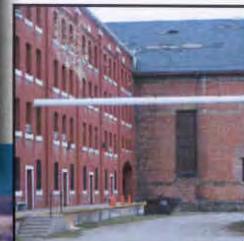


# CITY OF JACKSON

# 2007



Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007

# **CITY OF JACKSON, MICHIGAN**

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## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended June 30, 2007**

**Including  
Single Audit Act Compliance**

**Prepared by :**

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

**City of Jackson, Michigan  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007**

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# **INTRODUCTORY SECTION**



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

December 11, 2007

**To the Honorable Mayor, Members of the City Council  
and Citizens of the City of Jackson:**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Jackson for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Jackson. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Jackson was founded in 1829, incorporated as a city in 1857 and became a Home Rule City in 1914. It is located in south-central Michigan. The City currently has a land area of approximately 11 square miles and a population of 36,218 based on the 2000 census. The City is an industrial and commercial oriented community serving as a principal business, marketing, and cultural center for the surrounding suburban and agricultural territory. The government is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the Council-Manager form of government. The Mayor is elected on a non-partisan, at-large basis. The six council members are elected on a non-partisan, city ward basis. A ballot proposal passed by the voters on November 6, 2001 staggered and extended the terms of council members elected by ward to four years. The Mayor continues to serve two-year terms. The City Treasurer is also elected on a non-partisan at-large basis. This position serves a four-year term. The City Manager, City Clerk, City Assessor and City Attorney are appointed by the Council for indefinite terms and serve at the pleasure of the Council.

Policymaking and legislative authorities are vested in the City Council. The Council is responsible, among other things, for passing ordinances and resolutions; making public policy decisions; confirming the appointments of department heads; adopting annual budgets; appointing boards, commissions, and committees; approving contracts; authorizing real estate transactions; approving payments; awarding bids; selling personal property; and hiring the government's manager, clerk, assessor and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for supervising the day-to-day operations of the government, and for appointing the heads of the government's departments.

The City of Jackson provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jackson operates.

**Local economy.** The Jackson area currently enjoys a somewhat limited but gradually diversifying economy that has demonstrated growth in the last decade. Because of its central location, Jackson provides access to employment opportunities in Lansing, Battle Creek and Ann Arbor.

The local economy in county-wide Jackson continued to have successes throughout 2006 and into 2007. Overall successes show that the area created 339 new jobs, retained 984 jobs and made \$32 million in new investment. Within the City EPA Brownfield funds have been used to leverage nearly \$14 million in investment while creating 37 new jobs and retaining 19.

Major industries with headquarters or divisions located within the City include a statewide gas and electric utility, aerospace, automobile and industrial component manufacturers, retail sales and several financial institutions.

**Long-term financial planning.** The City's ad valorem taxable value has grown 9% annually, on average, since fiscal year 2000 to over \$765 million, while market value has had similar gains, increasing 11% on average, in the same time frame, to \$1.86 billion. Both assessed value and market value can be expected to show more moderate gains in the future as new development continues at a somewhat slower pace and tax abatements expire and roll-on to the tax base.

In order to bolster economic growth in the city, Jackson began a process in 2000 of designating incentive zones to draw businesses inside its borders. The city formed several renaissance zones, thereby providing a tax incentive to help create new business sites and jobs. Currently, the City of Jackson has the largest Renaissance Zone development in the State of Michigan with the construction of Kinder Morgan Energy completed in July 2002 with their \$250 million state-of-the-art energy facility. Businesses that chose to reside within the incentive zones would initially be exempt from paying certain property taxes. However, the city's tax base has had significant gains in recent history, due to ancillary development around the zones and the gradual expiration of property tax abatements.

Continued residential development also looks favorable for the future. The Community Development Department is promoting residential development through their Rental Rehabilitation Program. In addition, tax incentive programs such as the Neighborhood Enterprise Zone and Obsolete Property Rehabilitation District have also encouraged nearly \$8 million in residential development and further development using these incentive programs are in process. Phase 1 of the Armory Arts Project is nearly completed and will be ready for occupancy in late 2007 or early 2008. Phase I of this project includes a \$12.3 million conversion of three red-brick buildings that served as the original State Prison into 62 apartments for artists and other creative people. Phase 2 of the Armory Arts Project includes 85 to 90 apartment units that will be built on the site of the original prison. It is anticipated that construction on these apartments will begin in the Spring of 2008.

Jackson has been very aggressive in the utilization of the Michigan Brownfield Act to encourage redevelopment of contaminated properties. Full Spectrum Solutions, a lighting company, recently broke ground for a new 70,000 square foot research, development and manufacturing facility on a Brownfield site. Full Spectrum will employ approximately 70 persons when the project is completed in the Fall of 2008. Heat Controller, a wholesale heating and ventilating supplier, recently completed a 45,000 square foot addition on a Brownfield site that included the removal of an abandoned building and the addition of 10 to 15 employees. Foote Hospital is proceeding with the construction of a new surgical suite that will include a cardiac care and open heart surgery unit that will employ an additional 95 to 100 persons. This unit will open early in 2008. Foote Hospital is also planning to build a new diagnostic center that will be privately owned, and therefore taxable, and will employ between 75 and 80 additional persons. The City is currently actively marketing both the former Consumers Energy Headquarters and the former Hayes Hotel. The Hayes Building was transferred to the City as part of the new Consumers Energy Headquarters project. We anticipate redevelopment of one or both of these buildings beginning in the Spring of 2008 by private developers. A major shopping center is proposed for construction beginning in the Spring of 2008 in Blackman Township adjacent to the City by Ramco Gershenson, Inc. of Farmington Hills, Michigan. This project, while not in the City, will be served by City water and sanitary sewer and will create several hundred retail and service jobs.

These favorable trends are counterbalanced, in large measure, however, by other factors. The increase in the assessed value of taxable property in the City has been constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5 percent or the rate of inflation, whichever is less). Taken together, these fiscal factors create a trend toward ever tightening budgets under which the City must operate.

Another continuing financial challenge for the City is the escalating costs of insurance - both for employees/retirees as well as property and liability. Greater revenue growth or cost containment measures will be necessary to mitigate future stress on City finances. In addition, while the State's economy has somewhat stabilized in recent months, the continued stagnant growth in the distribution of State shared revenues continues to produce a substantial amount of fiscal anxiety. Together, these two issues continue to impose increasing burdens on the City's fiscal structure and pose a possible peril to the long-term stability of City finances.

**Cash management policies and practices.** The City is conservative in its approach to cash management. Generally, cash is deposited upon receipt in interest bearing accounts. Cash from various funds may then be transferred into a governmental pool in accordance with State statutes to maximize investment earnings. Investment income is allocated to the various funds based upon their respective participation. Cash that is temporarily in excess of meeting the daily cash flow demands of the City is invested in certificates of deposit with maturities ranging from 30 to 90 days, unless matched to a specific cash flow requirement, where the maturity may be longer. This is in conformity with the City's investment policy to provide the highest return with the maximum security. The City's permanent fund's cash are generally invested in U.S. government-backed securities while Pension Trust Fund assets are invested in corporate stocks and bonds, mutual funds, United States government-backed securities, cash and cash equivalents in conformance with state statute. These investments are consistent with the City's policy to minimize credit and market risk while maintaining a competitive yield on its portfolio.

**Risk management** Under a comprehensive plan of risk management, the City maintains property and liability insurance coverage through commercial carriers and the Michigan Municipal League insurance pools. The City currently has a self-insurance program for its workers compensation.

**Pension and other postemployment benefits.** The City administers three defined benefit pension plans – Employees' Retirement System, Policemen's and Firemen's Pension and Policemen's and Firemen's Pension-Act 345 – for its full-time employees. Each year, an independent actuary is engaged by each of the three employee retirement systems and calculates the amount of the annual contribution that the City must make to each pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to each of the pension plans as determined by the actuary. The City had succeeded as of June 30, 2006, the date of the latest actuary reports, in funding 91.0 percent, 55.4 percent and 55.8 percent, respectively, of the present value of the projected benefits earned by employees in each of the plans. The surplus/unfunded amounts are being systematically amortized over varying time periods ranging from 4 to 30 years as part of the annual required contributions calculated for each plan by the actuary.

