41,772
Committed for:				
Culture and recreation	-	-	-	118,560
Public safety	-	-	-	642,500
Total fund balances	-	-	-	1,719,995
Total liabilities and fund balances	\$ -	\$ -	\$ 142,082	\$ 2,221,719

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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, 2014**

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Revenues					
Property taxes	\$ -	\$ -	\$ 925,167	\$ -	\$ -
Intergovernmental	637,185	-	-	-	-
Charges for services	-	490,702	-	433,521	169,760
Investment income	1,324	-	4,133	5,055	88,198
Miscellaneous	1,536	-	-	-	-
Total revenues	640,045	490,702	929,300	438,576	257,958
Expenditures					
Current:					
Public safety	-	-	-	464,635	1,284,630
Public works	580,969	-	-	-	-
Culture and recreation	-	642,578	-	-	-
Community enrichment and development	-	-	101,439	-	-
Total expenditures	580,969	642,578	101,439	464,635	1,284,630
Revenues over (under) expenditures	59,076	(151,876)	827,861	(26,059)	(1,026,672)
Other financing sources (uses)					
Transfers in	54,699	164,232	-	-	1,127,000
Transfers out	-	-	(893,270)	-	-
Total other financing sources (uses)	54,699	164,232	(893,270)	-	1,127,000
Net change in fund balances	113,775	12,356	(65,409)	(26,059)	100,328
Fund balances, beginning of year	453,934	9,149	371,945	42,482	335,286
Fund balances, end of year	\$ 567,709	\$ 21,505	\$ 306,536	\$ 16,423	\$ 435,614

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants	Recreation Millage
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	22,025	-	258,762	541,077	-	-
-	-	256,881	-	-	11,749	212,431
158	-	320	-	13,691	-	25
23,251	-	-	55,213	15,780	-	-
<u>23,409</u>	<u>22,025</u>	<u>257,201</u>	<u>313,975</u>	<u>570,548</u>	<u>11,749</u>	<u>212,456</u>
28,332	45,555	-	-	-	11,749	-
-	-	-	-	-	-	-
-	-	251,509	-	-	-	197,252
-	-	-	313,975	527,653	-	-
<u>28,332</u>	<u>45,555</u>	<u>251,509</u>	<u>313,975</u>	<u>527,653</u>	<u>11,749</u>	<u>197,252</u>
<u>(4,923)</u>	<u>(23,530)</u>	<u>5,692</u>	<u>-</u>	<u>42,895</u>	<u>-</u>	<u>15,204</u>
-	23,530	-	-	-	-	-
(14,564)	-	-	-	-	-	-
<u>(14,564)</u>	<u>23,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(19,487)	-	5,692	-	42,895	-	15,204
60,109	1,150	106,228	-	147,568	-	12,849
<u>\$ 40,622</u>	<u>\$ 1,150</u>	<u>\$ 111,920</u>	<u>\$ -</u>	<u>\$ 190,463</u>	<u>\$ -</u>	<u>\$ 28,053</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, 2014

	2008 Brownfield Revolving Loan	212 W. Michigan Building Demolition	SAFER Grant	Totals
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 925,167
Intergovernmental	(24,509)	-	592,325	2,026,865
Charges for services	-	-	-	1,575,044
Investment income	-	211	-	113,115
Miscellaneous	-	-	-	95,780
Total revenues	(24,509)	211	592,325	4,735,971
Expenditures				
Current:				
Public safety	-	435,413	592,325	2,862,639
Public works	(45,174)	-	-	535,795
Culture and recreation	-	-	-	1,091,339
Community enrichment and development	-	-	-	943,067
Total expenditures	(45,174)	435,413	592,325	5,432,840
Revenues over (under) expenditures	20,665	(435,202)	-	(696,869)
Other financing sources (uses)				
Transfers in	-	435,082	-	1,804,543
Transfers out	(20,665)	-	-	(928,499)
Total other financing sources (uses)	(20,665)	435,082	-	876,044
Net change in fund balances	-	(120)	-	179,175
Fund balances, beginning of year	-	120	-	1,540,820
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 1,719,995

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 611,503	\$ 637,185	\$ 25,682	\$ 567,728
Investment income	500	1,324	824	157
Miscellaneous	-	1,536	1,536	-
Total revenues	612,003	640,045	28,042	567,885
Expenditures				
Current - public works:				
Street construction	345,285	226,257	(119,028)	763,059
Street maintenance	472,463	219,616	(252,847)	509,415
Traffic services	3,957	492	(3,465)	1,441
Winter maintenance	229,770	140,057	(89,713)	102,671
Reimbursements	-	(5,453)	(5,453)	(126,879)
Total expenditures	1,051,475	580,969	(470,506)	1,249,707
Revenues over (under) expenditures	(439,472)	59,076	498,548	(681,822)
Other financing sources (uses)				
Transfers in	54,699	54,699	-	880,067
Transfers out	-	-	-	(22,776)
Total other financing sources (uses)	54,699	54,699	-	857,291
Net change in fund balance	(384,773)	113,775	498,548	175,469
Fund balance, beginning of year	453,934	453,934	-	278,465
Fund balance, end of year	\$ 69,161	\$ 567,709	\$ 498,548	\$ 453,934

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 525,500	\$ 490,702	\$ (34,798)	\$ 450,819
Investment income	-	-	-	26
Miscellaneous	-	-	-	-
Total revenues	<u>525,500</u>	<u>490,702</u>	<u>(34,798)</u>	<u>450,845</u>
Expenditures				
Current - culture and recreation:				
Personal services	363,225	349,603	(13,622)	327,930
Materials and supplies	206,000	193,467	(12,533)	192,878
Contractual and other services	113,858	99,508	(14,350)	106,346
Total expenditures	<u>683,083</u>	<u>642,578</u>	<u>(40,505)</u>	<u>627,154</u>
Revenues over (under) expenditures	(157,583)	(151,876)	5,707	(176,309)
Other financing sources				
Transfers in	<u>157,668</u>	<u>164,232</u>	<u>6,564</u>	<u>174,169</u>
Net change in fund balance	85	12,356	12,271	(2,140)
Fund balance, beginning of year	<u>9,149</u>	<u>9,149</u>	<u>-</u>	<u>11,289</u>
Fund balance, end of year	<u>\$ 9,234</u>	<u>\$ 21,505</u>	<u>\$ 12,271</u>	<u>\$ 9,149</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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Property taxes	\$ 924,000	\$ 925,167	\$ 1,167	\$ 1,019,620
Investment income	7,500	4,133	(3,367)	7,092
Total revenues	931,500	929,300	(2,200)	1,026,712
Expenditures				
Current - community enrichment and development	201,219	101,439	(99,780)	185,469
Revenues over expenditures	730,281	827,861	97,580	841,243
Other financing uses				
Transfers out	(939,387)	(893,270)	(46,117)	(1,258,210)
Net change in fund balance	(209,106)	(65,409)	143,697	(416,967)
Fund balance, beginning of year	371,945	371,945	-	788,912
Fund balance, end of year	\$ 162,839	\$ 306,536	\$ 143,697	\$ 371,945

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 419,250	\$ 433,521	\$ 14,271	\$ 536,056
Investment income	5,000	5,055	55	8,247
Total revenues	<u>424,250</u>	<u>438,576</u>	<u>14,326</u>	<u>544,303</u>
Expenditures				
Current - public safety:				
Personal services	342,875	337,133	(5,742)	380,681
Materials and supplies	5,575	5,755	180	14,731
Contractual and other services	128,981	121,747	(7,234)	111,001
Total expenditures	<u>477,431</u>	<u>464,635</u>	<u>(12,796)</u>	<u>506,413</u>
Revenues over (under) expenditures	(53,181)	(26,059)	27,122	37,890
Other financing sources				
Transfers in	11,000	-	(11,000)	-
Net change in fund balance	<u>(42,181)</u>	<u>(26,059)</u>	<u>16,122</u>	<u>37,890</u>
Fund balance, beginning of year	42,482	42,482	-	4,592
Fund balance, end of year	<u>\$ 301</u>	<u>\$ 16,423</u>	<u>\$ 16,122</u>	<u>\$ 42,482</u>

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 1,097,700	\$ 169,760	\$ (927,940)	\$ 941,329
Investment income	98,000	88,198	(9,802)	38,781
Total revenues	1,195,700	257,958	(937,742)	980,110
Expenditures				
Current - public safety:				
Contractual and other services	2,657,765	1,284,630	(1,373,135)	1,441,690
Total expenditures	2,657,765	1,284,630	(1,373,135)	1,441,690
Revenues over (under) expenditures	(1,462,065)	(1,026,672)	435,393	(461,580)
Other financing sources				
Transfers in	1,127,000	1,127,000	-	614,000
Net change in fund balance	(335,065)	100,328	435,393	152,420
Fund balance, beginning of year	335,286	335,286	-	182,866
Fund balance, end of year	\$ 221	\$ 435,614	\$ 435,393	\$ 335,286

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Investment income	\$ 350	\$ 158	\$ (192)	\$ 394
Miscellaneous:				
Sale of property	6,100	77	(6,023)	5,437
Other	19,646	23,174	3,528	13,220
Total revenues	26,096	23,409	(2,687)	19,051
Expenditures				
Current - public safety:				
Personal services	21,753	23,233	1,480	20,894
Materials and supplies	533	159	(374)	3,468
Contractual and other services	13,368	4,940	(8,428)	11,771
Total expenditures	35,654	28,332	(7,322)	36,133
Revenues over (under) expenditures	(9,558)	(4,923)	4,635	(17,082)
Other financing uses				
Transfers out	(30,257)	(14,564)	(15,693)	(14,933)
Net change in fund balance	(39,815)	(19,487)	20,328	(32,015)
Fund balance, beginning of year	60,109	60,109	-	92,124
Fund balance, end of year	\$ 20,294	\$ 40,622	\$ 20,328	\$ 60,109

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 22,025	\$ 22,025	\$ -	\$ 14,932
Investment income	-	-	-	2
Total revenues	22,025	22,025	-	14,934
Expenditures				
Current - public safety - Personal services	52,282	45,555	(6,727)	29,864
Revenues over (under) expenditures	(30,257)	(23,530)	6,727	(14,930)
Other financing sources				
Transfers in	30,257	23,530	(6,727)	14,933
Net change in fund balance	-	-	-	3
Fund balance, beginning of year	1,150	1,150	-	1,147
Fund balance, end of year	\$ 1,150	\$ 1,150	\$ -	\$ 1,150

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 259,100	\$ 256,881	\$ (2,219)	\$ 276,029
Investment income	300	320	20	314
Miscellaneous	10,000	-	(10,000)	10,000
Total revenues	269,400	257,201	(12,199)	286,343
Expenditures				
Current - culture and recreation:				
Personal services	125,711	94,694	(31,017)	110,290
Materials and supplies	51,000	58,777	7,777	44,850
Contractual and other services	82,600	98,038	15,438	92,310
Total expenditures	259,311	251,509	(7,802)	247,450
Net change in fund balances	10,089	5,692	(4,397)	38,893
Fund balance, beginning of year	106,228	106,228	-	67,335
Fund balance, end of year	\$ 116,317	\$ 111,920	\$ (4,397)	\$ 106,228

