

**CITY OF JACKSON,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2011**

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CITY OF JACKSON
Annual Financial Report
For the Year Ended June 30, 2011

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF JACKSON
City Officials
For the Year Ended June 30, 2011

City Council

Connie Gonsalves	Mayor
Keith Sweet	Vice Mayor
Wayne Garibaldi	Member
Patrick Crew	Member
Marilyn Lewis	Member

City Officers

Michael Daly	City Manager
Andrew Morris	City Attorney
Gisele L. Cangelosi	City Clerk
Larry White	Building Inspector
Roark Weber	City Engineer
Susan Peters	City Planner
Scott Morrison	Police Chief
Mark Morton	Fire Chief

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Statements**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Jackson
Jackson, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

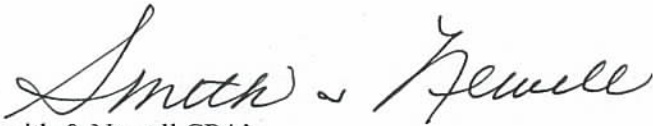
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2011 on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Mayor and
Members of the City Council
City of Jackson
Jackson, California

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 and combining nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Smith & Newell". The signature is written in dark ink and is positioned above the printed name of the firm.

Smith & Newell CPA's
Yuba City, California
December 21, 2011

**Management's Discussion and Analysis
(Unaudited)**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Jackson financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the City's financial statements and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

Entity-wide:

- ❑ The City's total net assets were \$24,842,421 as of June 30, 2011. Of this total, \$13,636,571 were governmental assets and \$11,205,850 were business-type assets.
- ❑ Entity-wide governmental revenues include program revenues of \$2,648,169 and general revenues and transfers of \$2,204,832 for a total of \$4,853,001.
- ❑ Entity-wide Governmental expenses were \$4,140,041.
- ❑ Entity-wide Business-type program, interest, other revenues and transfers were \$3,027,622 while Business-type expenses were \$3,022,184.

Fund Level:

- ❑ Governmental Fund balance increased to \$3,635,186 in fiscal year 2011, up \$297,559 from the prior year.
- ❑ Governmental Fund revenues decreased to \$4,816,307 in fiscal year 2011 down \$902,539 from the prior year.
- ❑ Governmental Fund expenditures decreased to \$4,518,748 in fiscal year 2011, down \$1,227,116 from the prior year.

General Fund:

- ❑ General Fund revenues of \$3,161,297 were \$97,753 higher than the prior year.
- ❑ General Fund expenditures of \$3,481,353 were \$231,995 lower than the prior year.
- ❑ Other Financing Sources contributed \$536,905 in fiscal year 2011 down \$52,694 compared with the prior year.
- ❑ General Fund balance of \$808,373 as of June 30, 2011 compared favorably with fiscal year 2010's fund balance of \$678,467.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, commonly referred to as the City's Basic Financial Statements. Management's Discussion and Analysis introduces these statements and includes two different views of the City's financial activities and position: (1) Government-Wide Financial Statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances; (2) Fund Financial Statements provide detailed information about the individual functions of City government, telling how services were financed in the short-term as well as what remains for future spending.

Each set of statements presents the City's finances in a distinct way. To assist the reader in understanding the differences between them, a brief discussion of each follows, including the relationship of these statements to each other and the significant differences in the information they provide.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of City finances in a manner similar to private sector business. These statements separate the City's activities into two areas:

- **Governmental Activities** - these services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered to be governmental activities including public safety, community development, public works, parks and recreation, and general administration.
- **Business-Type Activities** - these services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater systems are reported here.

Within the framework of these activities, a Statement of Net Assets and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The two statements can be generally described as follows:

- **The Statement of Net Assets** presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- **The Statement of Activities** presents information showing how the City's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the City (including infrastructure) and all liabilities (including long-term debt) and exclude certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. For additional reference, reconciliation between the two is provided on pages 12 and 14 of this report.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds - not the City as a whole. Management establishes funds to help control and manage money for particular purposes. There are three categories of funds: governmental, proprietary and fiduciary.

- **Governmental Funds** - most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

The City's major governmental funds are the General Fund, HOME Grant, First Time Homebuyers 2005, First Time Homebuyers 2006 and Mission Boulevard. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 47 of this report.

- **Proprietary Funds** - when the City charges customers for services it provides, whether outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business-type activities), only in more detail. The City uses enterprise funds to account for its Sewer and Water operations, in addition the City uses enterprise funds to account for parking and utility deposits.
- **Fiduciary Funds** - the City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the City's other financial statements because the resources of the funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

NOTES TO BASIC 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.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents the following required supplementary information: schedule of funding progress for the other postemployment benefit (OPEB) plan, budgetary comparisons for the City's General Fund, and a description of the City's accounting policies with regard to the annual budget.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Analysis of Net Assets

	Governmental Activities		Business-Type Activities		Total		Total	
	2011	2010	2011	2010	2011	2010	Dollar Change	% Change
Assets:								
Current and other assets	\$10,663,896	\$10,291,051	\$3,847,459	\$3,841,284	\$14,511,355	\$14,132,335	\$379,020	2.68%
Capital assets	10,018,924	9,393,112	10,324,232	10,449,378	20,343,156	19,842,490	500,666	2.52%
Total assets	20,682,820	19,684,163	14,171,691	14,290,662	34,854,511	33,974,825	879,686	2.59%
Liabilities:								
Current and other	6,685,769	6,655,887	637,374	499,288	7,323,143	7,155,175	167,968	2.35%
Noncurrent liabilities	360,480	236,832	2,328,467	2,590,962	2,688,947	2,827,794	-138,847	-4.91%
Total Liabilities	7,046,249	6,892,719	2,965,841	3,090,250	10,012,090	9,982,969	29,121	0.29%
Net Assets:								
Invested in capital assets, net of related debt	10,018,924	9,393,112	8,605,882	8,450,385	18,624,806	17,843,497	781,309	4.38%
Restricted	3,140,165	2,883,280	461,968	580,246	3,602,133	3,463,526	138,607	4.00%
Unrestricted	477,482	515,052	2,138,000	2,169,781	2,615,482	2,684,833	-69,351	-2.58%
Total Net Assets	\$13,636,571	\$12,791,444	\$11,205,850	\$11,200,412	\$24,842,421	\$23,991,856	850,565	3.55%

Net assets represent the difference between the City's resources and its obligations. At June 30, 2011, the largest portion of the City's total net assets, 81 percent, reflect the investment in capital assets, less related debt outstanding used to acquire the capital assets. These capital assets are used by the City to provide services to the citizens. Additional capital asset information can be found in the Capital Asset and Debt Administration section of this MD&A. Restricted net assets represent amounts that may be used in accordance with external restrictions. The unrestricted balance of net assets may be used at the City's discretion.

Statement of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total		Total	
	2011	2010	2011	2010	2011	2010	Dollar Change	% Change
Revenues:								
Program Revenues:								
Charges for services	\$1,099,832	\$1,210,054	\$2,993,315	\$3,140,570	\$4,093,147	\$4,350,624	-257,477	-5.92%
Operating grants and contribution	681,275	948,023	-	-	681,275	948,023	-266,748	-28.14%
Capital grants and contributions	867,062	1,219,632	-	-	867,062	1,219,632	-352,570	-28.91%
General Revenues:								
Property taxes	776,689	794,993	-	-	776,689	794,993	-18,304	-2.30%
Sales and use taxes	658,710	592,104	-	-	658,710	592,104	66,606	11.25%
Franchise taxes	142,286	135,108	-	-	142,286	135,108	7,178	5.31%
Property transfer taxes	12,891	4,732	-	-	12,891	4,732	8,159	172.42%
Transient occupancy taxes	284,086	296,465	-	-	284,086	296,465	-12,379	-4.18%
Grants and contributions	263,060	359,853	-	-	263,060	359,853	-96,793	-26.90%
Interest and investment earnings	20,184	31,648	17,315	40,024	37,499	71,672	-34,173	-47.68%
Miscellaneous	46,926	96,023	16,992	39,027	63,918	135,050	-71,132	-52.67%
Total revenues	4,853,001	5,688,635	3,027,622	3,219,621	7,880,623	8,908,256	-1,027,633	-11.54%
Expenses:								
General government	819,163	798,015	-	-	819,163	798,015	21,148	2.65%
Public protection	1,978,100	2,048,196	-	-	1,978,100	2,048,196	-70,096	-3.42%
Public ways and facilities	936,973	1,147,433	-	-	936,973	1,147,433	-210,460	-18.34%
Community development	126,671	573,495	-	-	12,671	573,495	-560,824	-97.79%
Culture and recreation	279,134	274,549	-	-	279,134	274,549	4,585	1.67%
Sewer facilities	-	-	1,447,505	1,367,112	1,447,505	1,367,112	80,393	5.88%
Treated water	-	-	1,496,674	1,610,537	1,496,674	1,610,537	-113,863	-7.07%
Utility Deposits	-	-	3,741	1,056	3,741	1,056	2,685	254.26%
Parking	-	-	74,264	76,436	74,264	76,436	-2,172	-2.84%
Total Expenses	4,140,041	4,841,688	3,022,184	3,055,141	7,048,225	7,896,829	-848,604	-10.75%
Excess before transfers	712,960	846,947	5,438	164,480	832,398	1,011,427	-179,029	17.70%
Transfers	0	0	0	0	0	0	0	0.00%
Increase in Net Assets	\$712,960	\$846,947	\$5,438	\$164,480	\$832,398	\$1,011,427	(\$179,029)	17.70%

Revenue

The City's total revenue was \$7.9 million for the fiscal year ended June 30, 2011. Revenue from governmental activities totaled \$4.9 million and revenue from business-type activities total \$3 million. Property taxes provided 9 percent of the total revenue of the City, while charges for services provide 52 percent. Operating Grants and Sales and Use Taxes bot provided 8 percent of the total revenue received during the 2010/11 fiscal year.