The City also provides postemployment health care benefits for retirees and their dependents. As of the end of the current fiscal year, there were 111 retired employees who have not reached age 65 receiving these benefits, which are funded as incurred. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on the City's retirement system and postemployment benefits can be found in Note 4-E in the notes to the financial statements.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City of Jackson. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William R. Ross". The signature is written in a cursive style with a large initial "W".

William R. Ross, City Manager

A handwritten signature in black ink, appearing to read "Philip J. Hones". The signature is written in a cursive style with a large initial "P".

Philip J. Hones, City Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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

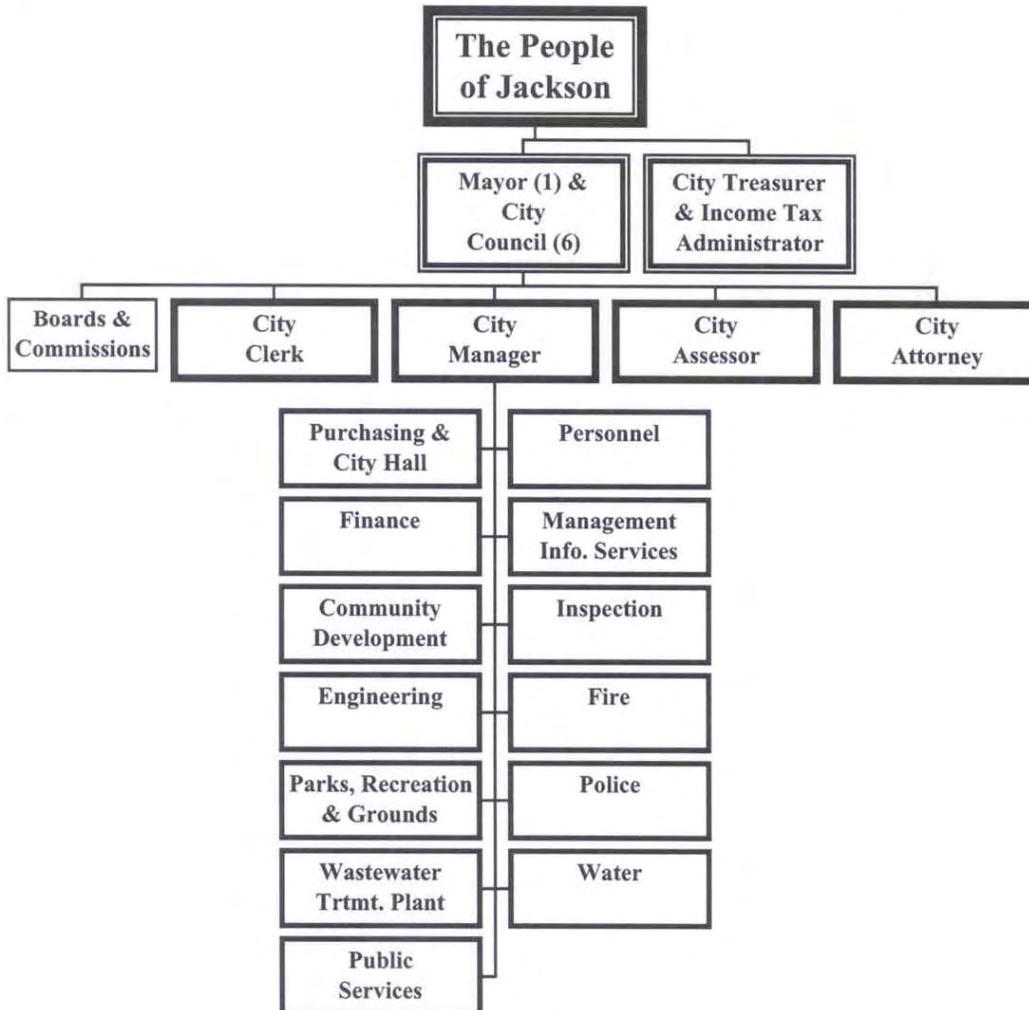


President

Executive Director



# City of Jackson, Michigan Organizational Chart



# City of Jackson, Michigan

## List of Principal Officials



### CITY COUNCIL

**Jerry F. Ludwig, Mayor**

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

### CITY OFFICIALS

**William R. Ross, City Manager**

|                             |  |
|-----------------------------|--|
| Catherine M. Brechtelsbauer | Director of Personnel                              |
| Larry Bosell                | Fire Chief   |
| Glenn Chinavare             | Director of Public Services                        |
| Jon Dowling                 | City Engineer                                      |
| Lynn Fessel                 | City Clerk   |
| Julius Giglio               | City Attorney                                      |
| Philip J. Hones             | Finance Director                                   |
| Carol Konieczki             | Community Development Director                     |
| C. Jan Markowski            | City Assessor                                      |
| James Parrott               | Director of Parks, Recreation & Grounds            |
| Matthew Heins               | Police Chief                                       |
| Paul Vermaaten              | Director of Sewage Treatment Services & Facilities |
| Andrew J. Wrozek, Jr.       | City Treasurer/Income Tax Administrator            |

# **FINANCIAL SECTION**



## **INDEPENDENT AUDITORS' REPORT**

December 11, 2007

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Jackson, Michigan*, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Jackson's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Michigan, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-14 and the GASB Statement 25 supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Jackson. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Lehmann Johnson".

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

## Management's Discussion and Analysis

As management of the *City of Jackson, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$107,506,693 (*net assets*). Of this amount, \$23,575,231 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,093,514.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,042,672, a decrease of \$2,234,441 in comparison with the prior year. Approximately 63% of this total amount, or \$5,741,362, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,656,966, or 10.9 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$1,315,000 during the current fiscal year; no new debt was issued and \$1,315,000 of existing debt was retired.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include legislative, general government, public safety, public works, culture and recreation, and community enrichment and development. The business-type activities of the City include the golf practice center, parking system and water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities – the Downtown Development Authority and the Brownfield Redevelopment Authority – for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The City of Jackson Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Community Development Block Grant, Major Street and Special Assessment Capital Projects funds, each of which are considered to be major funds. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewage, water and parking deck operations, each of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-59 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes a schedule concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 60-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 63-107 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$107,506,693 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (72 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City's of Jackson's Net Assets

|  | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total                |                      |
|--|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|  | 2007                       | 2006                | 2007                        | 2006                | 2007                 | 2006                 |
| Current and other assets                           | \$18,721,707               | \$19,526,708        | \$18,930,896                | \$17,778,162        | \$ 37,652,603        | \$ 37,304,870        |
| Capital assets                                     | 72,885,451                 | 70,680,118          | 57,479,620                  | 57,230,973          | 130,365,071          | 127,911,091          |
| Total assets                                       | 91,607,158                 | 90,206,826          | 76,410,516                  | 75,009,135          | 168,017,674          | 165,215,961          |
| Long term liabilities<br>outstanding               | 51,108,489                 | 52,398,954          | 3,865,687                   | 4,319,504           | 54,974,176           | 56,718,458           |
| Other liabilities                                  | 4,665,768                  | 3,371,264           | 871,037                     | 713,060             | 5,536,805            | 4,084,324            |
| Total liabilities                                  | 55,774,257                 | 55,770,218          | 4,736,724                   | 5,032,564           | 60,510,981           | 60,802,782           |
| <b>Net assets:</b>                                 |                            |                     |                             |                     |                      |                      |
| Invested in capital assets, net<br>of related debt | 23,412,904                 | 20,420,840          | 53,809,620                  | 53,240,973          | 77,222,524           | 73,661,813           |
| Restricted   | 5,261,929                  | 6,220,922           | 1,447,009                   | 1,447,009           | 6,708,938            | 7,667,931            |
| Unrestricted                                       | 7,158,068                  | 7,794,846           | 16,417,163                  | 15,288,589          | 23,575,231           | 23,083,435           |
| <b>Total Net Assets</b>                            | <b>\$35,832,901</b>        | <b>\$34,436,608</b> | <b>\$71,673,792</b>         | <b>\$69,976,571</b> | <b>\$107,506,693</b> | <b>\$104,413,179</b> |

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

The government's net assets increased by \$3,093,514 during the current fiscal year. The majority of this growth largely reflects the degree to which ongoing revenues exceeded ongoing expenses.