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 1,187,192	\$ 258,762	\$ (928,430)	\$ 409,653
Miscellaneous	258,947	55,213	(203,734)	14,117
Total revenues	<u>1,446,139</u>	<u>313,975</u>	<u>(1,132,164)</u>	<u>423,770</u>
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	-	-	-	13,108
Community housing development organizations	1,490,480	313,975	(1,176,505)	410,662
Total expenditures	<u>1,490,480</u>	<u>313,975</u>	<u>(1,176,505)</u>	<u>423,770</u>
Net change in fund balance	(44,341)	-	44,341	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ (44,341)</u>	<u>\$ -</u>	<u>\$ 44,341</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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 472,000	\$ 541,077	\$ 69,077	\$ 636,814
Investment income	12,000	13,691	1,691	3,512
Miscellaneous	6,500	15,780	9,280	5,560
Total revenues	490,500	570,548	80,048	645,886
Expenditures				
Current - public safety - Community housing development organizations	527,653	527,653	-	522,232
Net change in fund balance	(37,153)	42,895	80,048	123,654
Fund balance, beginning of year	147,568	147,568	-	23,914
Fund balance, end of year	\$ 110,415	\$ 190,463	\$ 80,048	\$ 147,568

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 27,942	\$ 11,749	\$ (16,193)	\$ 75,406
Expenditures				
Current - public safety:				
Personal services	-	-	-	40,938
Contractual and other services	27,942	11,749	(16,193)	34,488
Total expenditures	27,942	11,749	(16,193)	75,426
Net change in fund balance	-	-	-	(20)
Fund balance, beginning of year	-	-	-	20
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 215,760	\$ 212,431	\$ (3,329)	\$ 215,761
Investment income	132	25	(107)	132
Total revenues	<u>215,892</u>	<u>212,456</u>	<u>(3,436)</u>	<u>215,893</u>
Expenditures				
Current - culture and recreation:				
Personal services	147,943	99,908	(48,035)	131,142
Materials and supplies	55,000	83,007	28,007	73,054
Contractual and other services	12,817	14,337	1,520	23,022
Total expenditures	<u>215,760</u>	<u>197,252</u>	<u>(18,508)</u>	<u>227,218</u>
Net change in fund balance	132	15,204	15,072	(11,325)
Fund balance, beginning of year	<u>12,849</u>	<u>12,849</u>	-	<u>24,174</u>
Fund balance, end of year	<u>\$ 12,981</u>	<u>\$ 28,053</u>	<u>\$ 15,072</u>	<u>\$ 12,849</u>

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, 2014
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 31,653	\$ (24,509)	\$ (56,162)	\$ 1,324,797
Expenditures				
Current - public works - Contractual and other services	10,988	(45,174)	(56,162)	55,462
Revenues over expenditures	20,665	20,665	-	1,269,335
Other financing uses				
Transfers out	(20,665)	(20,665)	-	(1,269,335)
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, 2014

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

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 590,000
Investment income	300	211	(89)	120
Total revenues	300	211	(89)	590,120
Expenditures				
Current - public safety - Contractual and other services	521,412	435,413	(85,999)	1,859,688
Revenues over (under) expenditures	(521,112)	(435,202)	85,910	(1,269,568)
Other financing sources				
Transfers in	520,991	435,082	(85,909)	1,269,688
Net change in fund balance	(121)	(120)	1	120
Fund balance, beginning of year	120	120	-	-
Fund balance, end of year	\$ (1)	\$ -	\$ 1	\$ 120

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, 2014

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

	2014			2013 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 937,577	\$ 592,325	\$ (345,252)	\$ 461,855
Expenditures				
Current - public safety - Personal services	937,577	592,325	(345,252)	461,855
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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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.

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.

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.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2014

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



Building Authority	2001 DDA TIF	2013 City Hall Refunding	Totals
\$ 3,321	\$ 637	\$ 22,711	\$ 29,042
-	-	1,701	4,288
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 24,412</u>	<u>\$ 33,330</u>
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 24,412</u>	<u>\$ 33,330</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, 2014

	2003 City Hall Construction	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	345,219	-
Charges for services	-	723,804	-	-
Investment income	-	-	-	-
Total revenues	<u>-</u>	<u>723,804</u>	<u>345,219</u>	<u>-</u>
Expenditures				
Debt service:				
Principal retirement	-	320,000	75,000	-
Interest and fiscal charges	-	403,804	270,219	246,825
Total expenditures	<u>-</u>	<u>723,804</u>	<u>345,219</u>	<u>246,825</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(246,825)</u>
Other financing sources (uses)				
Transfers in	-	-	-	246,825
Transfers out	(6,263)	-	-	-
Total other financing sources (uses)	<u>(6,263)</u>	<u>-</u>	<u>-</u>	<u>246,825</u>
Net change in fund balances	(6,263)	-	-	-
Fund balances, beginning of year	6,263	2,373	2,156	431
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2,373</u>	<u>\$ 2,156</u>	<u>\$ 431</u>



Building Authority	2001 DDA TIF	2013 City Hall Refunding	Totals
\$ -	\$ -	\$ 634,336	\$ 634,336
-	-	-	345,219
48,294	-	-	772,098
-	-	210	210
<u>48,294</u>	<u>-</u>	<u>634,546</u>	<u>1,751,863</u>
35,000	-	280,000	710,000
<u>13,324</u>	<u>-</u>	<u>337,858</u>	<u>1,272,030</u>
<u>48,324</u>	<u>-</u>	<u>617,858</u>	<u>1,982,030</u>
<u>(30)</u>	<u>-</u>	<u>16,688</u>	<u>(230,167)</u>
-	-	6,263	253,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,263)</u>
<u>-</u>	<u>-</u>	<u>6,263</u>	<u>246,825</u>
(30)	-	22,951	16,658
<u>3,351</u>	<u>637</u>	<u>1,461</u>	<u>16,672</u>
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 24,412</u>	<u>\$ 33,330</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, 2014

	Capital Projects	Downtown Development Authority Project	Totals
Assets			
Pooled cash and investments	\$ 72,596	\$ 1,593,723	\$ 1,666,319
Accounts receivable	32,087	-	32,087
Due from other governments	70,000	-	70,000
Total assets	\$ 174,683	\$ 1,593,723	\$ 1,768,406
Liabilities			
Accounts payable	\$ 117,906	\$ 323	\$ 118,229
Unearned revenue	5,210	-	5,210
Total liabilities	123,116	323	123,439
Fund balances			
Restricted	-	1,593,400	1,593,400
Committed for capital projects	51,567	-	51,567
Total fund balances	51,567	1,593,400	1,644,967
Total liabilities and fund balances	\$ 174,683	\$ 1,593,723	\$ 1,768,406

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, 2014

	Capital Projects	Downtown Development Authority Project	Totals
Revenues			
Property taxes	\$ -	\$ 834,327	\$ 834,327
Intergovernmental	70,000	-	70,000
Investment income	73	4,150	4,223
Parking fees	248,330	100	248,430
Total revenues	318,403	838,577	1,156,980
Expenditures			
Community enrichment and development	689,320	92,335	781,655
Revenues over (under) expenditures	(370,917)	746,242	375,325
Other financing sources (uses)			
Transfers in	368,307	-	368,307
Transfers out	-	(246,825)	(246,825)
Total other financing sources (uses)	368,307	(246,825)	121,482
Net change in fund balances	(2,610)	499,417	496,807
Fund balances, beginning of year	54,177	1,093,983	1,148,160
Fund balances, end of year	\$ 51,567	\$ 1,593,400	\$ 1,644,967

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, 2014

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Total
Assets			
Pooled cash and investments - restricted	\$ 1,059,070	\$ 1,860,356	\$ 2,919,426
Due from other funds	25,995	-	25,995
Interest receivable	-	15,431	15,431
Long-term advance to other funds	60,000	-	60,000
	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total assets	<u><u>\$ 1,145,065</u></u>	<u><u>\$ 1,875,787</u></u>	<u><u>\$ 3,020,852</u></u>
Fund balances			
Nonspendable for:			
Perpetual care	-	1,875,787	1,875,787
Endowment	1,085,065	-	1,085,065
Advances	60,000	-	60,000
	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total fund balances	<u><u>1,145,065</u></u>	<u><u>1,875,787</u></u>	<u><u>3,020,852</u></u>
Total liabilities and fund balances	<u><u>\$ 1,145,065</u></u>	<u><u>\$ 1,875,787</u></u>	<u><u>\$ 3,020,852</u></u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Permanent Funds

For the Fiscal Year Ended June 30, 2014

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Total
Revenues			
Charges for services	\$ -	\$ 23,495	\$ 23,495
Investment income	13,427	26,540	39,967
Total revenues	13,427	50,035	63,462
Expenditures	-	9,310	9,310
Revenues over expenditures	13,427	40,725	54,152
Other financing uses			
Transfers out	(27,232)	(24,206)	(51,438)
Net change in fund balances	(13,805)	16,519	2,714
Fund balances, beginning of year	1,158,870	1,859,268	3,018,138
Fund balances, end of year	\$ 1,145,065	\$ 1,875,787	\$ 3,020,852

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, 2014

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Assets					
Current assets:					
Pooled cash and investments	\$ 44,023	\$ 16,973	\$ 113,170	\$ 285,547	\$ 459,713
Noncurrent assets:					
Capital assets not being depreciated	-	1,682,727	-	-	1,682,727
Capital assets being depreciated, net	17,835	139,957	-	-	157,792
Total noncurrent assets	17,835	1,822,684	-	-	1,840,519
Total assets	61,858	1,839,657	113,170	285,547	2,300,232
Liabilities					
Current liabilities:					
Accounts payable	-	2,259	3,751	285,547	291,557
Accrued payroll	1,235	89	495	-	1,819
Total current liabilities	1,235	2,348	4,246	285,547	293,376
Noncurrent liabilities -					
Long term advance from other funds	60,000	-	-	-	60,000
Total liabilities	61,235	2,348	4,246	285,547	353,376
Net position					
Net investment in capital assets	17,835	1,822,684	-	-	1,840,519
Unrestricted (deficit)	(17,212)	14,625	108,924	-	106,337
Total net position	\$ 623	\$ 1,837,309	\$ 108,924	\$ -	\$ 1,946,856

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2014

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Operating revenues					
Charges for sales and services	\$ 36,436	\$ 11,113	\$ 43,106	\$ 97,196	\$ 187,851
Miscellaneous	-	-	15,151	-	15,151
Total operating revenues	36,436	11,113	58,257	97,196	203,002
Operating expenses					
Personal services	26,747	6,146	29,573	-	62,466
Materials and supplies	647	750	-	-	1,397
Contractual and other services	2,995	14,676	64,501	238,810	320,982
Depreciation	17,836	6,085	-	-	23,921
Stormwater refunds	-	-	-	282,930	282,930
Total operating expenses	48,225	27,657	94,074	521,740	691,696
Operating loss	(11,789)	(16,544)	(35,817)	(424,544)	(488,694)
Nonoperating revenues (expenses)					
Investment income	121	54	-	1,275	1,450
Interest and fiscal charges	(1,750)	-	-	-	(1,750)
Total nonoperating revenues (expenses)	(1,629)	54	-	1,275	(300)
Loss before transfers	(13,418)	(16,490)	(35,817)	(423,269)	(488,994)
Transfers in	13,750	11,000	56,700	-	81,450
Change in net position	332	(5,490)	20,883	(423,269)	(407,544)
Net position, beginning of year	291	1,842,799	88,041	423,269	2,354,400
Net position, end of year	\$ 623	\$ 1,837,309	\$ 108,924	\$ -	\$ 1,946,856