Expenses

Expenses of the City for the year totaled \$7.1 million. Governmental activity expenses totaled \$4.1 million or 58 percent of total expenses. Business-type activity expenses total \$3 million or 42 percent of total expenses.

Governmental Activities

The following table shows the net cost of each of the City's major programs. The net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of these programs.

	Net Cost of	Net Cost of	Total	
	Services	Services	Dollar	% Change
	2010	2010	Change	
General government	(384,544)	(363,395)	21,149	5.80%
Public protection	(1,529,010)	(1,643,884)	114,874	7.00%
Public ways and facilities	167,321	320,581	153,260	47.80%
Community development	307,535	437,679	130,144	29.73%
Culture and recreation	(53,174)	(214,960)	161,786	75.26%
Total	(1,491,872)	(1,463,979)	27,893	1.90%

The cost of all governmental activities for fiscal year 2011 was \$1.5 million. The City's taxpayers paid for approximately 94% of these costs, \$1.4 million through property and sales and use taxes. Fees, grants and contributions and interest and investment earnings funded the balance of the costs of governmental activities. The cost of capital assets is not presented as a cost in determining the net cost of governmental activities, but is reflected as an asset in the statement of net assets.

Business-Type Activities

Program revenue of the City's business-type activities totaled \$3 million. Expenses of business-type activities were \$3 million. The cost of capital improvements are reported as capital assets in the statement of net assets, rather than as expenses in the statement of activities.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported combined fund balances at June 30, 2011 of \$3,635,186 an increase of \$297,559 over the previous fiscal year. The General Fund increased by \$129,906 and other Governmental Funds increased by \$167,653. The General Fund increase was due to increases in sales tax revenue. Within the Other Governmental Funds, the increase in fund balance was attributable to a decrease in expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, was \$20,343,156 (net of accumulated depreciation). This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and water and sewer lines and treatment facilities. Net additions to capital assets were \$1,432,178 and net additions to accumulated depreciation were \$931,512. Therefore the City's net investment in capital assets increased \$500,666 from June 30, 2010.

Long-term Debt

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$3,147,753 a decrease of \$176,787 from June 30, 2010.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Great Recession that slammed into Jackson five years ago is proving to be a stubborn one, but the City's austere budgets and local recovery efforts have helped enable the continuation of most municipal services without any noticeable decline in the local quality of life.

Despite an unanticipated loss of nearly \$100,000 in FY 2010-11 and again in FY 2011-12 resulting from a glitch in the vehicle license fee/property tax swap enacted by the state legislature to aid the state budget and the distribution of these funds to "basic aid" school districts, the City's General Fund has maintained a positive balance. While the City works with legislators to fix the loophole that created this glitch, other significant cuts in City personnel and cost reduction measures in place the past two years are plugging the gap. These cuts have included the layoff of three full-time positions, furlough days and reductions to retiree medical insurance benefits. Restoration of these cuts is dependent on increased revenues and avoidance of any significant infrastructure project costs that could deplete General Fund revenues.

While California continues to flow in red ink, the City Council has acted to invest the City's resources in economic recovery efforts. The formation of the Jackson Revitalization Committee has created an important link to business leaders in the community. Several items from the Committee's strategic plan have been implemented and are providing positive results. A façade improvement program utilizing the City's transient occupancy tax revenues have helped to spur a make-over of several downtown businesses. A complete renovation of The National Hotel on Main Street is also creating a buzz on Main Street and raising hopes for a significant increase in the City's transient occupancy tax revenue next year. This renovation and two other potential large retail business openings in Jackson over the next year paint a brighter economic picture than the past couple of years.

An area that continues to pose significant challenges and financial strain is the City's wastewater treatment and disposal operation. The State Regional Water Quality Control Board's permit allowing the City to discharge its treated wastewater into Jackson Creek includes a permit deadline of 2012 to meet specific and stringent water quality requirements. A project to comply with the permit requirements will require additional revenue (and financing) from local ratepayers. Project alternatives are being evaluated in an environmental impact report and on a parallel track, the City is implementing other costly improvements at the wastewater treatment plant to meet immediate water quality objectives.

City staff continues to make the best of the tighter available resources to provide and manage services for its residents and businesses. Several recent infrastructure projects constructed with grant funding have helped to fill the void of capital improvement projects resulting from decreasing General Fund dollars. Managing these funds in accordance with federal and state requirements creates additional demands on staff however, these programs also allow the City to accomplish projects otherwise beyond local funding capabilities. Careful management of all City resources will continue to be a top priority of staff to ensure that a top level of services can be provided to Jackson citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Department, 33 Broadway, Jackson, CA 95642, (209) 223-1646.

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF JACKSON
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 3,301,033	\$ 3,297,367	\$ 6,598,400
Cash with fiscal agent	-	222,529	222,529
Accounts receivable, net	2,997	274,893	277,890
Interest receivable	3,918	3,687	7,605
Taxes receivable	332,308	-	332,308
Due from other governments	242,011	-	242,011
Internal balances	22,058	(22,058)	-
Prepaid insurance	282,154	-	282,154
Loans receivable	6,477,417	-	6,477,417
Deferred charges	-	71,041	71,041
Capital assets:			
Non-depreciable	1,824,987	165,263	1,990,250
Depreciable, net	8,193,937	10,158,969	18,352,906
Total capital assets	<u>10,018,924</u>	<u>10,324,232</u>	<u>20,343,156</u>
Total Assets	<u>20,682,820</u>	<u>14,171,691</u>	<u>34,854,511</u>
LIABILITIES			
Accounts payable	102,655	246,038	348,693
Salaries and benefits payable	287	-	287
Unearned revenue	6,477,417	-	6,477,417
Deposits	7,075	30,865	37,940
Long-term liabilities:			
Due within one year	98,335	360,471	458,806
Due in more than one year	360,480	2,328,467	2,688,947
Total Liabilities	<u>7,046,249</u>	<u>2,965,841</u>	<u>10,012,090</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,018,924	8,605,882	18,624,806
Restricted for:			
Enabling legislation	201,848	-	201,848
General government	11,250	-	11,250
Public protection	12,690	-	12,690
Public ways and facilities	1,512,872	-	1,512,872
Community development	742,064	-	742,064
Culture and recreation	659,441	-	659,441
Capital projects	-	461,968	461,968
Unrestricted	477,482	2,138,000	2,615,482
Total Net Assets	<u>\$ 13,636,571</u>	<u>\$ 11,205,850</u>	<u>\$ 24,842,421</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF JACKSON
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 819,163	\$ 434,619	\$ -	\$ -
Public protection	1,978,100	86,354	362,736	-
Public ways and facilities	936,973	107,197	130,035	867,062
Community development	126,671	427,199	7,007	-
Culture and recreation	279,134	44,463	181,497	-
Total Governmental Activities	4,140,041	1,099,832	681,275	867,062
Business-type activities:				
Sewer Facilities	1,447,505	1,252,335	-	-
Treated Water	1,496,674	1,709,173	-	-
Parking	74,264	31,807	-	-
Utility Deposits	3,741	-	-	-
Total Business-Type Activities	3,022,184	2,993,315	-	-
Total	\$ 7,162,225	\$ 4,093,147	\$ 681,275	\$ 867,062

General revenues:

Taxes:
 Property taxes
 Sales and use taxes
 Franchise taxes
 Property transfer taxes
 Transient occupancy taxes
Grants and contributions - unrestricted
Interest and investment earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Prior period adjustment

Net Assets - Beginning, Restated

Net Assets - Ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-Type Activities	Total
\$ (384,544)	\$ -	\$ (384,544)
(1,529,010)	-	(1,529,010)
167,321	-	167,321
307,535	-	307,535
(53,174)	-	(53,174)
(1,491,872)	-	(1,491,872)
-	(195,170)	(195,170)
-	212,499	212,499
-	(42,457)	(42,457)
-	(3,741)	(3,741)
-	(28,869)	(28,869)
(1,491,872)	(28,869)	(1,520,741)
776,689	-	776,689
658,710	-	658,710
142,286	-	142,286
12,891	-	12,891
284,086	-	284,086
263,060	-	263,060
20,184	17,315	37,499
46,926	16,992	63,918
2,204,832	34,307	2,239,139
712,960	5,438	718,398
12,791,444	11,200,412	23,991,856
132,167	-	132,167
12,923,611	11,200,412	24,124,023
\$ 13,636,571	\$ 11,205,850	\$ 24,842,421

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF JACKSON
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>HOME Grant</u>	<u>First Time Homebuyers 2005</u>	<u>First Time Homebuyers 2006</u>
ASSETS				
Cash and investments	\$ 368,981	\$ 13,119	\$ -	\$ -
Accounts receivable	2,997	-	-	-
Interest receivable	601	-	-	-
Taxes receivable	225,926	-	-	-
Due from other governments	101,767	-	-	-
Due from other funds	176,533	-	-	-
Loans receivable	-	3,326,790	677,487	805,451
Total Assets	<u>\$ 876,805</u>	<u>\$ 3,339,909</u>	<u>\$ 677,487</u>	<u>\$ 805,451</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 61,070	\$ -	\$ -	\$ -
Salaries and benefits payable	287	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	3,326,790	677,487	805,451
Deposits payable	7,075	-	-	-
Total Liabilities	<u>68,432</u>	<u>3,326,790</u>	<u>677,487</u>	<u>805,451</u>
FUND BALANCES:				
Nonspendable	442	-	-	-
Restricted	201,848	13,119	-	-
Committed	58,000	-	-	-
Assigned	-	-	-	-
Unassigned	548,083	-	-	-
Total Fund Balances	<u>808,373</u>	<u>13,119</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 876,805</u>	<u>\$ 3,339,909</u>	<u>\$ 677,487</u>	<u>\$ 805,451</u>

The notes to the basic financial statements are an integral part of this statement.