## City of Jackson's Changes in Net Assets

|   | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total                |                      |
|---|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|   | 2007                       | 2006                | 2007                        | 2006                | 2007                 | 2006                 |
| <b>Revenue:</b>   |                            |                     |                             |                     |                      |                      |
| Program revenues:   |                            |                     |                             |                     |                      |                      |
| Charges for services  | \$ 4,928,945               | \$ 4,441,578        | \$12,004,796                | \$11,258,598        | \$16,933,741         | \$15,700,176         |
| Operating grants and contributions                              | 5,929,661                  | 6,341,324           | -                           | -                   | 5,929,661            | 6,341,324            |
| Capital grants and contributions                                | 2,591,674                  | 1,797,076           | -                           | -                   | 2,591,674            | 1,797,076            |
| General revenues:   |                            |                     |                             |                     |                      |                      |
| Property taxes  | 11,062,066                 | 9,584,773           | -                           | -                   | 11,062,066           | 9,584,773            |
| Income taxes  | 7,822,180                  | 7,249,113           | -                           | -                   | 7,822,180            | 7,249,113            |
| Grants and contributions not<br>restricted to specific purposes | 5,538,943                  | 6,737,106           | 268,077                     | 240,999             | 5,807,020            | 6,978,105            |
| Other   | 626,456                    | 614,799             | 703,383                     | 500,427             | 1,329,839            | 1,115,226            |
| <b>Total revenues</b>   | <b>38,499,925</b>          | <b>36,765,769</b>   | <b>12,976,256</b>           | <b>12,000,024</b>   | <b>51,476,181</b>    | <b>48,765,793</b>    |
| <b>Expenses:</b>  |                            |                     |                             |                     |                      |                      |
| Legislative   | 79,944                     | 79,904              |                             |                     | 79,944               | 79,904               |
| General government  | 5,227,643                  | 4,750,801           |                             |                     | 5,227,643            | 4,750,801            |
| Public safety   | 16,865,859                 | 16,110,222          |                             |                     | 16,865,859           | 16,110,222           |
| Public works  | 6,112,674                  | 6,391,700           |                             |                     | 6,112,674            | 6,391,700            |
| Culture and recreation  | 2,746,767                  | 2,766,612           |                             |                     | 2,746,767            | 2,766,612            |
| Community enrichment &<br>development                           | 3,951,962                  | 4,031,540           |                             |                     | 3,951,962            | 4,031,540            |
| Interest on long-term debt                                      | 1,995,657                  | 2,025,886           |                             |                     | 1,995,657            | 2,025,886            |
| Sewer   |                            |                     | 5,257,605                   | 4,790,277           | 5,257,605            | 4,790,277            |
| Water   |                            |                     | 5,448,272                   | 5,437,488           | 5,448,272            | 5,437,488            |
| Parking system  |                            |                     | 627,579                     | 597,889             | 627,579              | 597,889              |
| Golf practice center  |                            |                     | 68,705                      | 72,501              | 68,705               | 72,501               |
| <b>Total expenses</b>   | <b>36,980,506</b>          | <b>36,156,665</b>   | <b>11,402,161</b>           | <b>10,898,155</b>   | <b>48,382,667</b>    | <b>47,054,820</b>    |
| Increase (decrease) in net assets before transfers              | 1,519,419                  | 609,104             | 1,574,095                   | 1,101,869           | 3,093,514            | 1,710,973            |
| Transfers   | (123,126)                  | (107,726)           | 123,126                     | 107,726             | -                    | -                    |
| <b>Increase (decrease) in net assets</b>                        | <b>1,396,293</b>           | <b>501,378</b>      | <b>1,697,221</b>            | <b>1,209,595</b>    | <b>3,093,514</b>     | <b>1,710,973</b>     |
| <b>Net assets – Beginning of year</b>                           | <b>34,436,608</b>          | <b>33,935,230</b>   | <b>69,976,571</b>           | <b>68,766,976</b>   | <b>104,413,179</b>   | <b>102,702,206</b>   |
| <b>Net assets – End of year</b>                                 | <b>\$35,832,901</b>        | <b>\$34,436,608</b> | <b>\$71,673,792</b>         | <b>\$69,976,571</b> | <b>\$107,506,693</b> | <b>\$104,413,179</b> |

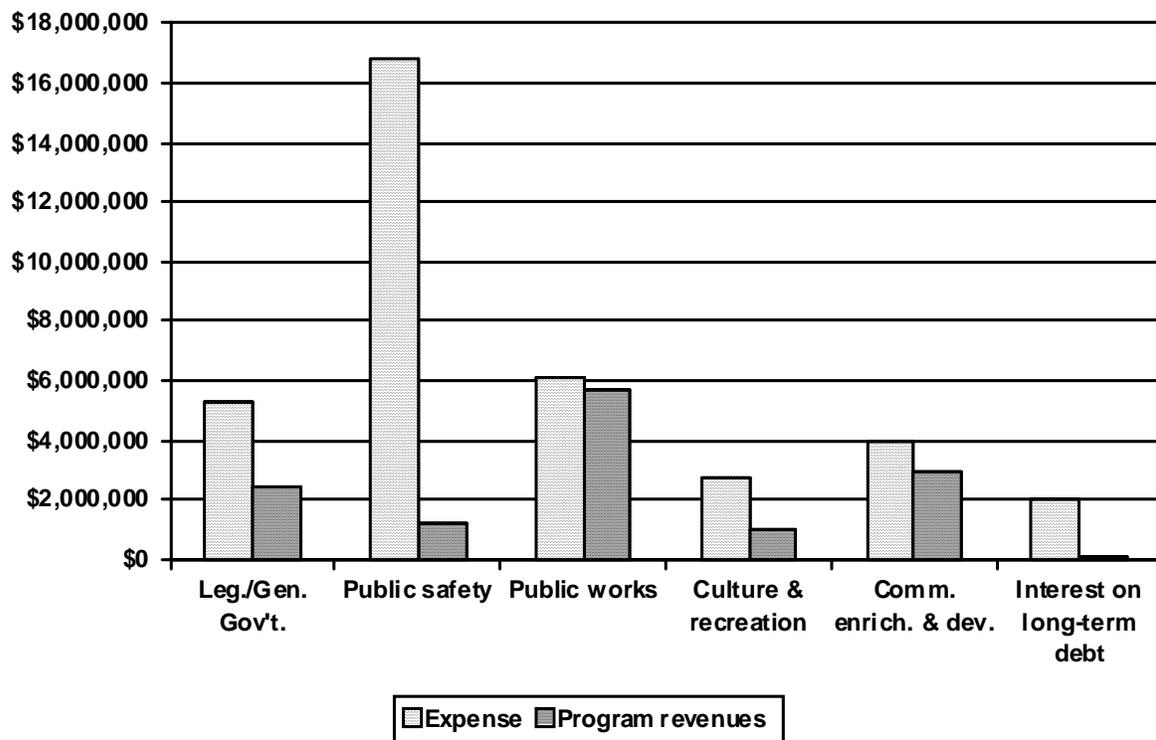
**Governmental activities.** Governmental activities increased the City’s net assets by \$1,396,293 during fiscal year 2007. This increase is substantially higher than the previous fiscal year’s increase as overall revenues increased at a rate greater than expenditures.

Key elements of this increase are as follows:

- Property taxes increased nearly \$1.5 million from the prior fiscal year and is, in addition to normal inflation and growth increases (4.4%), attributable to the following:
  - An increase of approximately \$284,000 in the City’s Act 345 police and fire pension millage.,
  - An additional levy of approximately \$566,000 in the City’s Renaissance Zones for the Act 345 millage; this levy was directed by the State Treasury and was in the process of being challenged in court. This amount was over that needed to fund the pension system for fiscal 2007. The City has subsequently lost its appeal and will be refunding this additional levy.
  - Approximately \$147,000 was received for a local manufacturer who has since ceased operations within the City, but had agreed to refund lost taxes relating to industrial facilities exemptions that had been previously granted.
  