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2014

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Cash flows from operating activities					
Receipts from customers and users	\$ 36,436	\$ 11,113	\$ 58,257	\$ 99,656	\$ 205,462
Payments to employees	(26,747)	(6,146)	(29,573)	-	(62,466)
Payments to vendors and claimants	(13,976)	(13,433)	(61,024)	(274,019)	(362,452)
Net cash used in operating activities	(4,287)	(8,466)	(32,340)	(174,363)	(219,456)
Cash flows from capital and related financing activities					
Interest paid on long-term debt	(1,750)	-	-	-	(1,750)
Cash flows from noncapital financing activities					
Transfer in	13,750	11,000	56,700	-	81,450
Cash flows from investing activities					
Interest received on investments	121	54	-	1,275	1,450
Net change in cash and cash equivalents	7,834	2,588	24,360	(173,088)	(138,306)
Cash and cash equivalents, beginning of year	36,189	14,385	88,810	458,635	598,019
Cash and cash equivalents, end of year	\$ 44,023	\$ 16,973	\$ 113,170	\$ 285,547	\$ 459,713
Reconciliation of operating loss to net cash used in operating activities					
Operating loss	\$ (11,789)	\$ (16,544)	\$ (35,817)	\$ (424,544)	\$ (488,694)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	17,836	6,085	-	-	23,921
Change in:					
Accounts receivable	-	-	-	2,460	2,460
Accounts payable	(481)	1,972	3,371	250,027	254,889
Accrued payroll	147	21	106	(2,306)	(2,032)
Advance from other funds	(10,000)	-	-	-	(10,000)
Net cash used in operating activities	\$ (4,287)	\$ (8,466)	\$ (32,340)	\$ (174,363)	\$ (219,456)

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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, 2014

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible	Public Works Administration
Assets					
Current assets:					
Pooled cash and investments	\$ 369,697	\$ 284,474	\$ -	\$ 60,444	\$ 232,300
Accounts receivable	1,401	621	3,583	-	68,813
Restricted cash -					
Cash on hand with agents	46,000	-	169,646	-	-
Total current assets	<u>417,098</u>	<u>285,095</u>	<u>173,229</u>	<u>60,444</u>	<u>301,113</u>
Noncurrent assets:					
Long-term advances	1,216,444	-	-	-	-
Capital assets being depreciated, net	-	1,388,991	-	-	-
Total noncurrent assets	<u>1,216,444</u>	<u>1,388,991</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,633,542</u>	<u>1,674,086</u>	<u>173,229</u>	<u>60,444</u>	<u>301,113</u>
Liabilities					
Current liabilities:					
Accounts payable	4,993	20,107	46,211	35,390	28,739
Accrued payroll	-	13,682	-	-	4,880
Interfund payable	-	-	119,957	-	-
Due to other funds	-	25,995	-	-	-
Current portion of estimated claims payable	256,659	-	-	-	-
Total current liabilities	<u>261,652</u>	<u>59,784</u>	<u>166,168</u>	<u>35,390</u>	<u>33,619</u>
Noncurrent liabilities:					
Long-term advance, net	-	174,266	-	-	-
Estimated claims payable	256,659	-	-	-	-
Total noncurrent liabilities	<u>256,659</u>	<u>174,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>518,311</u>	<u>234,050</u>	<u>166,168</u>	<u>35,390</u>	<u>33,619</u>
Net position					
Investment in capital assets	-	1,388,991	-	-	-
Unrestricted	1,115,231	51,045	7,061	25,054	267,494
Total net position	<u>\$ 1,115,231</u>	<u>\$ 1,440,036</u>	<u>\$ 7,061</u>	<u>\$ 25,054</u>	<u>\$ 267,494</u>

Engineering Administration	Local Site Remediation Revolving	Totals
\$ 81,373	\$ 204,587	\$ 1,232,875
1,895	-	76,313
-	-	215,646
<u>83,268</u>	<u>204,587</u>	<u>1,524,834</u>
-	-	1,216,444
-	-	1,388,991
-	-	<u>2,605,435</u>
<u>83,268</u>	<u>204,587</u>	<u>4,130,269</u>
1,098	-	136,538
10,037	-	28,599
-	-	119,957
-	-	25,995
-	-	256,659
<u>11,135</u>	<u>-</u>	<u>567,748</u>
-	-	174,266
-	-	256,659
-	-	<u>430,925</u>
<u>11,135</u>	<u>-</u>	<u>998,673</u>
-	-	1,388,991
<u>72,133</u>	<u>204,587</u>	<u>1,742,605</u>
<u>\$ 72,133</u>	<u>\$ 204,587</u>	<u>\$ 3,131,596</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, 2014

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible	Public Works Administration
Operating revenues					
Charges for services	\$ 186,596	\$ 216,719	\$ 505,014	\$ 454,418	\$ 222,777
Miscellaneous	7,916	810,827	13,410	-	6
Total operating revenues	194,512	1,027,546	518,424	454,418	222,783
Operating expenses					
Personal services	-	435,270	-	-	310,425
Administration	-	-	-	-	24,032
Materials and supplies	-	358,291	-	-	-
Contractual and other services	2,853	106,677	517,776	676,572	-
Benefit payments:					
Claims	106,178	-	-	-	-
Fees and reinsurance	63,126	-	-	-	-
Depreciation	-	387,815	-	-	-
Total operating expenses	172,157	1,288,053	517,776	676,572	334,457
Operating income (loss)	22,355	(260,507)	648	(222,154)	(111,674)
Nonoperating revenues					
Investment income	37,788	1,684	-	755	4,611
Income (loss) before transfers	60,143	(258,823)	648	(221,399)	(107,063)
Transfers out	-	-	-	-	-
Change in net position	60,143	(258,823)	648	(221,399)	(107,063)
Net position, beginning of year	1,055,088	1,698,859	6,413	246,453	374,557
Net position, end of year	\$ 1,115,231	\$ 1,440,036	\$ 7,061	\$ 25,054	\$ 267,494

Engineering Administration	Local Site Remediation Revolving	Totals
\$ 381,181	\$ 17,908	\$ 1,984,613
662	-	832,821
<u>381,843</u>	<u>17,908</u>	<u>2,817,434</u>
282,140	-	1,027,835
87,660	34	111,726
-	-	358,291
-	-	1,303,878
-	-	106,178
-	-	63,126
-	-	387,815
<u>369,800</u>	<u>34</u>	<u>3,358,849</u>
12,043	17,874	(541,415)
<u>376</u>	<u>1,541</u>	<u>46,755</u>
12,419	19,415	(494,660)
-	(423,383)	(423,383)
12,419	(403,968)	(918,043)
<u>59,714</u>	<u>608,555</u>	<u>4,049,639</u>
<u>\$ 72,133</u>	<u>\$ 204,587</u>	<u>\$ 3,131,596</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2014

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible
Cash flows from operating activities				
Receipts for interfund services provided	\$ 194,512	\$ 1,053,170	\$ 501,247	\$ 613,337
Payments to employees	-	(427,633)	-	-
Payments to vendors and claimants	(171,640)	(483,704)	(501,247)	(672,779)
Net cash provided by (used in) operating activities	22,872	141,833	-	(59,442)
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(729,577)	-	-
Interfund advances	(7,787)	114,986	-	-
Net cash used in capital and related financing activities	(7,787)	(614,591)	-	-
Cash flows from noncapital financing activities				
Transfer out	-	-	-	-
Cash flows from investing activities				
Interest received on investments	37,788	1,684	-	755
Net change in cash and cash equivalents	52,873	(471,074)	-	(58,687)
Cash and cash equivalents, beginning of year	362,824	755,548	169,646	119,131
Cash and cash equivalents, end of year	\$ 415,697	\$ 284,474	\$ 169,646	\$ 60,444
Statement of net position classification of cash				
Cash and cash equivalents	\$ 369,697	\$ 284,474	\$ -	\$ 60,444
Restricted cash and cash equivalents	46,000	-	169,646	-
	\$ 415,697	\$ 284,474	\$ 169,646	\$ 60,444
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 22,355	\$ (260,507)	\$ 648	\$ (222,154)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	387,815	-	-
Change in:				
Accounts receivable	-	(371)	2,730	19,055
Interfund receivable	-	-	-	139,864
Accounts payable	517	(18,736)	16,529	3,793
Accrued payroll	-	7,637	-	-
Due to other funds	-	25,995	-	-
Interfund payable	-	-	(19,907)	-
Net cash provided by (used in) operating activities	\$ 22,872	\$ 141,833	\$ -	\$ (59,442)

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 212,031	\$ 381,254	\$ 17,908	\$ 2,973,459
(311,687)	(275,928)	-	(1,015,248)
(4,087)	(87,884)	(34)	(1,921,375)
(103,743)	17,442	17,874	36,836
-	-	-	(729,577)
-	-	-	107,199
-	-	-	(622,378)
-	-	(423,383)	(423,383)
4,611	376	1,541	46,755
(99,132)	17,818	(403,968)	(962,170)
331,432	63,555	608,555	2,410,691
<u>\$ 232,300</u>	<u>\$ 81,373</u>	<u>\$ 204,587</u>	<u>\$ 1,448,521</u>
\$ 232,300	\$ 81,373	\$ 204,587	\$ 1,232,875
-	-	-	215,646
<u>\$ 232,300</u>	<u>\$ 81,373</u>	<u>\$ 204,587</u>	<u>\$ 1,448,521</u>
\$ (111,674)	\$ 12,043	\$ 17,874	\$ (541,415)
-	-	-	387,815
(10,752)	(589)	-	10,073
-	-	-	139,864
19,945	(224)	-	21,824
(1,262)	6,212	-	12,587
-	-	-	25,995
-	-	-	(19,907)
<u>\$ (103,743)</u>	<u>\$ 17,442</u>	<u>\$ 17,874</u>	<u>\$ 36,836</u>

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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, 2014

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection	Community Development Block Grant Escrow	Act 495 Fire Trust Fund
Assets					
Pooled cash and investments	\$ 62,283	\$ 10,242	\$ 21,292	\$ 1,532	\$ 169,168
Liabilities					
Due to other governments	\$ -	\$ 10,242	\$ 21,292	\$ 1,532	\$ -
Other liabilities	62,283	-	-	-	169,168
Total liabilities	\$ 62,283	\$ 10,242	\$ 21,292	\$ 1,532	\$ 169,168



Cafeteria Reimbursement	Total
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<u>\$ 40,552</u>	<u>\$ 305,069</u>
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\$ -	\$ 33,066
<u>40,552</u>	<u>272,003</u>

<u>\$ 40,552</u>	<u>\$ 305,069</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, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<i>Payroll Clearing Account</i>				
Assets				
Pooled cash and investments	\$ 63,900	\$ 11,503,019	\$ 11,504,636	\$ 62,283
Liabilities				
Other liabilities	\$ 63,900	\$ 11,503,019	\$ 11,504,636	\$ 62,283
<i>Jeopardy Tax Fund</i>				
Assets				
Pooled cash and investments	\$ 27,200	\$ 25,122	\$ 42,080	\$ 10,242
Liabilities				
Due to other governmental units	\$ 27,200	\$ 25,122	\$ 42,080	\$ 10,242
<i>County & School Tax Collection Fund</i>				
Assets				
Pooled cash and investments	\$ 13,148	\$ 28,231,633	\$ 28,223,489	\$ 21,292
Taxes receivable - real	-	27,958,907	27,958,907	-
Total assets	\$ 13,148	\$ 56,190,540	\$ 56,182,396	\$ 21,292
Liabilities				
Due to other governmental units	\$ 13,148	\$ 8,108,337	\$ 8,100,193	\$ 21,292
Undistributed tax collections:				
Jackson County	-	3,767,752	3,767,752	-
Jackson Public Schools	-	7,259,937	7,259,937	-
Northwest Schools	-	35,242	35,242	-
Michigan Center Schools	-	39,445	39,445	-
East Jackson Schools	-	4,701	4,701	-
Jackson Intermediate School District	-	4,524,087	4,524,087	-
Jackson Community College	-	599,537	599,537	-
Jackson Transportation Authority	-	509,136	509,136	-
State of Michigan - State Education Tax	-	2,978,868	2,978,868	-
Total liabilities	\$ 13,148	\$ 27,827,042	\$ 27,818,898	\$ 21,292

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<i>Community Development Block Grant Escrow Fund</i>				
Assets				
Pooled cash and investments	\$ 6,709	\$ 5,267	\$ 10,444	\$ 1,532
Liabilities				
Due to other governments	\$ 6,709	\$ 5,267	\$ 10,444	\$ 1,532
<i>Act 495 Fire Trust Fund</i>				
Assets				
Pooled cash and investments	\$ 112,751	\$ 113,008	\$ 56,591	\$ 169,168
Liabilities				
Insurance deposits	\$ 112,751	\$ 113,008	\$ 56,591	\$ 169,168
<i>Cafeteria Reimbursement Fund</i>				
Assets				
Pooled cash and investments	\$ 39,883	\$ 99,479	\$ 98,810	\$ 40,552
Liabilities				
Accounts payable	\$ -	\$ 98,810	\$ 98,810	\$ -
Employees' contributions	39,883	98,810	98,141	40,552
Total liabilities	\$ 39,883	\$ 197,620	\$ 196,951	\$ 40,552
<i>Total All Agency Funds</i>				
Assets				
Pooled cash and investments	\$ 263,591	\$ 39,977,528	\$ 39,936,050	\$ 305,069
Taxes receivable - real	-	27,958,907	27,958,907	-
Total assets	\$ 263,591	\$ 67,936,435	\$ 67,894,957	\$ 305,069
Liabilities				
Accounts payable	\$ -	\$ 98,810	\$ 98,810	\$ -
Due to other governmental units	47,057	8,133,459	8,142,273	33,066
Undistributed tax collections	-	19,718,705	19,718,705	-
Other liabilities	216,534	11,714,837	11,659,368	272,003
Total liabilities	\$ 263,591	\$ 39,665,811	\$ 39,619,156	\$ 305,069

concluded.