Mission Boulevard	Other Governmental Funds	Total
\$ -	\$ 2,820,007	\$ 3,202,107
-	-	2,997
-	3,215	3,816
-	70,781	296,707
26,269	111,540	239,576
-	-	176,533
-	1,667,689	6,477,417
<u>\$ 26,269</u>	<u>\$ 4,673,232</u>	<u>\$ 10,399,153</u>

\$ 1,063	\$ 40,522	\$ 102,655
-	-	287
31,878	144,655	176,533
-	1,667,689	6,477,417
-	-	7,075
<u>32,941</u>	<u>1,852,866</u>	<u>6,763,967</u>

-	-	442
-	2,925,198	3,140,165
-	-	58,000
-	15,436	15,436
(6,672)	(120,268)	421,143
<u>(6,672)</u>	<u>2,820,366</u>	<u>3,635,186</u>
<u>\$ 26,269</u>	<u>\$ 4,673,232</u>	<u>\$ 10,399,153</u>

CITY OF JACKSON
Reconciliation of the Governmental Fund Balance Sheet
To the Government-Wide Statement of
Net Assets - Governmental Activities
June 30, 2011

Total Fund Balance - Total Governmental Funds	\$ 3,635,186
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	10,018,924
Other long term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or are reported as deferred in the governmental funds.	
Taxes receivable	35,601
Due from other governments	2,435
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Compensated absences	(256,516)
Net OPEB Obligation	(202,299)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	
	403,240
Net Assets of Governmental Activities	\$ 13,636,571

The notes to the basic financial statements are an integral part of this statement.

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CITY OF JACKSON
Statement of Revenues, Expenditures,
And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	HOME Grant	First Time Homebuyers 2005	First Time Homebuyers 2006
REVENUES				
Taxes and assessments	\$ 1,863,898	\$ -	\$ -	\$ -
Licenses and permits	110,843	-	-	-
Fines and forfeitures	7,792	-	-	-
Use of money and property	6,925	-	-	-
Intergovernmental	646,877	-	-	-
Charges for services	477,233	-	-	-
Other revenues	47,729	-	-	-
Total Revenues	<u>3,161,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	749,834	1,868	-	-
Public protection	1,741,461	-	-	-
Public ways and facilities	511,029	-	-	-
Community development	-	-	-	-
Culture and recreation	249,084	-	-	-
Capital outlay	229,945	-	-	-
Total Expenditures	<u>3,481,353</u>	<u>1,868</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(320,056)</u>	<u>(1,868)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	536,905	-	-	-
Transfers out	(86,943)	(4,006)	-	-
Total Other Financing Sources (Uses)	<u>449,962</u>	<u>(4,006)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	129,906	(5,874)	-	-
Fund Balances - Beginning	<u>678,467</u>	<u>18,993</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 808,373</u>	<u>\$ 13,119</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

Mission Boulevard	Other Governmental Funds	Total
\$ -	\$ 421,470	\$ 2,285,368
-	-	110,843
-	-	7,792
-	12,926	19,851
701,576	473,919	1,822,372
-	44,247	521,480
-	872	48,601
<u>701,576</u>	<u>953,434</u>	<u>4,816,307</u>
-	2,962	754,664
-	-	1,741,461
-	13,131	524,160
-	126,671	126,671
-	-	249,084
<u>628,132</u>	<u>264,631</u>	<u>1,122,708</u>
<u>628,132</u>	<u>407,395</u>	<u>4,518,748</u>
<u>73,444</u>	<u>546,039</u>	<u>297,559</u>
-	41,602	578,507
<u>(91,709)</u>	<u>(395,849)</u>	<u>(578,507)</u>
<u>(91,709)</u>	<u>(354,247)</u>	<u>-</u>
<u>(18,265)</u>	<u>191,792</u>	<u>297,559</u>
<u>11,593</u>	<u>2,628,574</u>	<u>3,337,627</u>
<u>\$ (6,672)</u>	<u>\$ 2,820,366</u>	<u>\$ 3,635,186</u>

CITY OF JACKSON
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 297,559
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	1,122,708
Depreciation expense	(627,388)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the capital assets disposed. There were no significant proceeds.	
	(1,675)
Some revenues reported in the statement of activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	
Change in taxes receivable	35,601
Change in due from other governments	2,435
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 the governmental funds.	
Change in compensated absences	(13,627)
Change in net OPEB obligation	(123,927)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
	21,274
Change in Net Assets of Governmental Activities	\$ 712,960

The notes to the basic financial statements are an integral part of this statement.

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CITY OF JACKSON
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Sewer Facilities	Treated Water	Other Enterprise Funds	Total
ASSETS				
Current Assets				
Cash and investments	\$ 2,013,159	\$ 1,254,463	\$ 29,745	\$ 3,297,367
Cash with fiscal agent	-	222,529	-	222,529
Accounts receivable	114,711	160,182	-	274,893
Interest receivable	2,254	1,397	36	3,687
Total Current Assets	2,130,124	1,638,571	29,781	3,798,476
Noncurrent Assets				
Prepaid insurance	-	-	-	-
Deferred charges	-	71,041	-	71,041
Capital assets:				
Non-depreciable	17,285	8,818	139,160	165,263
Depreciable, net	3,984,983	5,774,604	399,382	10,158,969
Total capital assets	4,002,268	5,854,463	538,542	10,324,232
Total Noncurrent Assets	4,002,268	5,854,463	538,542	10,324,232
Total Assets	6,132,392	7,493,034	568,323	14,122,708
LIABILITIES				
Current Liabilities				
Accounts payable	141,692	104,129	217	246,038
Deposits payable	-	-	30,865	30,865
Compensated absences payable	6,894	5,251	-	12,145
Customer advances	-	42,220	-	42,220
Bonds payable	7,000	299,106	-	306,106
Total Current Liabilities	155,586	450,706	31,082	637,374
Noncurrent Liabilities				
Compensated absences payable	8,862	4,745	-	13,607
Customer advances	-	789,430	-	789,430
Bonds payable	59,000	1,424,285	-	1,483,285
Net OPEB obligation	25,287	16,858	-	42,145
Total Noncurrent Liabilities	93,149	2,235,318	-	2,328,467
Total Liabilities	248,735	2,686,024	31,082	2,965,841

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 98,926
-
-

102

99,028

282,154
-
-

-

-

282,154

381,182

-
-
-
-
-

-

-
-
-
-

-

-

-

CITY OF JACKSON
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds			Total
	Sewer Facilities	Treated Water	Other Enterprise Funds	
NET ASSETS				
Invested in capital assets, net of related debt	3,936,268	4,131,072	538,542	8,605,882
Restricted for capital projects	-	461,968	-	461,968
Unrestricted	1,947,389	213,970	(1,301)	2,160,058
Total Net Assets	\$ 5,883,657	\$ 4,807,010	\$ 537,241	11,227,908
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(22,058)
Net Assets of Business-type Activities				\$ 11,205,850

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities**

**Internal
Service
Funds**

-

-

381,182

\$ 381,182

CITY OF JACKSON
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			Total
	Sewer Facilities	Treated Water	Other Enterprise Fund	
<u>OPERATING REVENUES</u>				
Licenses and permits	\$ -	\$ -	\$ 8,262	\$ 8,262
Fines and Forfeitures	-	-	8,589	8,589
Charges for services	1,252,335	1,709,173	14,956	2,976,464
Other revenues	609	8,358	-	8,967
Total Operating Revenues	1,252,944	1,717,531	31,807	3,002,282
<u>OPERATING EXPENSES</u>				
Salaries and benefits	367,493	213,716	23,019	604,228
Contract services	485,056	12,477	1,322	498,855
Utilities	84,668	3,060	5,938	93,666
Insurance	21,070	8,056	386	29,512
Maintenance	65,280	52,398	647	118,325
Supplies	88,593	21,038	786	110,417
Write offs	-	-	3,741	3,741
Administration	1,773	2,994	-	4,767
Other	179,168	928,714	29,502	1,137,384
Insurance and claims	-	-	-	-
Amortization	-	23,206	-	23,206
Depreciation	162,187	175,881	12,871	350,939
Total Operating Expenses	1,455,288	1,441,540	78,212	2,975,040
Operating Income (Loss)	(202,344)	275,991	(46,405)	27,242
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Connection fees	-	8,025	-	8,025
Interest income	9,215	7,906	194	17,315
Interest expense	(3,551)	(59,500)	-	(63,051)
Total Nonoperating Revenues (Expenses)	5,664	(43,569)	194	(37,711)
Income (Loss) Before Transfers	(196,680)	232,422	(46,211)	(10,469)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in Net Assets	(196,680)	232,422	(46,211)	(10,469)
Total Net Assets - Beginning	6,080,337	4,574,588	583,452	
Total Net Assets - Ending	\$ 5,883,657	\$ 4,807,010	\$ 537,241	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				15,907
Change in Net Assets of Business-type Activities				\$ 5,438

The notes to the basic financial statements are an integral part of this statement.