- Income taxes increased nearly 8%, roughly half of which is thought to be attributable to inflationary wage increases with the balance to expansion in the number of medical professionals working within the City.
  
- Other revenue and expenditure categories reflected smaller total changes from the prior fiscal year and were due to a wider variety of factors.

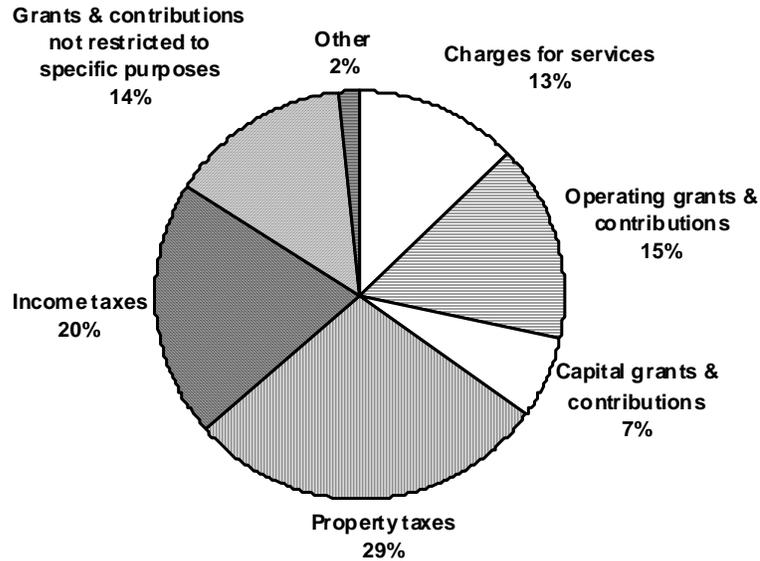
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**Expenses and Program Revenues - Governmental Activities**



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**Revenues by Source - Governmental Activities**



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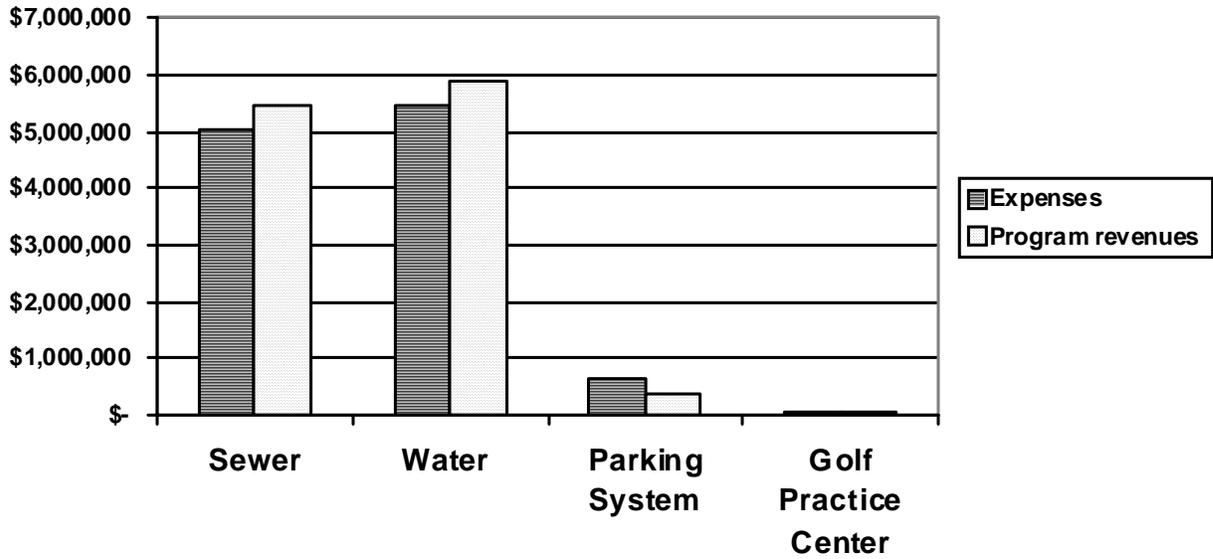
**Business-type activities.** Business-type activities increased the City's net assets by \$1,697,221, comprising 55% of the total increase in net assets of \$3,093,514.

Key elements of this increase are as follows:

- Charges for services outpaced the inflationary rise of related expenses. The charges for services increased over \$544,000 compared to the increase in expenses of roughly \$302,000.
- During the fiscal year sewer rates were increased an average of 4.8 percent while there were no water rate increases. The Sewer Fund charges for services increased over \$900,000 (20%) from the previous fiscal year due, in part, to this rate change, but largely to increases in concentration/strength of the billable flow treated, which is somewhat attributable to the drier weather experienced in the area.
- Other income, which represents investment income, increased nearly \$203,000 as a result of interest rate increases as well as increases in available cash to invest.

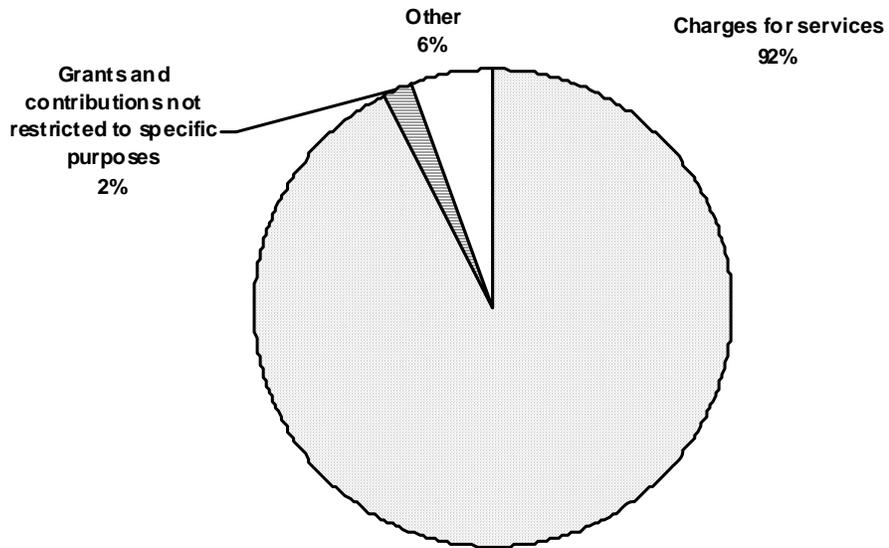
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**Expenses and Program Revenues - Business-type Activities**



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**Revenues by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,042,672, a decrease of \$2,234,441 in comparison with the prior year. Approximately 63% of this total amount, or \$5,741,362, is *available for spending* at the government's discretion (*unreserved fund balance*). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to generate income for cemetery perpetual care and endowments related to Ella Sharp Park and facilities (\$2,594,467), 2) for residential property rehabilitation programs (\$250,580), 3) for funds advanced on a long term basis (\$230,000), or 4) for inventory and prepaid expenditures (\$66,714 and \$159,549, respectively).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,656,923, while total fund balance was \$2,968,933. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.9 percent of total general fund expenditures while total fund balance represents 12.2 percent of total general fund expenditures.

The fund balance of the City's General Fund decreased by \$635,093 during the current fiscal year. Increases in property and income taxes were somewhat offset by increases in certain expenditure categories, namely general government, public safety and public works. Revenues in the prior fiscal year were also bolstered by a one-time payment of \$1 million in connection with an urban cooperation agreement relating to sewer capacity of a bordering township.

The Community Development Block Grant Fund had a small increase of \$30,982 in fund balance for the current year resulting in an ending total of \$250,580. This entire ending fund balance is reserved for the City's Residential Property Rehabilitation Programs.

The Major Street Fund experienced a decline in fund balance of \$544,486, due largely to increased emphasis on major street and bridge construction and maintenance, resulting in an ending fund balance of \$194,857.

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

Unrestricted net assets of the Sewage Fund and Water Fund at the end of the year amounted to \$9,104,075 and \$6,169,454, respectively. The Sewage Fund had an increase in net assets for the year of \$676,971, whereas the Water Fund had an increase of \$1,099,030. The Parking Deck Fund had ending unrestricted net assets of \$634,367 after a decrease in net assets for the year of \$150,797.