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2014

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Pooled cash and investments	\$ 1,655,309	\$ -	\$ 1,655,309
Liabilities			
Accounts payable	\$ 205	-	205
Salaries payable	418	-	418
Total liabilities	623	-	623
Fund balances			
Unrestricted	1,654,686	(1,654,686)	-
Total liabilities and fund balance	\$ 1,655,309		
Net position - unrestricted		\$ 1,654,686	\$ 1,654,686

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, 2014

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property tax	\$ 1,061,413	\$ -	\$ 1,061,413
Interest revenue	6,027	-	6,027
Total revenues	1,067,440	-	1,067,440
Expenditures/Expenses			
Community enrichment	1,182,404	-	1,182,404
Revenues over (under) expenditures	(114,964)	114,964	-
Change in net position	-	(114,964)	(114,964)
Fund balances / net position, beginning of year	1,769,650	-	1,769,650
Fund balances / net position, end of year	\$ 1,654,686	\$ -	\$ 1,654,686

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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>
Financial Trends (schedules 1 thru 5)	168
These schedules contain trend information to help the reader understand how the financial performance and well-being have changed over time.	
Revenue Capacity (schedules 6 thru 9)	179
These schedules contain information to help the reader assess the government's most local sources: property taxes and water and wastewater usage fees.	
Debt Capacity (schedules 10 thru 12)	184
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.	
Demographic and Economic Information (schedules 13 and 14)	188
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information (schedules 15 thru 26)	190
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.	

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

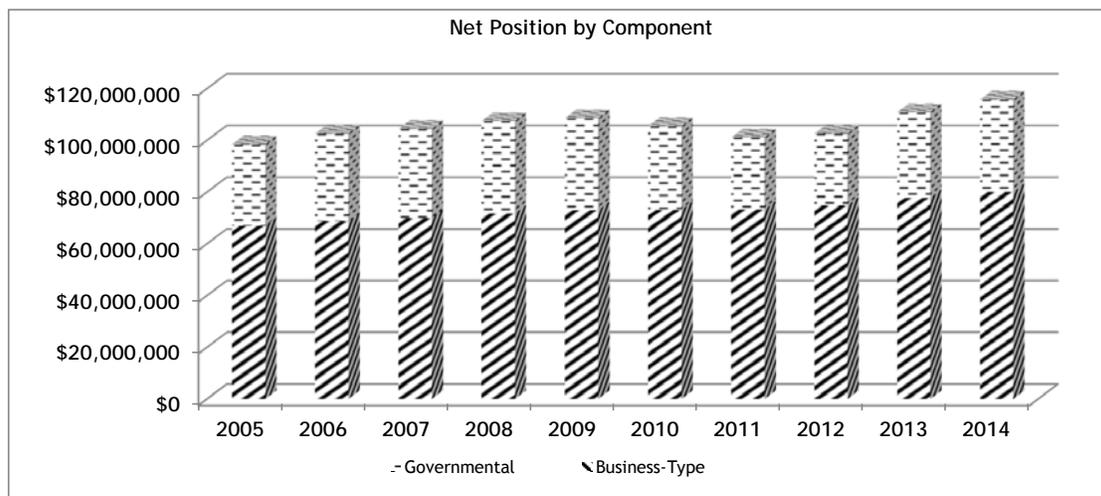
Net Position by Component

Last Ten Years

(accrual basis of accounting)

	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	\$ 19,477,559	\$ 20,420,840	\$ 23,412,904	\$ 22,909,620	\$ 25,292,037
Restricted	7,566,923	6,220,922	5,261,929	5,250,943	6,084,912
Unrestricted (deficit)	6,890,748	7,794,846	7,158,068	7,433,449	1,004,574
Total governmental activities net assets	\$ 33,935,230	\$ 34,436,608	\$ 35,832,901	\$ 35,594,012	\$ 32,381,523
Business-type activities					
Net investment in capital assets	\$ 52,754,671	\$ 53,240,973	\$ 53,809,620	\$ 55,168,398	\$ 57,102,607
Restricted	1,447,009	1,447,009	1,447,009	1,447,009	167,600
Unrestricted	14,565,296	15,288,589	16,417,163	16,368,542	15,846,100
Total business-type activities net assets	\$ 68,766,976	\$ 69,976,571	\$ 71,673,792	\$ 72,983,949	\$ 73,116,307
Primary government					
Net investment in capital assets	\$ 72,232,230	\$ 73,661,813	\$ 77,222,524	\$ 78,078,018	\$ 82,394,644
Restricted	9,013,932	7,667,931	6,708,938	6,697,952	6,252,512
Unrestricted	21,456,044	23,083,435	23,575,231	23,801,991	16,850,674
Total primary government net position	\$ 102,702,206	\$ 104,413,179	\$ 107,506,693	\$ 108,577,961	\$ 105,497,830

Source: City of Jackson Finance Department



Schedule 1
Unaudited

2010	2011	2012	2013	2014
\$ 26,205,595	\$ 27,905,286	\$ 32,867,134	\$ 36,771,568	\$ 37,303,547
5,954,460	4,234,677	4,240,770	6,439,037	7,181,966
(4,248,423)	(4,269,622)	(4,048,999)	(6,970,145)	(11,088,913)
<u>\$ 27,911,632</u>	<u>\$ 27,870,341</u>	<u>\$ 33,058,905</u>	<u>\$ 36,240,460</u>	<u>\$ 33,396,600</u>
\$ 56,517,510	\$ 56,651,540	\$ 57,808,727	\$ 57,446,945	\$ 57,537,510
160,100	167,600	67,300	62,500	62,500
16,599,831	17,964,849	19,952,439	22,506,870	23,712,577
<u>\$ 73,277,441</u>	<u>\$ 74,783,989</u>	<u>\$ 77,828,466</u>	<u>\$ 80,016,315</u>	<u>\$ 81,312,587</u>
\$ 82,723,105	\$ 84,556,826	\$ 90,675,861	\$ 94,218,513	\$ 94,841,057
6,114,560	4,402,277	4,308,070	6,501,537	7,244,466
12,351,408	13,695,227	15,903,440	15,536,725	12,623,664
<u>\$ 101,189,073</u>	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>	<u>\$ 114,709,187</u>

CITY OF JACKSON, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2005	2006	2007	2008	2009
Revenue					
Governmental activities:					
Program revenues:					
Charges for services	\$ 3,768,592	\$ 4,441,578	\$ 4,928,945	\$ 4,576,960	\$ 4,545,223
Operating grants and contributions	4,873,069	6,341,324	5,929,661	5,954,457	5,964,746
Capital grants and contributions	2,885,188	1,797,076	2,591,674	1,119,751	1,444,563
General revenues:					
Property taxes	9,105,344	9,584,773	11,062,066	10,710,438	10,488,646
Income taxes	7,300,012	7,249,113	7,822,180	7,946,837	7,645,706
Grants and contributions not restricted to specific programs	7,057,734	6,737,106	5,538,943	5,390,450	5,730,532
Other	344,903	614,799	626,456	613,778	210,499
Total governmental activities revenues	35,334,842	36,765,769	38,499,925	36,312,671	36,029,915
Business-type activities:					
Program revenues:					
Charges for services	11,297,270	11,258,598	12,004,796	11,987,813	11,741,153
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
General revenues:					
Grants and contributions not restricted to specific programs	451,473	240,999	268,077	527,454	225,628
Other	249,120	500,427	703,383	781,190	446,863
Total business-type activities revenues	11,997,863	12,000,024	12,976,256	13,296,457	12,413,644
Total primary government revenues	47,332,705	48,765,793	51,476,181	49,609,128	48,443,559
Expenses					
Governmental activities:					
Legislative	70,428	79,904	79,944	100,856	84,987
General government	4,162,208	4,750,801	5,227,643	5,106,778	5,590,322
Public safety	15,211,748	16,110,222	16,865,859	16,474,297	18,514,730
Public works	5,602,686	6,391,700	6,112,674	6,363,857	6,982,096
Culture and recreation	2,638,497	2,766,612	2,746,767	2,484,262	2,823,240
Community enrichment & development	2,977,181	4,031,540	3,951,962	3,836,177	4,276,212
Interest on long-term debt	2,125,358	2,025,886	1,995,657	1,767,307	1,823,284
Total governmental activities expenses	32,788,106	36,156,665	36,980,506	36,133,534	40,094,871
Business-type activities:					
Sewer	4,545,475	4,790,277	5,257,605	5,405,194	5,186,279
Water	5,048,903	5,437,488	5,448,272	5,896,097	6,315,543
Stormwater utilities	-	-	-	-	-
Parking system	638,752	597,889	627,579	743,253	708,936
Golf practice center	67,222	72,501	68,705	71,092	70,528
Total business-type activities expenses	10,300,352	10,898,155	11,402,161	12,115,636	12,281,286
Total primary government expenses	43,088,458	47,054,820	48,382,667	48,249,170	52,376,157
Change in net position	4,244,247	1,710,973	3,093,514	1,359,958	(3,932,598)
Net position, beginning of year, as restated	98,457,959	102,702,206	104,413,179	107,506,693	108,577,961
Other restatements at June 30	-	-	-	(288,690)	852,467
Net position, end of year	\$ 102,702,206	\$ 104,413,179	\$ 107,506,693	\$ 108,577,961	\$ 105,497,830

Source: City of Jackson Finance Department.