CITY OF JACKSON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Sewer Facilities	Treated Water	Other Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,255,765	\$ 1,718,957	\$ 33,883	\$ 3,008,605
Payments to suppliers	(824,486)	(1,014,087)	(43,247)	(1,881,820)
Payments to employees	(357,267)	(209,958)	(23,019)	(590,244)
Net Cash Provided (Used) by Operating Activities	<u>74,012</u>	<u>494,912</u>	<u>(32,383)</u>	<u>536,541</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other receipts	-	8,025	-	8,025
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>8,025</u>	<u>-</u>	<u>8,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(11,752)	(214,041)	-	(225,793)
Principal paid on debt	(7,000)	(339,067)	-	(346,067)
Interest paid on debt	(3,547)	(59,500)	-	(63,047)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(22,299)</u>	<u>(612,608)</u>	<u>-</u>	<u>(634,907)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	9,530	8,234	239	18,003
Net Cash Provided (Used) by Investing Activities	<u>9,530</u>	<u>8,234</u>	<u>239</u>	<u>18,003</u>
Net Increase (Decrease) in Cash and Cash Equivalents	61,243	(101,437)	(32,144)	(72,338)
Balances - Beginning of the Year	1,951,916	1,578,429	61,889	3,592,234
Balances - End of the Year	<u>\$ 2,013,159</u>	<u>\$ 1,476,992</u>	<u>\$ 29,745</u>	<u>\$ 3,519,896</u>

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 142,940
(157,889)

-

(14,949)

-

-

-
-
-

-

369

369

(14,580)

113,506

\$ 98,926

CITY OF JACKSON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Sewer Facilities	Treated Water	Other Enterprise Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (202,344)	\$ 275,991	\$ (46,405)	\$ 27,242
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	162,187	175,881	12,871	350,939
Amortization	-	23,206	-	23,206
Decrease (increase) in:				
Accounts receivable	2,821	4,926	-	7,747
Prepaid insurance	-	-	-	-
Increase (decrease) in:				
Accounts payable	101,122	14,650	(925)	114,847
Deposits payable	-	(3,500)	2,076	(1,424)
Compensated absences payable	524	(100)	-	424
Net OPEB obligation	9,702	3,858	-	13,560
Net Cash Provided (Used) by Operating Activities	\$ 74,012	\$ 494,912	\$ (32,383)	\$ 536,541

The notes to the basic financial statements are an integral part of this statement.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 36,848

-

-

-

(51,797)

-

-

-

-

\$ (14,949)

CITY OF JACKSON
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Agency Funds
ASSETS	
Cash and investments	\$ 9,092
Interest receivable	9
Total Assets	\$ 9,101
LIABILITIES	
Agency obligations	\$ 9,101
Total Liabilities	\$ 9,101

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of City of Jackson (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. 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.

A. Reporting Entity

The City operates under a Council form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general administrative services, water, sewer and parking.

As required by GAAP, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council.

Component units that are blended into the reporting activity types of the City's report are presented below:

City of Jackson Public Financing Authority

The City of Jackson Public Financing Authority was created to serve as a financing mechanism for capital projects of the City. It is governed by a board comprised of the City's elected council. Any bond issuance authorizations must be approved by the City's council and the legal liability for the Authority's debt remains with the City. At the present time the Authority provides services solely for the benefit of the City of Jackson Water enterprise fund. The debt as well as the cash with fiscal agent is combined with the Water enterprise fund.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all of the nonfiduciary activities of the City, and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and 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. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public protection, community development, public ways and facilities, and culture and recreation services.
- The HOME Grant fund is a special revenue fund used to account for the Home grant program.
- The First Time Homebuyers 2005 fund is a special revenue fund used to account for the First Time Homebuyers 2005 grant program.
- The First Time Homebuyers 2006 fund is a special revenue fund used to account for the First Time Homebuyers 2006 grant program.
- The Mission Boulevard fund is a capital projects fund used to account for the Mission Boulevard repair project revenues and expenditures.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

- The Sewer Facilities Fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing for service provided by the City.
- The Treated Water Fund is an enterprise fund used to account for activity related to providing customers with water service and billing for service provided by the City.

The City reports the following additional fund types:

- Internal Service Funds account for the City's self insurance programs which provide services to other departments on a cost reimbursement basis.
- Agency Funds account for assets held by the City as an agent for various local governments and for individuals.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements for the business-type activities and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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 enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise 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.

Fiduciary funds include agency funds. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net assets.

E. Cash, Cash Equivalents and Investments

The City pools cash and investments of all funds except cash with fiscal agent. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Interest from pooled investments are allocated to the various funds based on average month end cash balances of the funds entitled to receive interest.

Except for investments in external investment pools, the City has stated required investments at fair values as required by GASB Statement No. 31. Fair value is based on published market prices and quotations from major investment brokers. Investments in external investment pools are stated at amortized cost, which approximates fair value.

For purposes of the Statement of Cash Flows, the City consider all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

Accounts receivable in governmental funds consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Accounts receivable in enterprise funds consists mainly of amounts due from customers for services. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Other Assets

Inventory

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Prepaid Insurance

Payments made for services that will benefit periods beyond June 30, 2011, are recorded as prepaid insurance. The City's net investment in a shared risk joint powers agency is recorded as prepaid insurance.

H. Capital Assets

Capital assets, including public domain infrastructure such as roads, bridges, and sidewalks are defined by the City as an asset with a cost greater than \$5,000 and a useful life of more than two years. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-25 years
Structures and improvements	5-50 years
Infrastructure	30-50 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Loans Receivables

The City provides financial assistance in the form of loans to qualified low-income homeowners and investors who rent to low-income tenants under the Housing Rehabilitation and First-Time Homebuyer Loan Programs. The programs offer low interest loans and grants to repair health and safety problems. The loans are typically amortized or deferred over a 30-year period, in addition, some loans may be forgiven if certain terms and conditions are met.

J. Property Tax

Amador County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 30 days after year-end.

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Unearned Revenue/Deferred Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue. In addition, loans receivable for which repayment is deferred or for which the balance may be forgiven if certain terms and conditions of the loans are met have also been offset by unearned revenue.

Deferred revenue is recorded under the modified accrual basis of accounting when revenue which has been earned during the current period has met the measurable criteria but has not met the available criteria.

M. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which is paid at the date of termination from City employment. All compensated pay is accrued when incurred in the government-wide and proprietary fund financial statements. For all governmental funds, termination pay-outs expected to be paid out of current financial resources are recorded as fund liabilities. Compensated absences liability is typically liquidated by the General fund for all non proprietary fund compensated absences.

N. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "Fund Balance Reporting and Governmental Fund Type Definitions". The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. It establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction in reporting fund balance information is identifying amounts that are considered nonspendable. This Statement provides for additional classification as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

GASB 54 also provides guidance for classifying and disclosing information on stabilization amounts. The definitions of the General fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are also clarified by the provisions in this statement.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning fund balance. During the current year adjustments were required to correct a prior year misstatement of construction in progress. The construction in progress adjustment was due to the City expensing capitalizable costs in prior year associated with the Mission Boulevard rehabilitation.

The impact of the restatements on the net assets on the governmental activities financial statements as previously reported is presented below:

	General Fund
Net Assets, June 30, 2010, as previously reported	\$ 12,791,444
Adjustments associated with:	
Correction of construction in progress	132,167
Total Adjustments	132,167
Net Assets, July 1, 2010, as restated	\$ 12,923,611

B. Deficit Fund Balance/Net Assets

The following major capital projects fund had a deficit fund balance:

The Mission Boulevard fund had a fund balance deficit of \$6,672, which is expected to be eliminated in the future through intergovernmental revenues.

The following nonmajor governmental funds had deficit fund balances at June 30, 2011:

The South Avenue Bridge fund is a nonmajor capital projects fund and had a fund balance deficit of \$14,668, which is expected to be eliminated in future years through grant revenues.

The French Bar Bridge fund is a nonmajor capital projects fund and had a fund balance deficit of \$15,398 which is expected to be eliminated in future years through grant revenues.

The Marcucci Lane Bridge fund is a nonmajor capital projects fund and had a fund balance deficit of \$80,907, which is expected to be eliminated in future years through grant revenues.

The Route 88 Court fund is a nonmajor capital projects fund and had a fund balance deficit of \$9,295, which is expected to be eliminated in future years through grant revenues.

The following nonmajor enterprise fund had a deficit fund balance at June 30, 2011:

The Utility Deposit is a nonmajor enterprise fund and had a net assets deficit of \$4,132, which is expected to be eliminated in future years through increased user charges.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2011, the City's cash and investments consisted of the following:

Cash:

Cash on hand	\$ 442
Deposits (less outstanding checks) With fiscal agents	27,185 <u>222,529</u>
Total Cash	<u>250,156</u>

Investments:

In City's pool	<u>6,579,865</u>
Total Investments	<u>6,579,865</u>
Total Cash and Investments	<u><u>\$ 6,830,021</u></u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and savings accounts) was \$27,185 and the bank balance was \$206,199. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the City had cash deposits with fiscal agents of \$222,529 and cash on hand of \$442.

Custodial Credit Risk for Deposits - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

C. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the City may invest or deposit in the following:

- Banker's Acceptances
- Commercial paper
- Local Agency Investment Fund
- Mutual funds
- Medium-term corporate notes
- Money market funds
- Negotiable certificates of deposit
- Repurchase agreements
- Securities of the Federal government or its agencies

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Pooled Investments					
Local Agency Investment Fund (LAIF)	Variable	\$ 6,579,865	\$ -	\$ 6,579,865	\$ -
Total Pooled Investments		<u>\$ 6,579,865</u>	<u>\$ -</u>	<u>\$ 6,579,865</u>	<u>\$ -</u>

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less. As of June 30, 2011, the City investments were all pooled with the State of California Local Agency Investment Fund.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2011, the City investments were all pooled with the State of California Local Agency Investment Fund. The rating for LAIF is not available.

Custodial Credit Risk for Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the City contain limitations on the amount that can be invested in any one issuer. As of June 30, 2011, the City investments were all pooled with the State of California Local Agency Investment Fund and the City was in compliance with concentration of credit risk laws.