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues were largely attributable to the unexpected increase in income taxes over that projected. Income tax projections exceeded projections by \$462,180, or 6.3%. Most of this increase had occurred in the final quarter of the fiscal year and appears to be largely associated with the expanding number of medical professionals within the City, as indicated previously. This favorable variance was somewhat offset by the decline in intergovernmental revenues, the majority of which represents sales tax distribution from the State of Michigan.

Expenditures were also favorable when compared to budget resulting in a decrease in fund balance of only \$635,093 compared to the final amended budget anticipated decrease of \$1,282,325 – a favorable variance of \$647,232. Those General Fund activity budgets that were exceeded were, in most instances, due to unanticipated year-end 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, 2007, amounted to \$130,365,071 (net of accumulated depreciation). This investment in capital assets includes land, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net increase in the City’s investment in capital assets for the current fiscal year was \$2,453,620 or 1.9 percent (a 3.3 percent increase for governmental activities and a 0.4 percent increase for business-type activities).

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

- Infrastructure improvements of approximately \$4.6 million comprised largely of major and local street and bridge construction.
- Various water and sewer improvements totaling approximately \$2.5 million.

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

|                                | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total                |                      |
|--------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|                                | 2007                       | 2006                | 2007                        | 2006                | 2007                 | 2006                 |
| Land                           | \$ 2,440,383               | \$ 2,440,383        | \$ 8,956,886                | \$ 8,956,886        | \$ 11,397,269        | \$ 11,397,269        |
| Systems                        | -                          | -                   | 32,814,906                  | 32,242,327          | 32,814,906           | 32,242,327           |
| Land improvements              | 14,819,482                 | 15,115,621          | 1,838,394                   | 1,856,451           | 16,657,876           | 16,972,072           |
| Infrastructure                 | 36,350,058                 | 33,963,479          | -                           | -                   | 36,350,058           | 33,963,479           |
| Buildings and improvements     | 12,686,876                 | 12,852,711          | 11,079,050                  | 11,295,291          | 23,765,926           | 24,148,002           |
| Park and recreation facilities | 3,718,375                  | 3,712,956           | -                           | -                   | 3,718,375            | 3,712,956            |
| Machinery and equipment        | 2,870,277                  | 2,594,968           | 2,790,384                   | 2,880,018           | 5,660,661            | 5,474,986            |
| <b>Total</b>                   | <b>\$72,885,451</b>        | <b>\$70,680,118</b> | <b>\$57,479,620</b>         | <b>\$57,230,973</b> | <b>\$130,365,071</b> | <b>\$127,911,091</b> |

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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,538,577. Of this amount, \$47,348,577 comprises debt backed by the full faith and credit of the government. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Jackson’s Outstanding Debt**  
General Obligation and Revenue Bonds

|                          | Governmental Activities |               | Business-type Activities |              | Total         |               |
|--------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|                          | 2007                    | 2006          | 2007                     | 2006         | 2007          | 2006          |
| General obligation bonds | \$ 47,348,577           | \$ 48,263,577 | \$ -                     | \$ -         | \$ 47,348,577 | \$ 48,263,577 |
| Revenue bonds            | -                       | -             | 3,190,000                | 3,590,000    | 3,190,000     | 3,590,000     |
| Total                    | \$ 47,348,577           | \$ 48,263,577 | \$ 3,190,000             | \$ 3,590,000 | \$ 50,538,577 | \$ 51,853,577 |

The City’s total bonded debt decreased by \$1,315,000 (2.6 percent) during the current fiscal year. No new debt was issued and \$1,315,000 in existing bonded debt maturities were retired.

The City has an “A-” rating from Standard & Poor’s for general obligation debt. The revenue bonds of the Water Fund have been rated “A2” by Moody’s and “A” by Standard & Poor’s. The Sewer Fund revenue bonds were not rated.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$95,841,305, which is significantly in excess of the City’s outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in note 3-F on pages 49-52 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

The following factors were considered in preparing the City’s budget for the 2007/08 fiscal year:

- The unemployment rate for the City is currently 10.6 percent (October 2007), which is an increase from a rate of 9.2 percent a year ago (October 2006). This compares unfavorably to the state’s average unemployment rate of 7.0 percent and the national average rate of 4.4 percent.
- Ad valorem taxable values have increased 3.9 percent over the prior fiscal year, which includes both allowable inflationary increases of 3.7 percent as well as real growth of 0.2 percent.
- Inflationary trends in the region compare favorably to national indices.

During the 2007 fiscal year, unreserved fund balance in the General Fund increased to approximately \$2.66 million. The City has appropriated approximately \$1 million of this amount for spending in the 2007/08 fiscal year budget. Such appropriation is intended to offset stagnant growth in state shared revenues while attempting to maintain current staffing levels and service commitments to the public.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 161 W. Michigan Avenue, Jackson, Michigan 49201.

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Jackson, Michigan**  
**Statement of Net Assets**  
**June 30, 2007**

|   | Primary Government         |                             |                       | Component Units                          |                                      |
|---|----------------------------|-----------------------------|-----------------------|--|--------------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                 | Brownfield<br>Redevelopment<br>Authority | Downtown<br>Development<br>Authority |
| <b>Assets</b>                                   |                            |                             |                       |  |                                      |
| Pooled cash and investments                     | \$ 9,430,534               | \$ 15,895,550               | \$ 25,326,084         | \$ 2,477,249                             | \$ 212,838                           |
| Pooled cash and investments - restricted        | 2,611,360                  | -                           | 2,611,360             | -  | -                                    |
| Receivables, net                                | 6,149,067                  | 2,921,678                   | 9,070,745             | -  | 11,907                               |
| Interfund balances                              | 130,000                    | (130,000)                   | -                     | -  | -                                    |
| Prepays and other assets                        | 400,746                    | 243,668                     | 644,414               | -  | -                                    |
| Capital assets not being depreciated            | 2,440,383                  | 8,956,886                   | 11,397,269            | -  | -                                    |
| Capital assets being depreciated, net           | 70,445,068                 | 48,522,734                  | 118,967,802           | -  | -                                    |
| <b>Total assets</b>                             | <b>91,607,158</b>          | <b>76,410,516</b>           | <b>168,017,674</b>    | <b>2,477,249</b>                         | <b>224,745</b>                       |
| <b>Liabilities</b>                              |                            |                             |                       |  |                                      |
| Accounts payable and accrued liabilities        | 4,362,789                  | 746,037                     | 5,108,826             | -  | 1,100                                |
| Accrued interest payable                        | 283,526                    | -                           | 283,526               | -  | -                                    |
| Unearned revenue                                | 19,453                     | 125,000                     | 144,453               | -  | -                                    |
| Long-term debt:                                 |                            |                             |                       |  |                                      |
| Due within one year                             | 3,179,000                  | 551,161                     | 3,730,161             | -  | -                                    |
| Due in more than one year                       | 47,929,489                 | 3,314,526                   | 51,244,015            | -  | -                                    |
| <b>Total liabilities</b>                        | <b>55,774,257</b>          | <b>4,736,724</b>            | <b>60,510,981</b>     | <b>-</b>                                 | <b>1,100</b>                         |
| <b>Net assets</b>                               |                            |                             |                       |  |                                      |
| Invested in capital assets, net of related debt | 23,412,904                 | 53,809,620                  | 77,222,524            | -  | -                                    |
| Restricted for:                                 |                            |                             |                       |  |                                      |
| Debt service                                    | 43,361                     | 1,447,009                   | 1,490,370             | -  | -                                    |
| Capital projects                                | 230,968                    | -                           | 230,968               | -  | -                                    |
| Endowments                                      | 2,724,467                  | -                           | 2,724,467             | -  | -                                    |
| Budget stabilization                            | 1,603,500                  | -                           | 1,603,500             | -  | -                                    |
| Public improvement and recreation               | 464,776                    | -                           | 464,776               | -  | -                                    |
| Rehabilitation programs                         | 194,857                    | -                           | 194,857               | -  | -                                    |
| Unrestricted                                    | 7,158,068                  | 16,417,163                  | 23,575,231            | 2,477,249                                | 223,645                              |
| <b>Total net assets</b>                         | <b>\$ 35,832,901</b>       | <b>\$ 71,673,792</b>        | <b>\$ 107,506,693</b> | <b>\$ 2,477,249</b>                      | <b>\$ 223,645</b>                    |