Schedule 2
Unaudited

	2010	2011	2012	2013	2014
\$	4,729,249	\$ 4,996,781	\$ 4,598,435	\$ 6,587,602	\$ 4,848,628
	7,238,196	6,800,210	5,979,625	7,603,364	4,954,371
	2,130,328	2,363,474	5,321,414	4,434,092	1,715,400
	10,305,545	9,826,762	9,708,980	9,495,893	9,347,632
	6,519,574	6,977,923	7,297,281	8,017,329	8,080,526
	4,785,181	4,750,419	4,061,333	4,218,247	4,350,343
	36,974	99,733	100,188	88,095	205,048
	<u>35,745,047</u>	<u>35,815,302</u>	<u>37,067,256</u>	<u>40,444,622</u>	<u>33,501,948</u>
	10,969,737	12,738,380	15,905,133	14,550,167	12,747,090
	17,165	-	-	-	-
	-	-	-	-	-
	285,961	292,290	245,514	274,432	502,598
	221,234	101,871	93,619	185,949	91,290
	<u>11,494,097</u>	<u>13,132,541</u>	<u>16,244,266</u>	<u>15,010,548</u>	<u>13,340,978</u>
	<u>47,239,144</u>	<u>48,947,843</u>	<u>53,311,522</u>	<u>55,455,170</u>	<u>46,842,926</u>
	81,455	78,998	78,779	81,079	80,442
	5,193,157	4,672,731	4,224,454	4,774,616	5,316,441
	18,480,322	16,182,495	14,157,903	18,980,031	18,040,231
	6,815,307	6,604,418	5,509,209	6,157,790	5,909,656
	3,074,451	2,891,768	2,764,356	2,392,391	2,592,620
	4,808,286	3,764,313	3,140,708	3,281,198	3,049,440
	1,761,960	1,634,370	1,280,723	1,595,962	1,275,528
	<u>40,214,938</u>	<u>35,829,093</u>	<u>31,156,132</u>	<u>37,263,067</u>	<u>36,264,358</u>
	5,221,872	5,165,228	5,808,940	4,622,944	4,528,885
	5,360,557	5,718,144	5,923,975	6,079,526	6,388,397
	-	88,861	845,506	1,441,642	524,814
	688,921	623,946	632,315	625,116	633,440
	61,613	57,314	62,084	53,471	50,620
	<u>11,332,963</u>	<u>11,653,493</u>	<u>13,272,820</u>	<u>12,822,699</u>	<u>12,126,156</u>
	<u>51,547,901</u>	<u>47,482,586</u>	<u>44,428,952</u>	<u>50,085,766</u>	<u>48,390,514</u>
	(4,308,757)	1,465,257	8,882,570	5,369,404	(1,547,588)
	105,497,830	101,189,073	102,654,330	110,887,371	116,256,775
	-	-	(649,529)	-	-
\$	<u>101,189,073</u>	<u>102,654,330</u>	<u>110,887,371</u>	<u>116,256,775</u>	<u>114,709,187</u>

CITY OF JACKSON, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

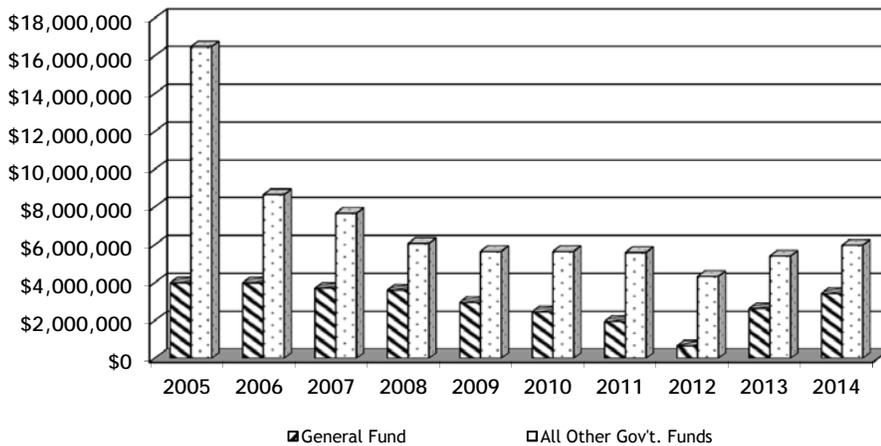
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009
General fund					
Nonspendable					
Unassigned					
Reserved	\$ 576,699	\$ 1,007,649	\$ 311,967	\$ 379,213	\$ 249,169
Unreserved	3,129,904	2,596,377	2,656,966	2,078,521	1,707,278
Total general fund	\$ 3,706,603	\$ 3,604,026	\$ 2,968,933	\$ 2,457,734	\$ 1,956,447
All other governmental funds					
Nonspendable					
Restricted					
Committed					
Unassigned (deficit)					
Reserved	\$ 3,134,439	\$ 2,890,964	\$ 2,989,343	\$ 3,116,497	\$ 3,259,351
Unreserved, reported in:					
Special revenue funds	3,619,163	4,015,537	2,810,082	2,498,687	2,492,904
Debt service funds	30,986	35,044	43,361	54,908	42,961
Capital projects funds	1,860,542	731,542	230,953	(17,189)	(146,010)
Permanent funds	8,698	-	-	-	-
Total all other governmental funds	8,653,828	7,673,087	6,073,739	5,652,903	5,649,206
Total governmental funds	\$ 12,360,431	\$ 11,277,113	\$ 9,042,672	\$ 8,110,637	\$ 7,605,653

(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

2010	2011	2012	2013	2014
	\$ 469,317	\$ 54,655	\$ 62,482	\$ 60,073
	2,160,928	3,372,517	4,188,560	4,757,198
\$ 76,177	-	-	-	-
581,788	-	-	-	-
<u>\$ 657,965</u>	<u>\$ 2,630,245</u>	<u>\$ 3,427,172</u>	<u>\$ 4,251,042</u>	<u>\$ 4,817,271</u>
	\$ 3,092,357	\$ 3,169,686	\$ 3,156,635	\$ 3,185,209
	2,005,904	2,871,925	3,282,402	3,996,757
	127,472	321,791	685,861	812,627
	(895,314)	(958,023)	(1,149,377)	(1,054,511)
\$ 3,518,347	-	-	-	-
2,485,481	-	-	-	-
13,714	-	-	-	-
(420,308)	-	-	-	-
-	-	-	-	-
<u>5,597,234</u>	<u>4,330,419</u>	<u>5,405,379</u>	<u>5,975,521</u>	<u>6,940,082</u>
<u>\$ 6,255,199</u>	<u>\$ 6,960,664</u>	<u>\$ 8,832,551</u>	<u>\$ 10,226,563</u>	<u>\$ 11,757,353</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 16,325,697	\$ 16,806,838	\$ 18,716,042	\$ 18,589,716	\$ 18,249,873
Licenses and permits	254,973	231,377	231,486	228,671	247,399
Intergovernmental	12,845,112	12,846,052	13,180,443	11,274,670	11,885,926
Charges for services	2,832,829	3,853,103	4,051,135	3,848,682	3,870,877
Fines and forfeits	258,178	212,690	203,086	221,869	224,967
Special assessments	249,531	378,339	306,739	467,981	384,602
Investment income	311,614	457,942	697,179	767,926	406,345
Miscellaneous	2,135,528	1,843,723	571,129	785,300	998,231
Total revenues	35,213,462	36,630,064	37,957,239	36,184,815	36,268,220
Expenditures					
Legislative	70,428	79,904	79,944	100,856	84,987
General government	4,481,144	4,460,003	4,814,896	4,687,386	4,778,604
Public safety	15,252,256	16,555,647	17,460,830	16,945,032	17,398,422
Public works	7,860,861	6,528,508	8,480,193	5,954,413	5,974,822
Culture and recreation	2,432,741	2,592,558	2,727,397	2,668,948	2,758,877
Community enrichment and development	1,816,545	2,873,782	2,581,143	2,589,998	2,543,682
Capital outlay	8,094,359	1,456,073	731,251	506,321	625,907
Debt service:					
Principal	1,039,000	1,064,000	1,219,000	1,479,000	1,604,000
Interest & fiscal charges	2,243,834	2,021,976	1,994,884	1,773,561	1,789,183
Other	-	-	-	215,913	-
Total expenditures	43,291,168	37,632,451	40,089,538	36,921,428	37,558,484
Excess of revenues over (under) expenditures	(8,077,706)	(1,002,387)	(2,132,299)	(736,613)	(1,290,264)
Other financing sources (uses)					
Proceeds from the sale of capital assets	72,079	26,795	20,984	11,452	22,538
Proceeds from the issuance of debt	-	-	-	9,905,000	-
Discount on bonds	-	-	-	(94,062)	-
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	(9,599,786)	-
Transfers in	4,399,406	2,158,544	2,969,637	2,635,156	3,552,312
Transfers (out)	(4,503,997)	(2,266,270)	(3,092,763)	(2,764,492)	(3,642,036)
Total other financing sources (uses)	(32,512)	(80,931)	(102,142)	93,268	(67,186)
Net change in fund balances	\$ (8,110,218)	\$ (1,083,318)	\$ (2,234,441)	\$ (643,345)	\$ (1,357,450)
Debt service as a percentage of total expenditures	7.6%	8.2%	8.0%	9.4%	9.0%

Source: City of Jackson Finance Department.

Schedule 4
Unaudited

2010	2011	2012	2013	2014
\$ 16,936,953	\$ 16,753,417	\$ 16,885,935	\$ 17,321,868	\$ 17,428,158
250,602	270,214	262,775	271,848	265,297
12,316,023	12,727,160	15,414,169	16,139,922	10,841,106
3,913,947	3,898,388	3,806,252	5,133,688	3,588,723
261,677	224,881	199,216	223,947	184,411
278,701	254,958	223,209	403,688	288,255
218,023	127,759	134,927	121,539	186,120
1,222,574	1,518,901	608,713	660,058	771,598
<u>35,398,500</u>	<u>35,775,678</u>	<u>37,535,196</u>	<u>40,276,558</u>	<u>33,553,668</u>
81,455	78,998	78,779	81,079	80,442
4,440,441	4,156,263	4,111,378	4,334,482	4,111,567
16,770,309	15,553,034	13,936,985	17,766,806	15,829,087
6,435,712	6,088,484	8,704,847	8,036,993	5,044,025
2,503,995	2,839,995	2,686,777	2,684,768	2,545,604
2,856,698	2,614,118	1,998,043	2,260,186	2,002,541
162,571	210,309	547,300	641,945	781,655
1,699,000	1,832,000	915,000	1,600,000	710,000
1,735,313	1,669,512	1,255,740	1,458,980	1,272,030
-	-	471,371	-	-
<u>36,685,494</u>	<u>35,042,713</u>	<u>34,706,220</u>	<u>38,865,239</u>	<u>32,376,951</u>
<u>(1,286,994)</u>	<u>732,965</u>	<u>2,828,976</u>	<u>1,411,319</u>	<u>1,176,717</u>
18,842	-	-	16,996	12,140
-	-	13,025,000	8,275,000	-
-	-	(69,591)	-	-
-	-	141,288	415,396	-
-	-	(13,975,326)	(8,644,152)	-
3,232,670	3,207,550	2,384,867	5,005,390	3,059,835
(3,314,972)	(3,235,050)	(2,463,327)	(5,085,937)	(2,717,902)
<u>(63,460)</u>	<u>(27,500)</u>	<u>(957,089)</u>	<u>(17,307)</u>	<u>354,073</u>
<u>\$ (1,350,454)</u>	<u>\$ 705,465</u>	<u>\$ 1,871,887</u>	<u>\$ 1,394,012</u>	<u>\$ 1,530,790</u>
<u>9.4%</u>	<u>10.0%</u>	<u>7.6%</u>	<u>9.3%</u>	<u>6.8%</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 13,843,364	\$ 14,276,643	\$ 16,016,387	\$ 15,794,628	\$ 15,415,825
Licenses and permits	254,973	231,377	231,486	228,671	247,399
Intergovernmental	5,581,910	5,925,153	5,572,841	5,204,759	5,474,154
Charges for services	1,338,854	1,170,927	1,306,639	1,305,095	1,299,376
Fines and forfeits	258,178	212,690	203,086	221,869	224,967
Investment income	105,190	267,083	288,413	307,193	101,926
Miscellaneous	1,392,079	1,404,473	130,031	151,284	370,730
Total revenues	22,774,548	23,488,346	23,748,883	23,213,499	23,134,377
Expenditures					
Legislative	70,428	79,904	79,944	100,856	84,987
General government	4,481,144	4,460,003	4,814,896	4,687,386	4,778,604
Public safety	14,010,760	15,229,963	16,292,286	15,745,929	16,165,588
Public works	1,414,892	1,728,580	1,498,532	1,498,147	1,513,350
Culture and recreation	1,508,574	1,385,593	1,465,900	1,466,462	1,549,225
Community enrichment and development	190,797	204,811	202,150	198,589	259,488
Total expenditures	21,676,595	23,088,854	24,353,708	23,697,369	24,351,242
Excess of revenues over (under) expenditures	1,097,953	399,492	(604,825)	(483,870)	(1,216,865)
Other financing sources (uses)					
Proceeds from the sale of capital assets	17,809	13,379	20,984	11,452	9,979
Transfers in	206,969	270,667	274,603	319,680	152,291
Transfers (out)	(1,604,094)	(786,115)	(325,855)	(358,461)	(299,158)
Total other financing sources (uses)	(1,379,316)	(502,069)	(30,268)	(27,329)	(136,888)
Net change in fund balances	\$ (281,363)	\$ (102,577)	\$ (635,093)	\$ (511,199)	\$ (1,353,753)

Source: City of Jackson Finance Department.