D. Investment in External Investment Pools

Investment in Local Agency Investment Fund - The City of Jackson is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pools (Continued)

Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the City's position in the pool is the same as the value of the pooled shares. At June 30, 2011 the City's investment position in LAIF was \$6,579,865. The total amount invested by all public agencies in LAIF on that day was \$66,489,270,508. Of that amount, 94.99% is invested in non-derivative financial products and 5.01% in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, was as follows:

Governmental Activities

	Balance July 1, 2010	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2011
Capital Assets, Not Being Depreciated:					
Land	\$ 1,467,052	\$ -	\$ -	\$ -	\$ 1,467,052
Construction in progress	<u>604,795</u>	<u>896,080</u>	<u>-</u>	<u>(1,142,940)</u>	<u>357,935</u>
Total Capital Assets, Not Being Depreciated	<u>2,071,847</u>	<u>896,080</u>	<u>-</u>	<u>(1,142,940)</u>	<u>1,824,987</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	2,902,539	220,351	-	-	3,122,890
Equipment	2,865,185	1,160	(46,692)	-	2,819,653
Infrastructure	<u>11,825,651</u>	<u>5,117</u>	<u>-</u>	<u>1,275,107</u>	<u>13,105,875</u>
Total Capital Assets, Being Depreciated	<u>17,593,375</u>	<u>226,628</u>	<u>(46,692)</u>	<u>1,275,107</u>	<u>19,048,418</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(1,462,023)	(87,621)	-	-	(1,549,644)
Equipment	(1,575,818)	(194,002)	45,017	-	(1,724,803)
Infrastructure	<u>(7,234,269)</u>	<u>(345,765)</u>	<u>-</u>	<u>-</u>	<u>(7,580,034)</u>
Total Accumulated Depreciation	<u>(10,272,110)</u>	<u>(627,388)</u>	<u>45,017</u>	<u>-</u>	<u>(10,854,481)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,321,265</u>	<u>(400,760)</u>	<u>(1,675)</u>	<u>1,275,107</u>	<u>8,193,937</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,393,112</u>	<u>\$ 495,320</u>	<u>(\$ 1,675)</u>	<u>\$ 132,167</u>	<u>\$ 10,018,924</u>

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 4: CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	Balance July 1, 2010	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2011
Capital Assets, Not Being Depreciated:					
Land	\$ 165,263	\$ -	\$ -	\$ -	\$ 165,263
Construction in progress	<u>7,640</u>	<u>-</u>	<u>-</u>	<u>(7,640)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>172,903</u>	<u>-</u>	<u>-</u>	<u>(7,640)</u>	<u>165,263</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	3,688,292	-	-	-	3,688,292
Equipment	1,555,484	13,239	(1,798)	-	1,566,924
Infrastructure	<u>12,313,648</u>	<u>212,554</u>	<u>-</u>	<u>7,640</u>	<u>12,533,841</u>
Total Capital Assets, Being Depreciated	<u>17,557,424</u>	<u>225,793</u>	<u>(1,798)</u>	<u>7,640</u>	<u>17,789,059</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(1,753,965)	(79,565)	-	-	(1,833,530)
Equipment	(1,360,571)	(46,969)	1,798	-	(1,405,742)
Infrastructure	<u>(4,166,413)</u>	<u>(224,405)</u>	<u>-</u>	<u>-</u>	<u>(4,390,818)</u>
Total Accumulated Depreciation	<u>(7,280,949)</u>	<u>(350,939)</u>	<u>1,798</u>	<u>-</u>	<u>(7,630,090)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,276,475</u>	<u>(125,146)</u>	<u>-</u>	<u>7,640</u>	<u>10,158,969</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,449,378</u>	<u>(\$ 125,146)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,324,232</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 33,187
Public protection	162,586
Public ways and facilities	400,662
Recreation and culture	<u>30,953</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 627,388</u>

Depreciation expense was charged to the business-type functions as follows:

Sewer Facilities	\$ 162,187
Treated Water	175,881
Parking	<u>12,871</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 350,939</u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on street projects.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due to and due from balances as of June 30, 2011:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 176,533	\$ -
Mission Boulevard	-	31,878
Nonmajor Governmental Funds	-	144,655
Total	<u>\$ 176,533</u>	<u>\$ 176,533</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operation and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2011:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 536,905	\$ 86,943
HOME Grant	-	4,006
Mission Boulevard	-	91,709
Nonmajor Governmental Funds	41,602	395,849
Total	<u>\$ 578,507</u>	<u>\$ 578,507</u>

NOTE 6: UNEARNED REVENUE

At June 30, 2011, components of unearned revenues reported were as follows:

	<u>Unearned</u>
Home Grant	
Loans receivable (balance may be forgiven)	\$ 3,326,790
First Time Homebuyers 2005	
Loans Receivable (balance may be forgiven)	677,487
First Time Homebuyers 2006	
Loans receivable (balance may be forgiven)	805,451
Non major governmental funds	
Loans receivable (balance may be forgiven)	<u>1,667,689</u>
Total Unearned Revenue	<u>\$ 6,477,417</u>

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2011:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$ 242,889	\$ 145,805	\$ 132,178	\$ 256,516	\$ 98,335
Net OPEB Obligation	<u>78,372</u>	<u>144,577</u>	<u>20,650</u>	<u>202,299</u>	<u>-</u>
Total Governmental Activities	<u>\$ 321,261</u>	<u>\$ 290,382</u>	<u>\$ 152,828</u>	<u>\$ 458,815</u>	<u>\$ 98,335</u>
Business-Type Activities					
Bonds	\$ 2,298,000	\$ -	\$ 302,000	\$ 1,996,000	\$ 322,000
Plus: Bond Premium	25,874	-	(1,848)	24,026	1,848
Less Deferred Amounts:					
Unamortized Discount	(44,500)	-	3,179	(41,321)	(3,179)
Deferred Amount from Refunding	<u>(203,876)</u>	<u>-</u>	<u>14,562</u>	<u>(189,314)</u>	<u>(14,563)</u>
Bonds (Net)	<u>2,075,498</u>	<u>-</u>	<u>286,107</u>	<u>1,789,391</u>	<u>306,106</u>
Customer Advances	873,869	-	42,219	831,650	42,220
Compensated Absences	25,327	34,300	33,875	25,752	12,145
Net OPEB Obligation	<u>28,585</u>	<u>19,860</u>	<u>6,300</u>	<u>42,145</u>	<u>-</u>
Total Business-type Activities	<u>\$ 3,003,279</u>	<u>\$ 54,160</u>	<u>\$ 368,501</u>	<u>\$ 2,688,938</u>	<u>\$ 360,471</u>

Individual issues of debt payable outstanding at June 30, 2011, are as follows:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding At June 30, 2011</u>
Business-Type Activities					
Bonds:					
1979 Sewer Expansion Bonds					
To finance sewer expansion	2019	5.00%	\$7,000-\$17,000	\$ 213,000	\$ 66,000
2010 Water Revenue Refunding Bonds					
To refund the 1998 Water Revenue Refunding Bonds	2023	2.00%-4.00%	\$85,000-\$330,000	<u>2,225,000</u>	<u>1,930,000</u>
Total Bonds				<u>\$ 2,438,000</u>	<u>1,996,000</u>

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2011, are as follows: (Continued)

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding At June 30, 2011</u>
Customer Advances:					
Frontier Communications					
As part of the purchase agreement For Jackson Water Works, Inc. the City agreed to pay an amount equal to the annual refunds Jackson Water Works, Inc. was obligated to pay pursuant to "Main Extension Contracts" executed after June 10, 1992.					
	2032	-	\$13,841-\$42,220	<u>1,767,896</u>	<u>831,650</u>
Total Customer Advances				<u>1,767,896</u>	<u>831,650</u>
Total Business-Type Activities				<u>\$ 4,205,896</u>	<u>\$ 2,827,650</u>

Business-Type Activities

<u>Year Ended June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 322,000	\$ 53,083	\$ 375,083
2013	332,000	46,332	378,332
2014	337,000	38,608	375,608
2015	92,000	33,070	125,070
2016	92,000	30,595	122,595
2017-2021	496,000	107,694	603,694
2022-2026	<u>325,000</u>	<u>19,795</u>	<u>344,795</u>
Total	<u>\$ 1,996,000</u>	<u>\$ 329,177</u>	<u>\$ 2,325,177</u>

<u>Year Ended June 30</u>	<u>Customer Advances</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 42,220	\$ -	\$ 42,220
2013	42,220	-	42,220
2014	42,220	-	42,220
2015	42,220	-	42,220
2016	42,220	-	42,220
2017-2021	211,098	-	211,098
2022-2026	211,098	-	211,098
2027-2031	184,513	-	184,513
2032-2036	<u>13,841</u>	<u>-</u>	<u>13,841</u>
Total	<u>\$ 831,650</u>	<u>\$ -</u>	<u>\$ 831,650</u>

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8: PRIOR ADVANCE REFUNDING

The City of Jackson has defeased both 1992 Certificates of Participation with original issue amounts of \$1,840,000 and \$3,000,000. Proceeds of new debt was placed in an irrevocable trust to provide for all future debt service payments on the old debt. The escrow account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2011, the defeased debt outstanding but not shown in these financial statements was \$1,960,000.

NOTE 9: NET ASSETS

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net assets are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 10: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balance for governmental funds are made up of the following:

- Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted fund balance - includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 10: FUND BALANCES (CONTINUED)

- Assigned fund balance - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is considered that restricted resources are used first, followed by the unrestricted committed, assigned and unassigned resources as they are needed.

The fund balances for all major governmental funds as of June 30, 2011, were distributed as follows:

	General	HOME Grant	First Time Home- Buyers 2005	First Time Home- Buyers 2006	Mission Boulevard	Other Govern- mental Funds	Total
Nonspendable							
Imprest cash	\$ 442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442
Subtotal	442	-	-	-	-	-	442
Restricted For:							
Enabling legislation	201,848	-	-	-	-	-	201,848
General government	-	-	-	-	-	11,250	11,250
Public protection	-	-	-	-	-	12,690	12,690
Public ways & facilities	-	-	-	-	-	1,512,872	1,512,872
Community development	-	13,119	-	-	-	728,945	742,064
Culture and recreation	-	-	-	-	-	659,441	659,441
Subtotal	201,848	13,119	-	-	-	2,925,198	3,140,165
Committed to:							
Corporate yard sinking fund	49,000	-	-	-	-	-	49,000
Computer sinking fund	9,000	-	-	-	-	-	9,000
Subtotal	58,000	-	-	-	-	-	58,000
Assigned							
Public ways and facilities	-	-	-	-	-	15,436	15,436
Subtotal	-	-	-	-	-	15,436	15,436
Unassigned							
	548,083	-	-	-	(6,672)	(120,268)	421,143
Total	\$ 808,373	\$ 13,119	\$ -	\$ -	(\$ 6,672)	\$2,820,366	\$3,635,186

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11: EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 Q Street, Lincoln Plaza East, Sacramento, CA 95811.