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

**City of Jackson, Michigan**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2007**

| <b>Functions/Programs</b>            | <b>Expenses</b>      | <b>Program Revenue</b>      |   | <b>Net Revenue (Expense)</b> |   |
|--------------------------------------|----------------------|-----------------------------|---|------------------------------|---|
|                                      |                      | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> |                              | <b>Capital Grants and Contributions</b> |
| <b>Primary government</b>            |                      |                             |   |                              |   |
| Governmental activities:             |                      |                             |   |                              |   |
| Legislative                          | \$ 79,944            | \$ -                        | \$ -                                      | \$ -                         | \$ (79,944)                             |
| General government                   | 5,227,643            | 2,210,512                   | 232,140                                   | -                            | (2,784,991)                             |
| Public safety                        | 16,865,859           | 911,327                     | 266,808                                   | -                            | (15,687,724)                            |
| Public works                         | 6,112,674            | 237,219                     | 2,924,741                                 | 2,563,456                    | (387,258)                               |
| Culture and recreation               | 2,746,767            | 1,053,773                   | 5,369                                     | -                            | (1,687,625)                             |
| Community enrichment and development | 3,951,962            | 395,115                     | 2,500,603                                 | 28,218                       | (1,028,026)                             |
| Interest on long-term debt           | 1,995,657            | 120,999                     | -   | -                            | (1,874,658)                             |
| Total governmental activities        | <u>36,980,506</u>    | <u>4,928,945</u>            | <u>5,929,661</u>                          | <u>2,591,674</u>             | <u>(23,530,226)</u>                     |
| Business-type activities:            |                      |                             |   |                              |   |
| Sewer                                | 5,257,605            | 5,451,069                   | -   | -                            | 193,464                                 |
| Water                                | 5,448,272            | 6,109,421                   | -   | -                            | 661,149                                 |
| Parking system                       | 627,579              | 390,098                     | -   | -                            | (237,481)                               |
| Golf practice center                 | 68,705               | 54,208                      | -   | -                            | (14,497)                                |
| Total business-type activities       | <u>11,402,161</u>    | <u>12,004,796</u>           | <u>-</u>                                  | <u>-</u>                     | <u>602,635</u>                          |
| Total primary government             | <u>\$ 48,382,667</u> | <u>\$ 16,933,741</u>        | <u>\$ 5,929,661</u>                       | <u>\$ 2,591,674</u>          | <u>\$ (22,927,591)</u>                  |
| <b>Component units</b>               |                      |                             |   |                              |   |
| Brownfield redevelopment             | \$ 1,346,558         | \$ -                        | \$ -                                      | \$ -                         | \$ (1,346,558)                          |
| Downtown development                 | 138,264              | 28,665                      | 25,000                                    | -                            | (84,599)                                |
| Total component units                | <u>\$ 1,484,822</u>  | <u>\$ 28,665</u>            | <u>\$ 25,000</u>                          | <u>\$ -</u>                  | <u>\$ (1,431,157)</u>                   |

continued....

**City of Jackson, Michigan**  
**Statement of Activities (Concluded)**  
**For the Fiscal Year Ended June 30, 2007**

|   | Primary Government         |                             |                       | Component Units                          |                                      |
|---|----------------------------|-----------------------------|-----------------------|--|--------------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                 | Brownfield<br>Redevelopment<br>Authority | Downtown<br>Development<br>Authority |
| <b>Net revenue (expense)</b>                                    | \$ (23,530,226)            | \$ 602,635                  | \$ (22,927,591)       | \$ (1,346,558)                           | \$ (84,599)                          |
| <b>General revenues</b>   |                            |                             |                       |  |                                      |
| Property taxes  | 11,062,066                 | -                           | 11,062,066            | 1,317,293                                | 92,453                               |
| Income taxes  | 7,822,180                  | -                           | 7,822,180             | -  | -                                    |
| Grants and contributions not<br>restricted to specific purposes | 5,538,943                  | 268,077                     | 5,807,020             | -  | 6,347                                |
| Unrestricted interest earnings                                  | 626,456                    | 703,383                     | 1,329,839             | 90,277                                   | 9,622                                |
| <b>Transfers - internal activities</b>                          | (123,126)                  | 123,126                     | -                     | -  | -                                    |
| <br>Total general revenues and transfers                        | <u>24,926,519</u>          | <u>1,094,586</u>            | <u>26,021,105</u>     | <u>1,407,570</u>                         | <u>108,422</u>                       |
| <br>Change in net assets  | 1,396,293                  | 1,697,221                   | 3,093,514             | 61,012                                   | 23,823                               |
| <b>Net assets</b>   |                            |                             |                       |  |                                      |
| Beginning of year   | <u>34,436,608</u>          | <u>69,976,571</u>           | <u>104,413,179</u>    | <u>2,416,237</u>                         | <u>199,822</u>                       |
| End of year   | <u>\$ 35,832,901</u>       | <u>\$ 71,673,792</u>        | <u>\$ 107,506,693</u> | <u>\$ 2,477,249</u>                      | <u>\$ 223,645</u>                    |

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

## **FUND FINANCIAL STATEMENTS**

**City of Jackson, Michigan**  
**Governmental Funds Balance Sheet**  
**June 30, 2007**

| <u>ASSETS</u>                                 | <u>General</u>      | <u>Community<br/>Development<br/>Block<br/>Grant</u> | <u>Major<br/>Street</u> | <u>Special<br/>Assessment<br/>Capital<br/>Projects</u> | <u>Nonmajor<br/>Funds</u> | <u>Totals</u>        |
|---|---------------------|--|-------------------------|--|---------------------------|----------------------|
| <b>Assets</b>                                 |                     |  |                         |  |                           |                      |
| Pooled cash and investments                   | \$ 2,637,741        | \$ 246,413   | \$ -                    | \$ -   | \$ 6,496,388              | \$ 9,380,542         |
| Accounts receivables, net                     | 122,570             | -  | 79,044                  | -  | 167,450                   | 369,064              |
| Taxes receivable                              | 1,927,854           | -  | -                       | -  | -                         | 1,927,854            |
| Other receivables                             | -                   | -  | -                       | 952,029  | 16,031                    | 968,060              |
| Due from other governments                    | 560,655             | 173,024  | 319,312                 | -  | 181,977                   | 1,234,968            |
| Due from other funds                          | 19,195              | 8,687  | -                       | -  | 15,961                    | 43,843               |
| Interfund receivable                          | 97,147              | -  | -                       | -  | -                         | 97,147               |
| Inventories                                   | 52,418              | -  | -                       | -  | 14,296                    | 66,714               |
| Prepaid expenditures                          | 159,549             | -  | -                       | -  | -                         | 159,549              |
| Restricted assets - cash and cash equivalents | -                   | 179,589  | -                       | -  | -                         | 179,589              |
| Loans receivable                              | -                   | 1,397,625  | -                       | -  | -                         | 1,397,625            |
| Long-term advances to other funds             | 100,000             | -  | -                       | -  | 130,000                   | 230,000              |
| <b>Total assets</b>                           | <b>5,677,129</b>    | <b>2,005,338</b>                                     | <b>398,356</b>          | <b>952,029</b>   | <b>7,022,103</b>          | <b>16,054,955</b>    |
| <b><u>LIABILITIES AND FUND BALANCES</u></b>   |                     |  |                         |  |                           |                      |
| <b>Liabilities</b>                            |                     |  |                         |  |                           |                      |
| Accounts payable                              | 1,058,509           | 226,937  | 80,878                  | -  | 326,813                   | 1,693,137            |
| Accrued payroll                               | 491,775             | 30,196   | 25,474                  | -  | 59,640                    | 607,085              |
| Other liabilities                             | 1,155,740           | -  | -                       | -  | -                         | 1,155,740            |
| Due to other funds                            | 2,172               | -  | -                       | -  | 41,671                    | 43,843               |
| Interfund payable                             | -                   | -  | 97,147                  | -  | -                         | 97,147               |
| Deferred revenue                              | -                   | 1,397,625  | -                       | 952,029  | 19,453                    | 2,369,107            |
| Long-term advances from other funds           | -                   | 100,000  | -                       | 946,224  | -                         | 1,046,224            |
| <b>Total liabilities</b>                      | <b>2,708,196</b>    | <b>1,754,758</b>                                     | <b>203,499</b>          | <b>1,898,253</b>                                       | <b>447,577</b>            | <b>7,012,283</b>     |
| <b>Fund balances</b>                          |                     |  |                         |  |                           |                      |
| Reserved for:                                 |                     |  |                         |  |                           |                      |
| Residential property rehabilitation programs  | -                   | 250,580  | -                       | -  | -                         | 250,580              |
| Inventories                                   | 52,418              | -  | -                       | -  | 14,296                    | 66,714               |
| Prepaid expenditures                          | 159,549             | -  | -                       | -  | -                         | 159,549              |
| Perpetual care and endowment                  | -                   | -  | -                       | -  | 2,594,467                 | 2,594,467            |
| Advances                                      | 100,000             | -  | -                       | -  | 130,000                   | 230,000              |
| Unreserved:                                   |                     |  |                         |  |                           |                      |
| Designated:                                   |                     |  |                         |  |                           |                      |
| For subsequent year's expenditures            | 1,004,043           | -  | 150,820                 | -  | -                         | 1,154,863            |
| Reported in nonmajor special revenue funds    | -                   | -  | -                       | -  | 394,405                   | 394,405              |
| Undesignated (deficit)                        | 1,652,923           | -  | -                       | (946,224)  | -                         | 706,699              |
| Undesignated, reported in nonmajor :          |                     |  |                         |  |                           |                      |
| Special revenue funds                         | -                   | -  | 44,037                  | -  | 2,220,820                 | 2,264,857            |
| Debt service funds                            | -                   | -  | -                       | -  | 43,361                    | 43,361               |
| Capital projects funds                        | -                   | -  | -                       | -  | 1,177,177                 | 1,177,177            |
| <b>Total fund balances (deficit)</b>          | <b>2,968,933</b>    | <b>250,580</b>                                       | <b>194,857</b>          | <b>(946,224)</b>                                       | <b>6,574,526</b>          | <b>9,042,672</b>     |
| <b>Total liabilities and fund balances</b>    | <b>\$ 5,677,129</b> | <b>\$ 2,005,338</b>                                  | <b>\$ 398,356</b>       | <b>\$ 952,029</b>                                      | <b>\$ 7,022,103</b>       | <b>\$ 16,054,955</b> |