Schedule 5
Unaudited

2010	2011	2012	2013	2014
\$ 14,201,465	\$ 13,994,106	\$ 14,140,266	\$ 14,797,663	\$ 15,034,328
250,602	270,214	262,775	271,848	265,297
4,579,549	4,835,891	3,964,157	4,403,887	4,244,084
1,282,471	1,202,033	1,222,262	1,216,088	1,218,086
261,677	224,881	199,216	223,947	184,411
23,086	28,179	17,945	30,887	26,901
544,266	730,797	292,346	198,786	167,695
<u>21,143,116</u>	<u>21,286,101</u>	<u>20,098,967</u>	<u>21,143,106</u>	<u>21,140,802</u>
81,455	78,998	78,779	81,079	\$ 80,442
4,440,441	4,156,263	4,111,378	4,334,482	4,111,567
15,143,445	14,037,609	12,399,958	12,900,639	12,731,670
1,165,539	659,843	645,059	593,487	693,097
1,379,570	1,725,123	1,530,163	1,582,946	1,454,265
182,875	189,356	163,125	113,533	254,537
<u>22,393,325</u>	<u>20,847,192</u>	<u>18,928,462</u>	<u>19,606,166</u>	<u>19,325,578</u>
<u>(1,250,209)</u>	<u>438,909</u>	<u>1,170,505</u>	<u>1,536,940</u>	<u>1,815,224</u>
18,367	-	-	16,996	12,140
72,260	95,662	72,422	46,406	30,353
<u>(138,900)</u>	<u>(167,500)</u>	<u>(446,000)</u>	<u>(776,472)</u>	<u>(1,291,488)</u>
<u>(48,273)</u>	<u>(71,838)</u>	<u>(373,578)</u>	<u>(713,070)</u>	<u>(1,248,995)</u>
<u>\$ (1,298,482)</u>	<u>\$ 367,071</u>	<u>\$ 796,927</u>	<u>\$ 823,870</u>	<u>\$ 566,229</u>

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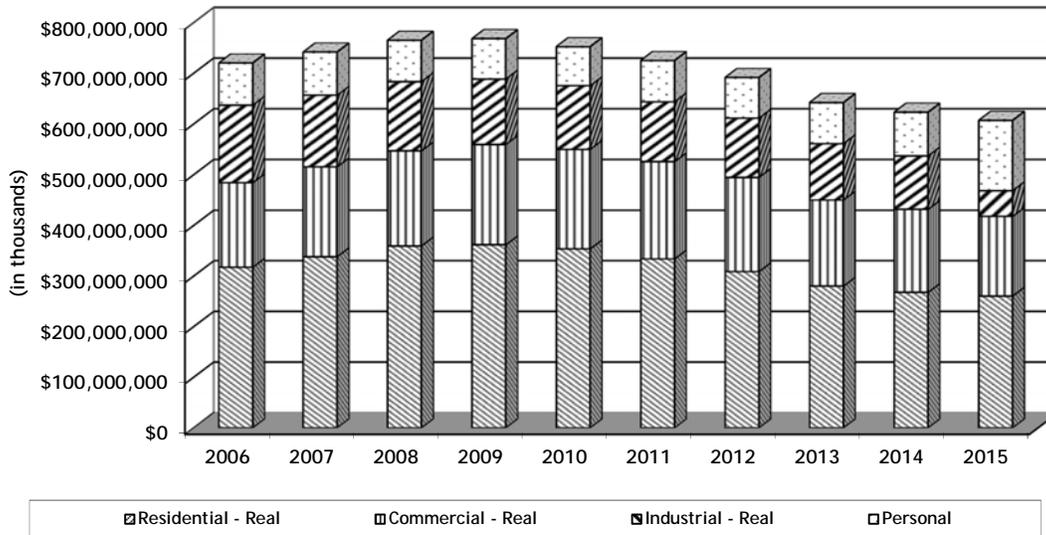
Assessed and Estimated Actual Value of Taxable Property Last Ten Years

Fiscal Year (2)	Taxable Value by Property Type					Estimated Actual Value	Total Direct Tax Rate
	Real Property			Personal Property	Total		
	Residential	Commercial	Industrial				
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
2015	260,629,651	157,464,395	50,709,410	138,432,300	607,235,756	1,246,337,100	15.9789

- (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 2015 taxable values are for the tax year beginning July 1, 2014.
- (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

Taxable Value of Taxable Property



CITY OF JACKSON, MICHIGAN

Property Tax Rates - Direct and Overlapping

Last Ten Years

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

	2005	2006	2007	2008	2009
City direct rates					
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	0.7500	0.7500	0.7400	0.7500	0.7700
Act 345 pension	4.1200	5.1900	5.3000	5.2000	5.4000
Total direct rate	13.5089	14.5789	14.6789	14.5889	14.8089
Overlapping rates					
Jackson County:					
Operating	5.1471	5.1259	5.1187	5.1187	5.1187
Jail debt	0.4879	0.4858	0.4851	0.4851	0.4851
Medical care facility	0.1406	0.1400	0.1398	0.1398	0.1398
Senior services	0.2488	0.2477	0.2473	0.2473	0.2473
District library	0.8642	0.8606	0.8593	1.2593	1.2593
	6.8886	6.8600	6.8502	7.2502	7.2502
Intermediate School District:					
Operating	0.3439	0.3429	0.3422	0.3422	0.3422
Special & vocational education	7.7895	7.7682	7.7541	7.7678	7.7678
	8.1334	8.1111	8.0963	8.1100	8.1100
Jackson Community College:					
	1.1511	1.1463	1.1446	1.1446	1.1446
Jackson Transit Authority - operating					
	0.9597	0.9597	0.9597	1.0000	1.0000
Downtown Dev. Authority - operating					
	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:					
Operating	17.8820	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	2.4000	2.4000	2.2500	2.2500	2.2500
Recreation	0.2000	0.2000	0.2000	0.2000	0.2000
	26.4820	26.6000	26.4500	26.4500	26.4500
East Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	6.2400	6.2000	5.8800	5.8400	5.9400
Extra voted	-	-	-	-	-
	30.2400	30.2000	29.8800	29.8400	29.9400
Michigan Center Public Schools:					
Operating	18.0000	17.3999	17.3999	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Extra Voted/Sinking Fund	3.4604	4.0015	4.0016	3.4015	-
	27.4604	27.4014	27.4015	27.4015	24.0000
Northwest Public Schools:					
Operating	16.9487	16.9487	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	-	-	-	0.9173
Extra voted	0.1165	1.0513	1.0513	1.0513	1.0513
	23.0652	24.0000	24.0000	24.0000	24.9173

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

2010	2011	2012	2013	2014
6.7192	6.7192	6.7192	6.7192	6.7192
1.9197	1.9197	1.9197	1.7197	1.9197
0.8700	0.9500	1.0400	1.0100	1.0600
4.8500	5.2500	5.4600	5.6400	6.2800
14.3589	14.8389	15.1389	15.0889	15.9789
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	0.2500	0.2500	0.2500
1.2593	1.2593	1.2593	1.2593	1.2593
7.2502	7.2502	7.2529	7.2529	7.2529
0.3422	0.3422	0.3422	0.3422	0.3422
7.7678	7.7678	8.4178	8.4178	8.4178
8.1100	8.1100	8.7600	8.7600	8.7600
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
2.8500	2.8500	3.1500	3.1000	3.2500
0.2000	0.2000	0.2000	0.2000	0.2000
27.0500	27.0500	27.3500	27.3000	27.4500
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
6.0000	6.0000	7.0000	7.0000	7.0000
-	-	-	-	-
30.0000	30.0000	31.0000	31.0000	31.0000
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
-	-	-	-	-
24.0000	24.0000	24.0000	24.0000	24.0000
16.9487	16.9487	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
1.0281	1.0281	1.0221	4.7973	4.8145
1.0513	1.0513	-	-	-
25.0281	25.0281	25.0221	28.7973	28.8145

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

Taxpayer	2014			2005		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Kinder Morgan Michigan/Alphagen (2)	\$ 82,098,400	1	13.52%			
Consumers Energy	50,370,660	2	8.30%	49,400,995	1	6.86%
Wolverine Technologies/Certainteed	9,615,278	3	1.58%	6,835,793	3	0.95%
Ramco (Jackson Crossing/Jackson West)	9,031,925	4	1.49%	7,567,504	2	1.05%
Allegiance Health/Health Center	6,769,645	5	1.11%			
Alro Steel Corporation	6,497,329	6	1.07%	5,964,954	4	0.83%
Aeroquip (Eaton Corp.)	4,334,291	7	0.71%	2,757,315	10	0.38%
Jackson Iron & Metal/Omnisource	4,261,866	8	0.70%			
Production Engineering/Equestor Partners	3,158,800	9	0.52%			
Bank of America Leasing & Capital	3,086,200	10	0.51%			
Edscha Jackson Automotive Group				5,803,684	5	0.81%
Home Depot				5,753,317	6	0.80%
Alpine Lake Apartments				3,110,525	7	0.43%
Dayton Hudson (Target Store)				3,038,238	8	0.42%
GIP M/U/M LLC				2,825,959	9	0.39%
	<u>\$ 179,224,394</u>		<u>29.51%</u>	<u>\$ 93,058,284</u>		<u>12.92%</u>

(1) Total Ad Valorem Taxable Valuation as of June 30, 2014 = \$ 607,235,756 (valuation for fiscal year 2015).
Total Ad Valorem Taxable Valuation as of June 30, 2005 = \$ 720,356,075 (valuation for fiscal year 2006).