B. Funding Policy

Active plan members are required to contribute 7 percent (9 percent for safety employees) of their annual covered salary. The City is required to contribute determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2010/2011 was 18.515 percent for miscellaneous employees, 35.143 percent for police safety employees and 15.744 percent for fire safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

C. Annual Pension Cost

For fiscal year 2010/2011, the City's annual pension cost of \$149,308 for the miscellaneous plan, \$207,527 for the police safety plan and \$7,769 for the fire safety plan was equal to the City's actual contributions. The required contributions for fiscal year 2010/2011 were determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan and 3.25 percent to 14.45 percent for safety plan, depending on age, service, and type of employment, and 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of PERS assets were determined using techniques that smooth the effect of short term volatility in the market value of investments over a fifteen year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percent of pay over a closed-20-year period. The table below presents three year trend information.

Miscellaneous:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 179,195	100%	-
June 30, 2010	149,790	100%	-
June 30, 2011	149,308	100%	-

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

C. Annual Pension Cost (Continued)

Safety - Police:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 305,774	100%	-
June 30, 2010	228,475	100%	-
June 30, 2011	207,527	100%	-

Safety - Fire:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ -	-	-
June 30, 2010	-	-	-
June 30, 2011	7,769	100%	-

D. Funded Status and Funding Progress

Since the City has less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool and does not present individual plan funded status.

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City provides a defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CalPERS Health Benefit Program, which covers both active and retired members. Spouses are also covered throughout his or her life. The City pays \$175 per month to CalPERS toward health insurance premiums.

B. Funding Policy

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time.

The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed the remaining period of 28 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 166,184
Interest on net OPEB obligation	3,209
Adjustment to annual required contribution	(4,956)
Annual OPEB cost (expense)	164,437
Contributions Made	(26,950)
Increase in Net OPEB Obligation	137,487
Net OPEB Obligation Beginning	106,957
Net OPEB Obligation Ending	<u>\$ 244,444</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligations
June 30, 2010	\$ 132,507	\$ 25,550	19.28%	\$ 106,957
June 30, 2011	164,437	26,950	16.39%	244,444

D. Funded Status and Funding Progress

As of June 30, 2011, the actuarial accrued liability (AAL) for benefits was \$1,604,241, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves 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 City are subject to continual revision as actual results are compared with 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 multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

E. Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees - based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Mortality - Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover - The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition, the expected future working lifetimes of employees were determined using Table 2 in paragraph 35 of GASB Statement No. 45.

Healthcare cost trend rate - Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4%.

Health insurance premiums - 2010-2011 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare coordination - Medicare was assumed as the primary payer for current and future retirees at age 65.

Discount rate - The calculation uses an annual discount rate of 4.5%. This is based on the assumed long-term return on plan assets or employer assets.

Actuarial Cost Method - The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2011 was twenty-eight years.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

F. Plan for Funding

On an ongoing basis, the City will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management fund (internal service fund) to account for and finance its uninsured risks of loss for workers' compensation and liability.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that 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.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self insured \$25,000 retention for liability and the self insured \$100,000 retention for workers compensation. The NCCSIF is composed of 21 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Jackson council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

CITY OF JACKSON
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 13: RISK MANAGEMENT (CONTINUED)

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The participants as of June 30, 2011 were as follows:

- Anderson
- Auburn
- Colusa
- Corning
- Dixon
- Folsom
- Galt
- Gridley
- Ione
- Jackson
- Lincoln
- Marysville
- Nevada City
- Oroville
- Paradise
- Placerville
- Red Bluff
- Rio Vista
- Rocklin
- Willows
- Yuba City

The City's equity investment in the NCCSIF of \$282,154 is recorded in the Internal Service fund as prepaid insurance. The net change in equity is shown as an income or expense item in the Internal Service fund.

NOTE 14: OTHER INFORMATION

A. Construction Commitments

The City has signed agreements to construct various capital improvements subsequent to June 30, 2011. The balance owed on the commitments at June 30, 2011, was approximately \$448,521.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable 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.

C. Subsequent Event

Management has evaluated events subsequent to June 30, 2011 through December 21, 2011, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

D. Joint Agencies

The Northern California Cities Self Insurance Fund is a joint powers authority organized to provide for a banking plan whereby the member cities can share in the administrative costs of providing liability and worker's compensation insurance. The NCCSIF is composed of 21 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budget and financing. Complete audited financial statements can be obtained from the Authority's office at 100 Pine Street, 11th Floor, San Francisco, California 94111.

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**Required Supplementary Information
(Unaudited)**

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CITY OF JACKSON
Required Supplementary Information
For the Year Ended June 30, 2011

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Schedule of Funding Progress - Other Postemployment Benefits provides a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a one year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2011, for the City other Postemployment Benefit plan. As additional years are available, a three-year trend analysis will be presented.

Miscellaneous Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a % of Covered Payroll
July 1, 2009	\$ -	\$ 1,556,377	\$ 1,556,377	0.0%	\$ 1,851,938	84.04%
July 1, 2011	-	1,604,241	1,604,241	0.0%	1,618,992	99.09%

CITY OF JACKSON
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 1,802,708	\$ 1,802,708	\$ 1,863,898	\$ 61,190
Licenses and permits	80,900	80,900	110,843	29,943
Fines and forfeitures	16,500	16,500	7,792	(8,708)
Use of money and property	16,500	16,500	6,925	(9,575)
Intergovernmental	698,546	656,546	646,877	(9,669)
Charges for services	85,270	85,270	477,233	391,963
Other revenues	38,290	38,290	47,729	9,439
Total Revenues	<u>2,738,714</u>	<u>2,696,714</u>	<u>3,161,297</u>	<u>464,583</u>
EXPENDITURES				
Current:				
General government	761,367	761,367	749,834	11,533
Public protection	1,720,590	1,720,590	1,741,461	(20,871)
Public ways and facilities	472,119	474,869	511,029	(36,160)
Culture and recreation	223,064	223,064	249,084	(26,020)
Capital outlay	212,546	212,546	229,945	(17,399)
Total Expenditures	<u>3,389,686</u>	<u>3,392,436</u>	<u>3,481,353</u>	<u>(88,917)</u>
Excess of Revenues Over (Under) Expenditures	<u>(650,972)</u>	<u>(695,722)</u>	<u>(320,056)</u>	<u>375,666</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	806,881	806,881	536,905	(269,976)
Transfers out	-	-	(86,943)	(86,943)
Total Other Financing Sources (Uses)	<u>806,881</u>	<u>806,881</u>	<u>449,962</u>	<u>(356,919)</u>
Net Change in Fund Balance	155,909	111,159	129,906	18,747
Fund Balance - Beginning	678,467	678,467	678,467	-
Fund Balance - Ending	<u>\$ 834,376</u>	<u>\$ 789,626</u>	<u>\$ 808,373</u>	<u>\$ 18,747</u>

CITY OF JACKSON
Notes to Required Supplementary Information
For the Year Ended June 30, 2011

BUDGETARY BASIS OF ACCOUNTING

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
2. The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for the general fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The City did not legally adopt a budget for the HOME Grant, the First time Homebuyers 2005, and the First time Homebuyers 2006 major special revenue funds.

The City does not use an encumbrance system as an extension of normal budgetary accounting for the general and other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations.

BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2011, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over <u>Appropriations</u>
General Fund	\$ 3,392,436	\$ 3,481,353	\$ 88,917

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Combining Nonmajor Fund Statements

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Nonmajor Governmental Funds

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CITY OF JACKSON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and investments	\$ 2,816,971	\$ 3,036	\$ 2,820,007
Interest receivable	3,212	3	3,215
Taxes receivable	70,781	-	70,781
Due from other governments	46,631	64,909	111,540
Loans receivable	1,667,689	-	1,667,689
	Total Assets	\$ 67,948	\$ 4,673,232
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ -	\$ 40,522	\$ 40,522
Due to other funds	-	144,655	144,655
Unearned revenue	1,667,689	-	1,667,689
	Total Liabilities	185,177	1,852,866
FUND BALANCES:			
Restricted	2,925,198	-	2,925,198
Assigned	12,397	3,039	15,436
Unassigned	-	(120,268)	(120,268)
	Total Fund Balances	(117,229)	2,820,366
	Total Liabilities and Fund Balances	\$ 67,948	\$ 4,673,232

CITY OF JACKSON
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue	Capital Projects	Totals
REVENUES			
Taxes and assessments	\$ 421,470	\$ -	\$ 421,470
Use of money and property	12,912	14	12,926
Intergovernmental	308,433	165,486	473,919
Charges for services	44,247	-	44,247
Other revenues	521	351	872
Total Revenues	787,583	165,851	953,434
EXPENDITURES			
Current:			
General government	2,962	-	2,962
Public ways and facilities	8,875	4,256	13,131
Community development	126,671	-	126,671
Capital outlay	-	264,631	264,631
Total Expenditures	138,508	268,887	407,395
Excess of Revenues Over (Under) Expenditures	649,075	(103,036)	546,039
OTHER FINANCING SOURCES (USES)			
Transfers in	-	41,602	41,602
Transfers out	(395,849)	-	(395,849)
Total Other Financing Sources (Uses)	(395,849)	41,602	(354,247)
Net change in fund balances	253,226	(61,434)	191,792
Fund Balances - Beginning	2,684,369	(55,795)	2,628,574
Fund Balances - Ending	\$ 2,937,595	\$ (117,229)	\$ 2,820,366