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

**City of Jackson, Michigan**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets**  
**of Governmental Activities on the Statement of Net Assets**  
**June 30, 2007**

Fund balances - total governmental funds \$ 9,042,672

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

|                                    |              |
|------------------------------------|--------------|
| Add: capital assets                | 165,200,287  |
| Subtract: accumulated depreciation | (93,566,912) |

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

|                                   |           |
|-----------------------------------|-----------|
| Add: deferred loans receivable    | 1,397,625 |
| Add: deferred special assessments | 952,029   |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

|  |           |
|--|-----------|
| Add: net assets of governmental activities accounted for in internal service funds | 4,070,732 |
|--|-----------|

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

|   |                  |
|---|------------------|
| Add: unamortized bond discount                      | 128,483          |
| Subtract: bonds, contracts and loans payable        | (48,977,577)     |
| Subtract: compensated absences                      | (2,130,912)      |
| Subtract: accrued interest on long-term liabilities | <u>(283,526)</u> |

|                                       |                             |
|---------------------------------------|-----------------------------|
| Net assets of governmental activities | <u><u>\$ 35,832,901</u></u> |
|---------------------------------------|-----------------------------|

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

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2007**

|   | General             | Community<br>Development<br>Block<br>Grant | Major<br>Street   | Special<br>Assessment<br>Capital<br>Projects | Nonmajor<br>Funds   | Totals              |
|---|---------------------|--|-------------------|--|---------------------|---------------------|
| <b>Revenues</b>                             |                     |  |                   |  |                     |                     |
| Property taxes                              | \$ 8,194,207        | \$ -                                       | \$ -              | \$ -   | \$ 2,699,655        | \$ 10,893,862       |
| Income taxes                                | 7,822,180           | -  | -                 | -  | -                   | 7,822,180           |
| Licenses and permits                        | 231,486             | -  | -                 | -  | -                   | 231,486             |
| Intergovernmental                           | 5,572,841           | 1,916,892                                  | 4,389,026         | -  | 1,301,684           | 13,180,443          |
| Charges for services                        | 1,306,639           | -  | -                 | -  | 2,744,496           | 4,051,135           |
| Fines and forfeits                          | 203,086             | -  | -                 | -  | -                   | 203,086             |
| Special assessments                         | -                   | -  | -                 | 306,739                                      | -                   | 306,739             |
| Investment income                           | 288,413             | 7,171                                      | -                 | -  | 401,595             | 697,179             |
| Miscellaneous                               | 130,031             | 157,826                                    | 157,827           | -  | 125,445             | 571,129             |
| Total revenues                              | <u>23,748,883</u>   | <u>2,081,889</u>                           | <u>4,546,853</u>  | <u>306,739</u>                               | <u>7,272,875</u>    | <u>37,957,239</u>   |
| <b>Expenditures</b>                         |                     |  |                   |  |                     |                     |
| Current:                                    |                     |  |                   |  |                     |                     |
| Legislative                                 | 79,944              | -  | -                 | -  | -                   | 79,944              |
| General government                          | 4,814,896           | -  | -                 | -  | -                   | 4,814,896           |
| Public safety                               | 16,292,286          | 453,230                                    | -                 | -  | 715,314             | 17,460,830          |
| Public works                                | 1,498,532           | -  | 5,427,130         | -  | 1,554,531           | 8,480,193           |
| Culture and recreation                      | 1,465,900           | -  | -                 | -  | 1,261,497           | 2,727,397           |
| Community enrichment and development        | 202,150             | 1,597,677                                  | -                 | -  | 781,316             | 2,581,143           |
| Capital outlay                              | -                   | -  | -                 | -  | 731,251             | 731,251             |
| Debt service:                               |                     |  |                   |  |                     |                     |
| Principal retirement                        | -                   | -  | -                 | -  | 1,219,000           | 1,219,000           |
| Interest and fiscal charges                 | -                   | -  | -                 | -  | 1,994,884           | 1,994,884           |
| Total expenditures                          | <u>24,353,708</u>   | <u>2,050,907</u>                           | <u>5,427,130</u>  | <u>-</u>                                     | <u>8,257,793</u>    | <u>40,089,538</u>   |
| Revenues over (under) expenditures          | <u>(604,825)</u>    | <u>30,982</u>                              | <u>(880,277)</u>  | <u>306,739</u>                               | <u>(984,918)</u>    | <u>(2,132,299)</u>  |
| <b>Other financing sources (uses)</b>       |                     |  |                   |  |                     |                     |
| Proceeds from sale of capital assets        | 20,984              | -  | -                 | -  | -                   | 20,984              |
| Transfers in                                | 274,603             | -  | 893,038           | -  | 1,801,996           | 2,969,637           |
| Transfers out                               | <u>(325,855)</u>    | <u>-</u>                                   | <u>(557,247)</u>  | <u>(474,942)</u>                             | <u>(1,734,719)</u>  | <u>(3,092,763)</u>  |
| Total other financing sources (uses)        | <u>(30,268)</u>     | <u>-</u>                                   | <u>335,791</u>    | <u>(474,942)</u>                             | <u>67,277</u>       | <u>(102,142)</u>    |
| Net change in fund balances                 | (635,093)           | 30,982                                     | (544,486)         | (168,203)                                    | (917,641)           | (2,234,441)         |
| Fund balances (deficit), beginning of year  | <u>3,604,026</u>    | <u>219,598</u>                             | <u>739,343</u>    | <u>(778,021)</u>                             | <u>7,492,167</u>    | <u>11,277,113</u>   |
| <b>Fund balances (deficit), end of year</b> | <u>\$ 2,968,933</u> | <u>\$ 250,580</u>                          | <u>\$ 194,857</u> | <u>\$ (946,224)</u>                          | <u>\$ 6,574,526</u> | <u>\$ 9,042,672</u> |