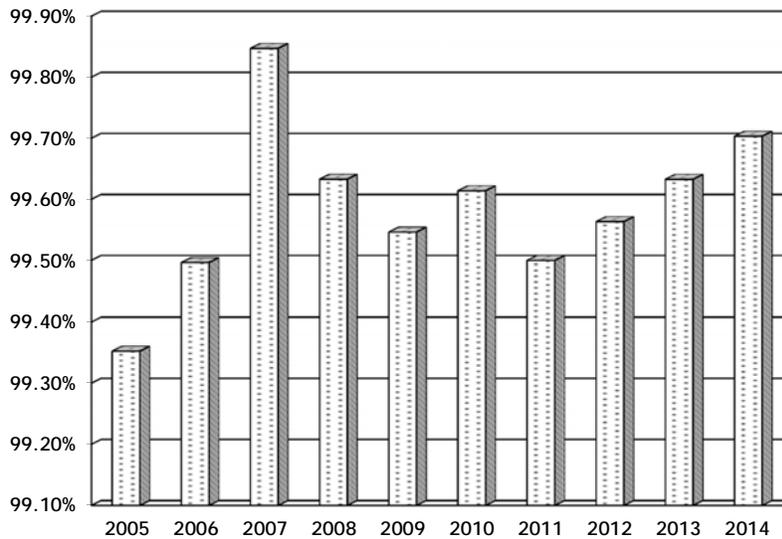
(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of \$82,098,400, or 13.52 % of the 2014 ad valorem taxable value. KME is located in a Renaissance Zone and, prior to July 1, 2012, was exempt from all millage levies with the exception of those levied 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 1, 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
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%
2014	2013	8,667,986	7,955,742	91.78%	686,515	8,642,257	99.70%

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			
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
2014	39,535,749	-	200,000	39,735,749	n/a	1,182.11

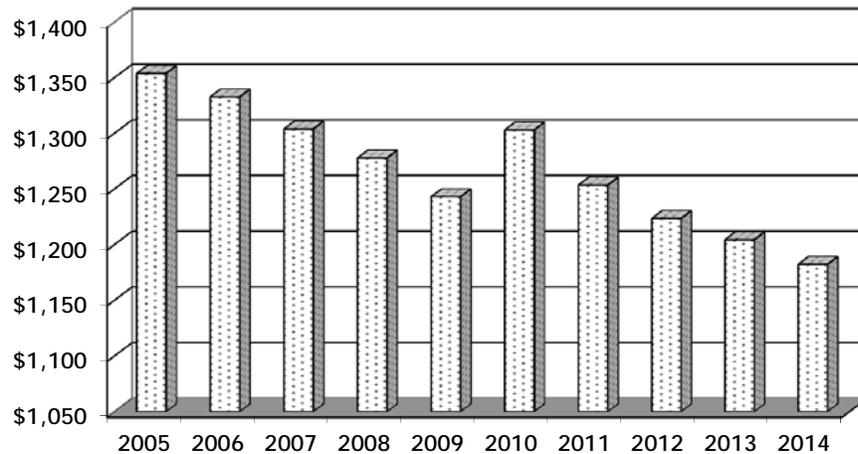
Source: City of Jackson Finance Department & Bureau of Economic Analysis.
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.
 Personal Income statistics not available for 2013.

**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
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
2014	39,535,749	-	39,535,749	n/a	6.51%	1,182.11

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, 2014

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
Unlimited tax general obligation debt:			
2013 City hall refunding bonds	\$ 8,435,725	\$ -	\$ 8,050,000
Limited tax general obligation debt:			
Downtown development authority bonds	8,835,946	8,898,577	-
2011 Downtown development authority refunding bonds	5,395,000	5,395,000	-
2007 Brownfield redevelopment authority refunding bonds	9,031,918	9,095,000	-
2012 Brownfield redevelopment authority refunding bonds	7,712,840	7,480,000	-
Building authority bonds	230,000	-	230,000
Revenue Bonds:			
Sewer revenue bonds	200,000	-	200,000
Net direct debt	\$ 39,841,429	\$ 30,868,577	8,480,000
	<u>Gross</u>	<u>City Share</u>	
Overlapping debt			
School Districts:			
Jackson School District	\$ 46,865,000	47.47%	22,246,816
East Jackson School District	24,230,000	0.09%	21,807
Northwest School District	43,070,000	0.27%	116,289
			<u>22,384,912</u>
Jackson County at large	25,780,000	12.88%	3,320,464
Jackson Community College	33,455,000	12.88%	4,309,004
Jackson County Intermediate School District	830,000	12.60%	104,580
Net overlapping debt			<u>30,118,960</u>
Net direct and overlapping debt			<u>\$ 38,598,960</u>
Per capita debt: (33,445 population)			
Gross direct debt			\$ 1,191.25
Net direct debt			253.55
Net overlapping debt			900.55
Total net direct & overlapping debt			1,154.10
Percent of taxable valuation: (\$ 607,235,756 ad valorem taxable valuation at 6/30/14)			
Net direct debt			1.40%
Net overlapping debt			4.96%
Total net debt			<u>6.36%</u>

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

Legal Debt Margin
Last Ten Years

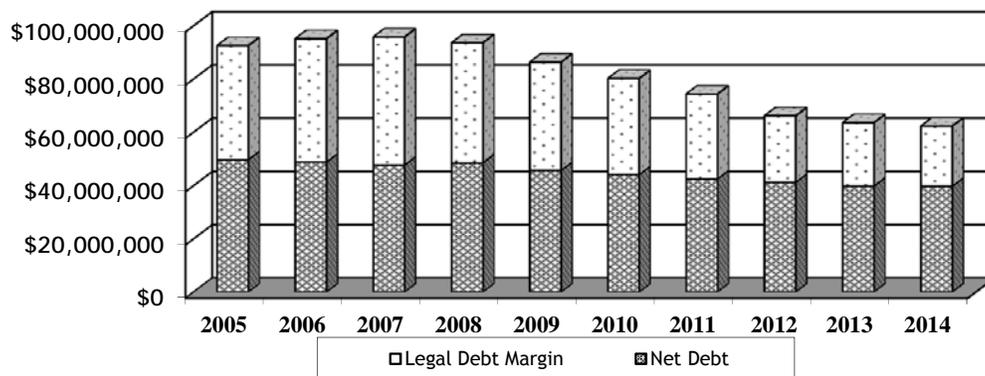
Legal debt margin calculation for 2014

State equalized value as of December 31, 2013 (for taxes levied by the City on July 1, 2014)		<u>\$ 623,168,550</u>
Debt limit (10% of state equalized value)		\$ 62,316,855
Total debt - (See Schedule 11)	\$ 39,841,429	
Less excluded debt:		
Revenue bonds	<u>(200,000)</u>	<u>39,641,429</u>
Legal debt margin		<u>\$ 22,675,426</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
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%
2014		62,316,855	39,841,429	22,475,426	63.93%

Source: City of Jackson Finance Department.

Components of Debt Limit

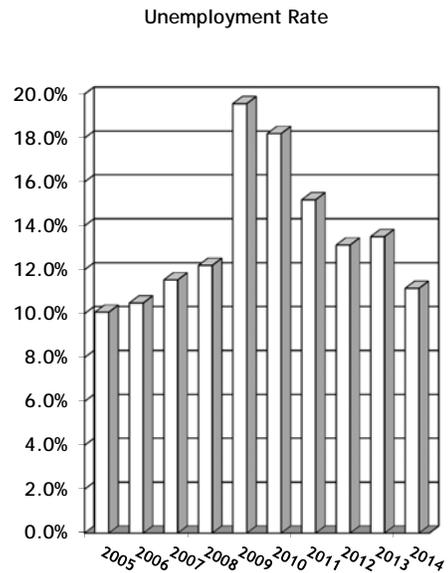
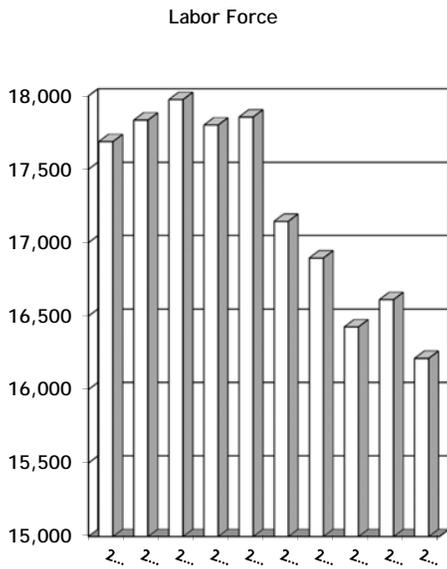


Demographic and Economic Statistics
Last Ten Years

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income (000's)	(3) Per Capita Income
2005	36,218	17,689	15,909	1,780	10.1%	\$ 4,466,772	\$ 26,849
2006	36,218	17,836	15,966	1,870	10.5%	4,561,058	27,396
2007	36,218	17,976	15,902	2,074	11.5%	4,717,870	27,916
2008	36,218	17,802	15,631	2,171	12.2%	4,803,077	28,888
2009	36,218	17,857	14,363	3,494	19.6%	4,718,335	29,865
2010	33,445	17,146	14,025	3,121	18.2%	4,855,064	29,469
2011	33,445	16,896	14,330	2,566	15.2%	5,098,226	30,301
2012	33,445	16,427	14,271	2,156	13.1%	5,237,323	31,902
2013	33,445	16,613	14,369	2,244	13.5%	n/a	n/a
2014	33,445	16,213	14,405	1,808	11.2%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2014 represents June, 2014.

- (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 or 2014.



Principal Employers

Current Year and Nine Years Ago

Employer	2014			2005			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Allegiance Health System	3,620	1	18.06%	3,000	(a)	1	14.13%
Consumers Energy	2,400	2	7.83%	2,100	(b)	2	7.35%
Great Lakes Home Health/Hospice	1,118	3	6.73%	310		8	1.75%
Local Government	870	4	5.24%	860		3	4.86%
Jackson Public Schools	782	5	4.71%	800		4	4.52%
Eaton Corporation	636	6	3.83%	597		5	3.37%
Anesthesia Business Consultants	284	7	1.71%	-			
Lifeways/Community Connections	275	8	1.66%	-			
Alro Steel Corporation	271	9	1.63%	300		9	1.70%
Way Bakeries/Perfection Bakeries	152	10	0.91%	-			
TRW, Inc	-		-	368		6	2.08%
Worthington Steel/Specialties	-		-	312		7	1.76%
Melling Automotive	-		-	276		10	1.56%
	<u>10,408</u>		<u>52.30%</u>	<u>8,923</u>			<u>43.09%</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 2014 and 2,500 in 2005 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
City manager	3	4	4	2	2	2	2	2	2	3
Finance	5	5	5	5	5	4	4	4	4	4
City assessor	5	4	5	5	5	3	3	3	3	3
City attorney	5	5	5	5	5	3	2	3	3	4
City clerk/elections	4	4	4	4	4	3	3	3	1	1
Personnel	4	4	4	3	4	3	1	1	1	1
Purchasing/city hall	3	3	3	3	2	2	2	2	1	1
City treasurer/income tax	7	7	7	7	6	4	4	4	4	3
Mgt. information services	1	2	2	3	3	3	2	2	3	3
Public safety:										
Police - civilian	23	22	20	20	18	14	13	13	13	10
Police - enforcement	68	66	64	64	64	60	47	44	46	47
Fire - civilian	2	2	2	2	2	2	1	1	1	-
Fire - protection	43	43	43	42	36	33	23	17	26	26
Emergency measures	1	1	1	1	1	1	1	1	1	-
Public works:										
Public works	29	31	29	31	28	26	26	25	24	15
Engineering	13	13	13	12	11	11	10	11	10	8
Culture & recreation:										
Parks, recreation & grounds	24	25	24	24	24	22	18	18	16	15
Neighborhood Economic Operations:										
Public safety/community										
Enrichment & development	10	10	11	11	11	11	8	9	10	11
Building inspection	6	7	5	5	4	4	4	4	6	5
Enterprise funds:										
Sewer	18	19	19	19	17	19	18	17	15	11
Water	34	34	33	34	30	26	26	25	24	26
Total	308	311	303	302	282	256	218	209	214	197