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF JACKSON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	<u>Argonaut Heights</u>	<u>CDBG Revolving</u>	<u>CDBG Discretionary</u>	<u>1995 CDBG Grant</u>
ASSETS				
Cash and investments	\$ 4,938	\$ 3,070	\$ -	\$ -
Interest receivable	5	3	7	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	-	500,804	-	61,006
Total Assets	<u>\$ 4,943</u>	<u>\$ 503,877</u>	<u>\$ 7</u>	<u>\$ 61,006</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Unearned revenue	-	500,804	-	61,006
Total Liabilities	<u>-</u>	<u>500,804</u>	<u>-</u>	<u>61,006</u>
FUND BALANCES:				
Restricted	4,943	3,073	7	-
Assigned	-	-	-	-
Total Fund Balances	<u>4,943</u>	<u>3,073</u>	<u>7</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,943</u>	<u>\$ 503,877</u>	<u>\$ 7</u>	<u>\$ 61,006</u>

1999 CDBG Grant	First Time Homebuyers	First Time Homebuyers 08-HOME-4729	Essential Services	Measure M	Recycling Promo	Gas Tax Streets
\$ -	\$ -	\$ -	\$ 484,784	\$ 640,242	\$ 6,243	\$ -
-	-	-	536	710	7	-
-	-	-	-	55,972	-	14,809
-	-	-	-	28,941	5,000	-
61,039	480,716	564,124	-	-	-	-
<u>\$ 61,039</u>	<u>\$ 480,716</u>	<u>\$ 564,124</u>	<u>\$ 485,320</u>	<u>\$ 725,865</u>	<u>\$ 11,250</u>	<u>\$ 14,809</u>
61,039	480,716	564,124	-	-	-	-
61,039	480,716	564,124	-	-	-	-
-	-	-	485,320	725,865	11,250	14,809
-	-	-	-	-	-	-
-	-	-	485,320	725,865	11,250	14,809
<u>\$ 61,039</u>	<u>\$ 480,716</u>	<u>\$ 564,124</u>	<u>\$ 485,320</u>	<u>\$ 725,865</u>	<u>\$ 11,250</u>	<u>\$ 14,809</u>

CITY OF JACKSON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	<u>HES Signs</u>	<u>Parkland In Lieu</u>	<u>SLESF</u>	<u>Federal Cops Grant</u>
ASSETS				
Cash and investments	\$ 12,383	\$ 658,566	\$ -	\$ -
Interest receivable	14	771	-	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	12,690	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 12,397</u>	<u>\$ 659,337</u>	<u>\$ 12,690</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Restricted	-	659,337	12,690	-
Assigned	12,397	-	-	-
Total Fund Balances	<u>12,397</u>	<u>659,337</u>	<u>12,690</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 12,397</u>	<u>\$ 659,337</u>	<u>\$ 12,690</u>	<u>\$ -</u>

Streets and Bridges	Regional Traffic	Argonaut Lane Improvement	Asset Seizure	Tennis Program	New York Ranch Road Forfeiture	Total
\$ 968,799	\$ 8	\$ 35,454	\$ -	\$ 104	\$ 2,380	\$ 2,816,971
1,117	-	39	-	-	3	3,212
-	-	-	-	-	-	70,781
-	-	-	-	-	-	46,631
-	-	-	-	-	-	1,667,689
<u>\$ 969,916</u>	<u>\$ 8</u>	<u>\$ 35,493</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 2,383</u>	<u>\$ 4,605,284</u>
-	-	-	-	-	-	1,667,689
-	-	-	-	-	-	1,667,689
969,916	8	35,493	-	104	2,383	2,925,198
-	-	-	-	-	-	12,397
<u>969,916</u>	<u>8</u>	<u>35,493</u>	<u>-</u>	<u>104</u>	<u>2,383</u>	<u>2,937,595</u>
<u>\$ 969,916</u>	<u>\$ 8</u>	<u>\$ 35,493</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 2,383</u>	<u>\$ 4,605,284</u>

CITY OF JACKSON
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	<u>Argonaut Heights</u>	<u>CDBG Revolving</u>	<u>CDBG Discretionary</u>	<u>1995 CDBG Grant</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	22	13	17	-
Intergovernmental	-	-	-	-
Charges for services	-	-	5,729	-
Other revenues	-	-	521	-
Total Revenues	<u>22</u>	<u>13</u>	<u>6,267</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>22</u>	<u>13</u>	<u>6,267</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(6,267)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,267)</u>	<u>-</u>
Net Change in Fund Balances	22	13	-	-
Fund Balances - Beginning	<u>4,921</u>	<u>3,060</u>	<u>7</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,943</u>	<u>\$ 3,073</u>	<u>\$ 7</u>	<u>\$ -</u>

1999 CDBG Grant	First Time Homebuyers	First Time Homebuyers 08-HOME-4729	Essential Services	Measure M	Recycling Promo	Gas Tax Streets
\$ -	\$ -	\$ -	\$ -	\$ 421,470	\$ -	\$ -
-	-	-	2,220	2,539	34	-
-	-	7,007	-	-	5,000	125,035
-	-	-	15,840	-	-	-
-	-	-	-	-	-	-
-	-	7,007	18,060	424,009	5,034	125,035
-	-	-	-	-	1,418	-
-	-	-	-	-	-	-
-	-	2,335	-	124,336	-	-
-	-	2,335	-	124,336	1,418	-
-	-	4,672	18,060	299,673	3,616	125,035
-	-	(5,749)	-	-	-	(110,226)
-	-	(5,749)	-	-	-	(110,226)
-	-	(1,077)	18,060	299,673	3,616	14,809
-	-	1,077	467,260	426,192	7,634	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,320</u>	<u>\$ 725,865</u>	<u>\$ 11,250</u>	<u>\$ 14,809</u>

CITY OF JACKSON
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	HES Signs	Parkland In Lieu	SLESF	Federal Cops Grant
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	57	3,201	1	-
Intergovernmental	-	-	100,000	71,391
Charges for services	-	1,980	-	-
Other revenues	-	-	-	-
Total Revenues	57	5,181	100,001	71,391
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	57	5,181	100,001	71,391
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(38,854)	(97,958)	(95,193)
Total Other Financing Sources (Uses)	-	(38,854)	(97,958)	(95,193)
Net Change in Fund Balances	57	(33,673)	2,043	(23,802)
Fund Balances - Beginning	12,340	693,010	10,647	23,802
Fund Balances - Ending	\$ 12,397	\$ 659,337	\$ 12,690	\$ -

Streets and Bridges	Regional Traffic	Argonaut Lane Improvement	Asset Seizure	Tennis Program	New York Ranch Road Forfeiture	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,470
4,624	8	164	-	-	12	12,912
-	-	-	-	-	-	308,433
11,823	8,875	-	-	-	-	44,247
-	-	-	-	-	-	521
<u>16,447</u>	<u>8,883</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>787,583</u>
-	-	832	712	-	-	2,962
-	8,875	-	-	-	-	8,875
-	-	-	-	-	-	126,671
-	8,875	832	712	-	-	138,508
<u>16,447</u>	<u>8</u>	<u>(668)</u>	<u>(712)</u>	<u>-</u>	<u>12</u>	<u>649,075</u>
<u>(41,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(395,849)</u>
<u>(41,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(395,849)</u>
<u>(25,155)</u>	<u>8</u>	<u>(668)</u>	<u>(712)</u>	<u>-</u>	<u>12</u>	<u>253,226</u>
<u>995,071</u>	<u>-</u>	<u>36,161</u>	<u>712</u>	<u>104</u>	<u>2,371</u>	<u>2,684,369</u>
<u>\$ 969,916</u>	<u>\$ 8</u>	<u>\$ 35,493</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 2,383</u>	<u>\$ 2,937,595</u>

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Nonmajor Governmental Funds

- **Capital Projects Funds**

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CITY OF JACKSON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011

	<u>South Ave Bridge</u>	<u>French Bar Bridge</u>	<u>Marcucci Lane Bridge</u>	<u>Route 88 Court</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Interest receivable	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 12,711	\$ 12,974	\$ 10,390	\$ 4,447
Due to other funds	1,957	2,424	70,517	4,848
Total Liabilities	<u>14,668</u>	<u>15,398</u>	<u>80,907</u>	<u>9,295</u>
FUND BALANCES:				
Assigned	-	-	-	-
Unassigned	(14,668)	(15,398)	(80,907)	(9,295)
Total Fund Balances	<u>(14,668)</u>	<u>(15,398)</u>	<u>(80,907)</u>	<u>(9,295)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Sutter Street	Street Stripe	Totals
\$ -	\$ 3,036	\$ 3,036
-	3	3
64,909	-	64,909
<u>\$ 64,909</u>	<u>\$ 3,039</u>	<u>\$ 67,948</u>

\$ -	\$ -	\$ 40,522
64,909	-	144,655

64,909	-	185,177
--------	---	---------

-	3,039	3,039
-	-	(120,268)

-	3,039	(117,229)
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<u>\$ 64,909</u>	<u>\$ 3,039</u>	<u>\$ 67,948</u>
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CITY OF JACKSON
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2011

	<u>South Ave Bridge</u>	<u>French Bar Bridge</u>	<u>Marcucci Lane Bridge</u>	<u>Route 88 Court</u>
REVENUES				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	50,070	50,506
Other revenues	-	-	351	-
Total Revenues	<u>-</u>	<u>-</u>	<u>50,421</u>	<u>50,506</u>
EXPENDITURES				
Public ways and facilities	-	-	3,990	183
Capital outlay	14,668	15,398	124,338	52,883
Total Expenditures	<u>14,668</u>	<u>15,398</u>	<u>128,328</u>	<u>53,066</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,668)</u>	<u>(15,398)</u>	<u>(77,907)</u>	<u>(2,560)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	32,082	9,520
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>32,082</u>	<u>9,520</u>
Net Change in Fund Balances	<u>(14,668)</u>	<u>(15,398)</u>	<u>(45,825)</u>	<u>6,960</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(35,082)</u>	<u>(16,255)</u>
Fund Balances - Ending	<u>\$ (14,668)</u>	<u>\$ (15,398)</u>	<u>\$ (80,907)</u>	<u>\$ (9,295)</u>