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police:										
Physical arrests	3,628	3,562	3,206	3,314	3,660	3,523	2,928	2,253	2,649	2,645
Traffic violations	14,165	11,003	9,796	7,666	7,815	8,649	6,108	6,683	6,784	5,578
Parking violations	4,741	3,722	3,668	3,410	3,476	2,605	2,085	2,303	2,490	2,123
Fire:										
Calls answered	4,072	4,419	4,521	4,685	4,454	4,469	4,835	4,214	4,345	4,540
Inspections conducted	594	762	341	452	450	178	53	10	122	97
Sewer system										
Service connections	12,802	12,755	12,758	12,758	12,844	12,800	12,860	12,860	12,860	11,620
Daily average treatment (mg)	13.2	12.5	13.6	13.6	12.8	12.1	11.9	11.9	10.2	11.2
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
Water system										
Service connections	15,327	15,324	15,509	15,697	15,709	15,726	15,769	15,778	15,654	14,314
Daily average consumption (mg)	5.41	5.49	5.43	5.43	5.22	5.49	5.98	6.30	6.57	6.64
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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	41	39	38	36	36	37	33	31	30	30
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	9	10	10	10	10	10	10	10	11	11
Culture and recreation										
Parks:										
Number	23	24	26	26	27	27	27	27	27	26
Acreage	636	636	637	637	638	638	638	638	638	639
Community centers	2	2	2	2	2	2	2	2	2	2
Golf courses:										
18 hole	1	1	1	1	1	1	1	1	1	1
Mini	1	1	1	1	1	1	1	1	1	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Public works										
Miles of streets	165	165	171	171	171	171	171	171	171	171
Street lights	2,365	2,440	2,458	2,458	2,458	2,697	2,724	2,724	2,719	2,719
Sewer system										
Miles of sanitary sewers	160	160	160	165	165	165	165	165	165	165
Miles of storm sewers	108	108	108	110	110	110	110	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
Water system										
Miles of water mains	232	244	244	244	244	244	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,030	2,064	2,064	2,111	2,111	2,111	2,105	2,197	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, 2014

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/13-6/30/14	\$ 131,993	All risk coverage on buildings and contents. \$166,798,527 limit with \$2,500 deductible per occurrence.
<u>Automobile</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/13-6/30/14	88,089	\$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>		7/1/13-6/30/14	173,475	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>		7/1/13-6/30/14	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 Broadspire Services</i>		9/1/13-8/31/14 9/1/13-8/31/14	45,122 15,292	Excess insurance above \$400,000 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 & 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, 2011 Through 2015

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)
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
2013	2014	2015	623,168,550	607,235,756	615,976,761

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					
	2011	2012	2013	2014	2015
<u>Use:</u>					
Commercial	31.90%	31.90%	33.84%	34.35%	29.79%
Industrial	22.88%	22.88%	23.11%	23.20%	27.84%
Residential	45.22%	45.22%	43.05%	42.45%	42.37%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class:</u>					
Real	87.62%	87.62%	86.69%	85.59%	76.64%
Personal	12.38%	12.38%	13.31%	14.41%	23.36%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

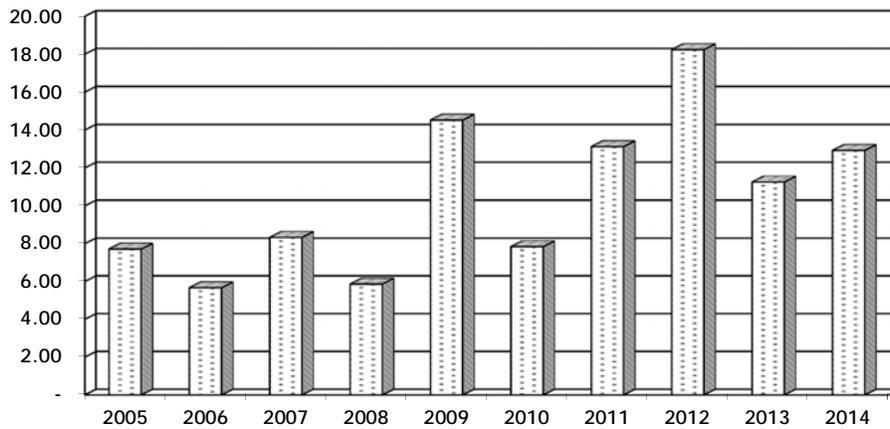
Source: City of Jackson - Forms L-4022.

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	
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
2014	4,892,681	3,426,285	1,466,396	100,000	13,475	113,475	12.92

- (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

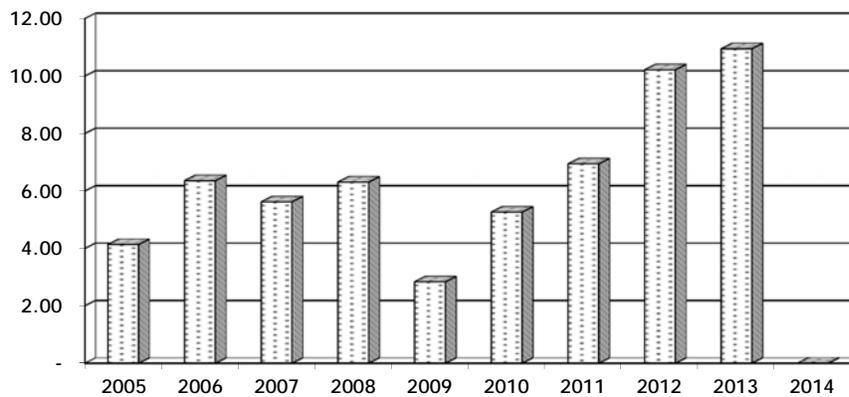


Revenue Bonds Coverage - Water Enterprise Fund
Last Ten Fiscal Years

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	
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
2014	7,965,592	5,571,764	2,393,828	-	-	-	-

- (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				
	2010	2011	2012	2013	2014
Water pumped vs. water sold: (in million gallons)					
Pumped	2,361	2,594	2,703	2,665	2,425
Sold	2,002	2,181	2,299	2,397	2,115
Sold as a % of pumped	84.78%	84.08%	85.06%	89.94%	87.22%
Number of customers:					
Residential	12,370	12,393	12,368	12,254	12,231
Commercial	2,123	2,191	2,160	1,951	1,982
Industrial	249	240	239	176	174
Total	14,742	14,824	14,767	14,381	14,387
Percent of water consumption by category:					
Residential	32.70%	29.60%	30.00%	27.00%	31.67%
Commercial	53.50%	47.10%	42.80%	46.00%	54.95%
Industrial	13.80%	23.30%	27.20%	27.00%	13.38%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
History of water rates (average consumption - 22 HCF / average 5/8 inch meter)					
Metered per quarter	\$ 57.85	\$ 63.77	\$ 70.65	\$ 72.48	\$ 72.48
% Change (in average consumption)	0.00%	10.23%	10.79%	2.59%	0.00%
Water supply system annual revenues:					
Metered revenue	\$ 5,960,966	\$ 6,721,459	\$ 7,739,709	\$ 8,014,367	\$ 7,584,137
% increase (decrease)	-2.76%	12.76%	15.15%	3.55%	-5.37%
Water supply system revenues by user class:					
Residential	\$ 2,839,975	\$ 2,922,890	\$ 3,170,632	\$ 3,190,253	\$ 3,361,445
Commercial	2,572,903	2,909,895	3,270,748	3,535,986	3,547,818
Industrial	548,088	888,674	1,298,329	1,288,128	674,874
Sewer - billing & collection charges	193,551	182,978	197,639	252,768	248,499
Total	\$ 6,154,517	\$ 6,904,437	\$ 7,937,348	\$ 8,267,135	\$ 7,832,636
Water supply revenues by user class as a % of total revenues:					
Residential	46.14%	42.33%	39.95%	38.59%	42.92%
Commercial	41.81%	42.15%	41.21%	42.77%	45.30%
Industrial	8.91%	12.87%	16.36%	15.58%	8.62%
Sewer - billing & collection charges	3.14%	2.65%	2.49%	3.06%	3.17%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City Water Department.

Water Supply System
Ten Largest Water Customers - By Usage
For the Fiscal Year Ended June 30, 2014

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
* Michigan Department of Corrections	344,300	16.28%	\$ 415,896	5.31%
Jackson Power Company (Kinder Morgan/Alphagen)	310,443	14.68%	353,736	4.52%
Allegiance Health/Health Center	84,920	4.02%	123,972	1.58%
Commonwealth Commerce Center	66,314	3.14%	95,804	1.22%
Elm Plating	39,826	1.88%	66,358	0.85%
Eaton Aeroquip Corp.	35,100	1.66%	53,860	0.69%
** Consumers Energy	24,957	1.18%	57,766	0.74%
* Sun Communities, Inc.	24,800	1.17%	60,295	0.77%
Certainteed/Wolverine Technologies	21,900	1.04%	37,995	0.49%
Jackson Tumble Finish	21,020	0.99%	33,010	0.42%

(1) Unit = million gallons (MG)

(2) Based on June 30, 2014 total water sold (Schedule 22) of 2,115 MG's.

(3) Based on June 30, 2014 water supply system revenues by user class (Schedule 22) of \$ 7,832,636.

* 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, 2014

Year of Transfer To Ad Valorem Tax Roll	(1) I.F.T. S.E.V. Amount
2015	\$ -
2016	341,600
2017	142,950
2018	534,450
2019	-
2020	-
2021	-
2022	2,000
2023	-
2024	-
2025	146,950
2026	237,200
2027	-
	<u>\$ 1,405,150</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
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
2014	834,327	246,825	-	-	587,502	3.38

(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
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
2014	963,588	1,069,023	-	(105,435)	0.90

(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
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
2014	2,508,877	1,656,705	4,165,582

(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
2010	\$ 6,519,574	(14.73%)
2011	6,977,923	7.03%
2012	7,297,281	4.58%
2013	8,017,633	9.87%
2014	8,051,996	0.43%

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
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
2014	2,514,518	-	n/a

(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 23, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 23, 2014, 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, 2014

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	B1MC260021	\$ 34,441
Community Development Block Grant	14.218	Direct	B12MC260021	750,360
				<u>784,801</u>
Home Investment Partnership Programs	14.239	Direct	M11MC260214	205,415
Home Investment Partnership Programs	14.239	Direct	M12MC260214	53,347
				<u>258,762</u>
Total U.S. Department of Housing and Urban Development				<u>1,043,563</u>
U.S. Department of Justice				
Byrne Formula Grant - LAWNET Enhancement Project	16.580	MDCH	72239-8-13-B	6,122
Byrne Formula Grant - LAWNET Enhancement Project	16.580	MDCH	72239-9-14-B	15,903
				<u>22,025</u>
Bulletproof Vest Partnership	16.607	Direct	n/a	<u>4,649</u>
Justice Assistance Grant Program Cluster:				
ARRA - Byrne Recovery Act Grant	16.804	Direct	2012-DJ-BX-1199	8,190
ARRA - Byrne Recovery Act Grant	16.804	Direct	2013-DJ-BX-0397	3,559
				<u>11,749</u>
Total U.S. Department of Justice				<u>38,423</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	JTSP0	n/a	<u>21,975</u>
U.S. Department of Homeland Security				
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	<u>592,325</u>
Total expenditures of federal awards				<u>\$ 1,696,286</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, 2014. 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	\$ 26,691
Home Investment Partnership Programs	14.239	<u>30,378</u>
		<u>\$ 57,069</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
MDCH	Michigan Department of Community Health
JTSP0	Jackson Traffic Safety Program Office



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 23, 2014

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, Michigan* (the "City"), as of and for the year ended June 30, 2014, 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 23, 2014.

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. 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.

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*.

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 "Rehmann Lohorn 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 23, 2014

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, Michigan* (the "City") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2014. The City's major federal program is 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 the City's major federal program 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 its major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on its 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 its major federal program for the year ended June 30, 2014.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Lobarr LLC

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2014

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?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

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

Unmodified

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

_____ yes X no

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

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, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2014

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

None reported.

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CITY OF JACKSON, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2014

2013-FS-01 Bank Reconciliation

The City experienced a software malfunction in which did not allow the City to create a correct outstanding items list to reconcile the bank balance to the book balance. This finding has been adequately resolved.

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

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. This finding has been adequately resolved.

2013-SA-02 - Reporting

Those responsible for managing the Brownfield program lacked the proper internal controls to make sure the quarterly reports were submitted on time. This finding has been adequately resolved.