Sutter Street	Street Stripe	Totals
\$ -	\$ 14	\$ 14
64,910	-	165,486
-	-	351
<u>64,910</u>	<u>14</u>	<u>165,851</u>
83	-	4,256
57,344	-	264,631
<u>57,427</u>	<u>-</u>	<u>268,887</u>
<u>7,483</u>	<u>14</u>	<u>(103,036)</u>
-	-	41,602
-	-	41,602
7,483	14	(61,434)
<u>(7,483)</u>	<u>3,025</u>	<u>(55,795)</u>
<u>\$ -</u>	<u>\$ 3,039</u>	<u>\$ (117,229)</u>

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Nonmajor Proprietary Funds

- **Enterprise Funds**

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CITY OF JACKSON
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011

	<u>Parking</u>	<u>Utility Deposits</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 3,042	\$ 26,703	\$ 29,745
Interest receivable	6	30	36
Total Current Assets	<u>3,048</u>	<u>26,733</u>	<u>29,781</u>
Noncurrent Assets			
Capital assets:			
Non-depreciable	139,160	-	139,160
Depreciable, net	399,382	-	399,382
Total Noncurrent Assets	<u>538,542</u>	<u>-</u>	<u>538,542</u>
Total Assets	<u>541,590</u>	<u>26,733</u>	<u>568,323</u>
LIABILITIES			
Current Liabilities			
Accounts payable	217	-	217
Deposits payable	-	30,865	30,865
Total Current Liabilities	<u>217</u>	<u>30,865</u>	<u>31,082</u>
Total Liabilities	<u>217</u>	<u>30,865</u>	<u>31,082</u>
NET ASSETS			
Invested in capital assets	538,542	-	538,542
Unrestricted	2,831	(4,132)	(1,301)
Total Net Assets	<u>\$ 541,373</u>	<u>\$ (4,132)</u>	<u>\$ 537,241</u>

CITY OF JACKSON
Combining Statement of Revenues, Expenses,
And Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	<u>Parking</u>	<u>Utility Deposits</u>	<u>Totals</u>
OPERATING REVENUES			
Licenses and permits	\$ 8,262	\$ -	\$ 8,262
Fines and Forfeitures	8,589	-	8,589
Charges for services	14,956	-	14,956
Total Operating Revenues	<u>31,807</u>	<u>-</u>	<u>31,807</u>
OPERATING EXPENSES			
Salaries and benefits	23,019	-	23,019
Contract services	1,322	-	1,322
Utilities	5,938	-	5,938
Insurance	386	-	386
Maintenance	647	-	647
Supplies	786	-	786
Write-offs	-	3,741	3,741
Other	29,502	-	29,502
Depreciation	12,871	-	12,871
Total Operating Expenses	<u>74,471</u>	<u>3,741</u>	<u>78,212</u>
Operating Income (Loss)	<u>(42,664)</u>	<u>(3,741)</u>	<u>(46,405)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	65	129	194
Total Non-Operating Revenues (Expenses)	<u>65</u>	<u>129</u>	<u>194</u>
Change in Net Assets	<u>(42,599)</u>	<u>(3,612)</u>	<u>(46,211)</u>
Total Net Assets - Beginning	<u>583,972</u>	<u>(520)</u>	<u>583,452</u>
Total Net Assets - Ending	<u>\$ 541,373</u>	<u>\$ (4,132)</u>	<u>\$ 537,241</u>

CITY OF JACKSON
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	Parking	Utility Deposits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 31,807	\$ 2,076	\$ 33,883
Payments to suppliers	(38,761)	(4,486)	(43,247)
Payments to employees	(23,019)	-	(23,019)
Net Cash Provided (Used) by Operating Activities	<u>(29,973)</u>	<u>(2,410)</u>	<u>(32,383)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	103	136	239
Net Cash Provided (Used) by Investing Activities	<u>103</u>	<u>136</u>	<u>239</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(29,870)	(2,274)	(32,144)
Balances - Beginning of the Year	<u>32,912</u>	<u>28,977</u>	<u>61,889</u>
Balances - End of the Year	<u>\$ 3,042</u>	<u>\$ 26,703</u>	<u>\$ 29,745</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (42,664)	\$ (3,741)	\$ (46,405)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	12,871	-	12,871
Increase (decrease) in:			
Accounts payable	(180)	(745)	(925)
Deposits payable	-	2,076	2,076
Net Cash Provided (Used) by Operating Activities	<u>\$ (29,973)</u>	<u>\$ (2,410)</u>	<u>\$ (32,383)</u>

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Internal Service Fund

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CITY OF JACKSON
Statement of Net Assets
Internal Service Fund
Self Insurance Fund
June 30, 2011

	Totals
ASSETS	
Current Assets	
Cash and investments	\$ 98,926
Interest receivable	102
Total Current Assets	99,028
Noncurrent Assets	
Prepaid insurance	282,154
Total Long Term Assets	282,154
Total Assets	381,182
LIABILITIES	
Current Liabilities	-
Total Liabilities	-
NET ASSETS	
Unrestricted	381,182
Total Net Assets	\$ 381,182

CITY OF JACKSON
Statement of Revenues, Expenses,
And Changes in Net Assets
Internal Service Fund
Self Insurance Fund
For the Year Ended June 30, 2011

	Totals
OPERATING REVENUES	
Charges for services	\$ 142,940
Total Operating Revenues	142,940
OPERATING EXPENSES	
Insurance and claims	106,092
Total Operating Expenses	106,092
Operating Income (Loss)	36,848
NON OPERATING REVENUES (EXPENSES)	
Interest income	333
Total Non-Operating Revenues (Expenses)	333
Change in Net Assets	37,181
Total Net Assets - Beginning	344,001
Total Net Assets - Ending	\$ 381,182

CITY OF JACKSON
Statement of Cash Flows
Internal Service Fund
Self Insurance Fund
For the Year Ended June 30, 2011

	Totals
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 142,940
Payments to suppliers	(157,889)
	(14,949)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	369
	369
Net Cash Provided (Used) by Operating Activities	(14,949)
Net Cash Provided (Used) by Investing Activities	369
Net Increase (Decrease) in Cash and Cash Equivalents	(14,580)
Cash and Cash Equivalents at Beginning of Year	113,506
Cash and Cash Equivalents at End of Year	\$ 98,926
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 36,848
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease (increase) in:	
Prepaid insurance	(51,797)
	(14,949)
Net Cash Provided (Used) by Operating Activities	\$ (14,949)

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Fiduciary Funds

- **Agency Funds**

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CITY OF JACKSON
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2011

	Kennedy Wheels	Amador County Fees	Business Improvement District	Friends of the Cemetery	Totals
ASSETS					
Cash and investments	\$ 229	\$ 903	\$ 7,774	\$ 186	\$ 9,092
Interest receivable	-	-	9	-	9
Total Assets	<u>\$ 229</u>	<u>\$ 903</u>	<u>\$ 7,783</u>	<u>\$ 186</u>	<u>\$ 9,101</u>
LIABILITIES					
Agency obligations	\$ 229	\$ 903	\$ 7,783	\$ 186	9,101
Total Liabilities	<u>\$ 229</u>	<u>\$ 903</u>	<u>\$ 7,783</u>	<u>\$ 186</u>	<u>\$ 9,101</u>

CITY OF JACKSON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
KENNEDY WHEELS				
ASSETS				
Cash and investments	\$ 228	\$ 1	\$ -	\$ 229
Total Assets	<u>\$ 228</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 229</u>
LIABILITIES				
Agency obligations	\$ 228	\$ 1	\$ -	\$ 229
Total Liabilities	<u>\$ 228</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 229</u>
AMADOR COUNTY FEES				
ASSETS				
Cash and investments	\$ 903	\$ -	\$ -	\$ 903
Total Assets	<u>\$ 903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903</u>
LIABILITIES				
Agency obligations	\$ 903	\$ -	\$ -	\$ 903
Total Liabilities	<u>\$ 903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903</u>
BUSINESS IMPROVEMENT DISTRICT				
ASSETS				
Cash and investments	\$ 8,222	\$ -	\$ (448)	\$ 7,774
Interest receivable	11	-	(2)	9
Total Assets	<u>\$ 8,233</u>	<u>\$ -</u>	<u>\$ (450)</u>	<u>\$ 7,783</u>
LIABILITIES				
Accounts payable	\$ 485	\$ -	\$ (485)	\$ -
Agency obligations	7,748	-	35	7,783
Total Liabilities	<u>\$ 8,233</u>	<u>\$ -</u>	<u>\$ (450)</u>	<u>\$ 7,783</u>

CITY OF JACKSON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
FRIENDS OF THE CEMETERY				
ASSETS				
Cash and investments	\$ 185	\$ 1	\$ -	\$ 186
Interest receivable	-	-	-	-
Total Assets	<u>\$ 185</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 186</u>
LIABILITIES				
Agency obligations	\$ 185	\$ 1	\$ -	\$ 186
Total Liabilities	<u>\$ 185</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 186</u>
TOTAL AGENCY				
ASSETS				
Cash and investments	\$ 9,538	\$ 2	\$ (448)	\$ 9,092
Interest receivable	11	-	(2)	9
Total Assets	<u>\$ 9,549</u>	<u>\$ 2</u>	<u>\$ (450)</u>	<u>\$ 9,101</u>
LIABILITIES				
Accounts payable	\$ 485	\$ -	\$ (485)	\$ -
Agency obligations	9,064	2	35	9,101
Total Liabilities	<u>\$ 9,549</u>	<u>\$ 2</u>	<u>\$ (450)</u>	<u>\$ 9,101</u>

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