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

**City of Jackson, Michigan**  
**Reconciliation of the Statement of Revenue, Expenditures**  
**and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2007**

Net change in fund balances - total governmental funds \$ (2,234,441)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|  |             |
|--|-------------|
| Add: capital outlay                            | 5,104,137   |
| Subtract: loss on sale of capital assets       | (29,085)    |
| Subtract: proceeds from sale of capital assets | (20,984)    |
| Subtract: depreciation expense                 | (3,312,309) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

|   |         |
|---|---------|
| Add: current year special assessment revenue earned greater than receipts | 168,204 |
| Add: current year loan receivable   | 209,250 |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

|  |           |
|--|-----------|
| Add: principal payments on long-term liabilities | 1,219,000 |
|--|-----------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|   |           |
|---|-----------|
| Add: decrease in accrued interest payable on bonds        | 5,989     |
| Subtract: amortization of bond discount                   | (6,762)   |
| Subtract: increase in the accrual of compensated absences | (195,949) |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

|  |         |
|--|---------|
| Add: interest revenue from governmental internal service funds                                 | 165,232 |
| Add: net operating income from governmental activities accounted for in internal service funds | 324,011 |

|   |              |
|---|--------------|
| Change in net assets of governmental activities | \$ 1,396,293 |
|---|--------------|

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

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                 | 2007               |                   |                   |  | 2006<br>Actual    |
|---------------------------------|--------------------|-------------------|-------------------|--|-------------------|
|                                 | Original<br>Budget | Final<br>Budget   | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |
| <b>Revenues</b>                 |                    |                   |                   |  |                   |
| Property taxes                  | \$ 7,561,776       | \$ 8,133,776      | \$ 8,194,207      | \$ 60,431                              | \$ 7,027,530      |
| Income taxes                    | 7,745,000          | 7,360,000         | 7,822,180         | 462,180                                | 7,249,113         |
| Licenses and permits            | 259,050            | 242,250           | 231,486           | (10,764)                               | 231,377           |
| Intergovernmental               | 5,486,334          | 5,675,284         | 5,572,841         | (102,443)                              | 5,925,153         |
| Charges for services            | 1,478,104          | 1,381,299         | 1,306,639         | (74,660)                               | 1,170,927         |
| Fines and forfeits              | 208,300            | 206,080           | 203,086           | (2,994)                                | 212,690           |
| Investment income               | 185,000            | 335,000           | 288,413           | (46,587)                               | 267,083           |
| Miscellaneous                   | 661,961            | 127,847           | 130,031           | 2,184                                  | 1,404,473         |
| Total revenues                  | <u>23,585,525</u>  | <u>23,461,536</u> | <u>23,748,883</u> | <u>287,347</u>                         | <u>23,488,346</u> |
| <b>Expenditures</b>             |                    |                   |                   |  |                   |
| Current:                        |                    |                   |                   |  |                   |
| Legislative - City Council      | 80,390             | 82,740            | 79,944            | (2,796)                                | 79,904            |
| General government:             |                    |                   |                   |  |                   |
| City Manager                    | 350,801            | 349,012           | 346,297           | (2,715)                                | 323,844           |
| City Clerk - Elections          | 136,617            | 123,907           | 120,509           | (3,398)                                | 95,609            |
| Finance                         | 405,496            | 406,284           | 405,401           | (883)                                  | 389,115           |
| City Assessor                   | 407,202            | 367,330           | 370,384           | 3,054                                  | 352,085           |
| City Attorney                   | 485,838            | 481,973           | 471,814           | (10,159)                               | 451,911           |
| City Clerk                      | 193,754            | 191,704           | 185,362           | (6,342)                                | 179,765           |
| Personnel                       | 352,858            | 344,865           | 330,103           | (14,762)                               | 333,267           |
| Purchasing                      | 162,026            | 163,914           | 156,520           | (7,394)                                | 158,300           |
| City Treasurer                  | 316,287            | 315,915           | 301,550           | (14,365)                               | 294,574           |
| City Income Tax Administration  | 263,194            | 262,042           | 236,093           | (25,949)                               | 226,114           |
| Management Information Services | 257,199            | 260,756           | 252,208           | (8,548)                                | 267,382           |
| City Hall & Grounds             | 292,965            | 304,714           | 302,367           | (2,347)                                | 321,119           |
| Cemeteries                      | 418,091            | 415,228           | 423,573           | 8,345                                  | 436,047           |
| Hearing Bureau                  | 30,728             | 29,628            | 26,662            | (2,966)                                | 19,509            |
| Unallocated                     | 721,310            | 724,869           | 886,053           | 161,184                                | 611,362           |
| Total general government        | <u>4,794,366</u>   | <u>4,742,141</u>  | <u>4,814,896</u>  | <u>72,755</u>                          | <u>4,460,003</u>  |
| Public safety:                  |                    |                   |                   |  |                   |
| Police:                         |                    |                   |                   |  |                   |
| General                         | 7,785,590          | 8,599,380         | 8,449,775         | (149,605)                              | 8,388,536         |
| Youth Services Unit             | 304,578            | 279,525           | 250,687           | (28,838)                               | 267,782           |
| NFBP Grant                      | -                  | -                 | 15,005            | 15,005                                 | 36,597            |
| STEP Grant                      | -                  | 21,827            | 21,827            | -                                      | 33,580            |
| JCCA Grant                      | -                  | 13,506            | 7,900             | (5,606)                                | 13,755            |
| MCOLES Training                 | -                  | 12,242            | 11,162            | (1,080)                                | 8,850             |
| In-Service Training             | 14,685             | 15,682            | 15,274            | (408)                                  | 15,854            |
| Consortium Training             | 43,472             | 55,730            | 21,422            | (34,308)                               | 32,609            |
| Reimbursements                  | -                  | -                 | -                 | -                                      | (101,469)         |
| Fire:                           |                    |                   |                   |  |                   |
| Administration                  | 274,561            | 269,114           | 267,764           | (1,350)                                | 249,776           |
| Suppression                     | 4,158,331          | 4,812,497         | 4,786,284         | (26,213)                               | 4,670,932         |
| Prevention                      | 29,960             | 13,500            | 12,095            | (1,405)                                | 12,491            |
| Training                        | 223,628            | 211,626           | 223,118           | 11,492                                 | 177,104           |
| Police & Fire - Unallocated     | 1,612,167          | 2,154,867         | 2,143,595         | (11,272)                               | 1,377,928         |
| Emergency Measures              | 61,782             | 57,638            | 66,378            | 8,740                                  | 45,638            |
| Total public safety             | <u>14,508,754</u>  | <u>16,517,134</u> | <u>16,292,286</u> | <u>(224,848)</u>                       | <u>15,229,963</u> |

Continued...

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual (Concluded)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|   | 2007                |                     |                     |  |                     | 2006<br>Actual |
|---|---------------------|---------------------|---------------------|--|---------------------|----------------|
|   | Original<br>Budget  | Final<br>Budget     | Actual              | Actual<br>Over (Under)<br>Final Budget |                     |                |
| <b>Expenditures (concluded)</b>               |                     |                     |                     |  |                     |                |
| Current (concluded):                          |                     |                     |                     |  |                     |                |
| Public Works:                                 |                     |                     |                     |  |                     |                |
| Tax Property Maintenance                      | \$ 64,045           | \$ 63,461           | \$ 24,440           | \$ (39,021)                            | \$ 18,100           |                |
| Civic Affairs                                 | 83,469              | 73,000              | 69,578              | (3,422)                                | 66,642              |                |
| Drains at Large                               | 85,000              | 74,992              | 57,344              | (17,648)                               | 56,154              |                |
| Storm Drain Construction                      | 98,000              | 89,452              | 66,825              | (22,627)                               | 59,556              |                |
| Grounds Maintenance                           | 184,658             | 172,911             | 162,149             | (10,762)                               | 141,008             |                |
| Sidewalk Construction                         | 294,924             | 190,000             | 114,145             | (75,855)                               | 223,200             |                |
| Street Lighting                               | 371,373             | 405,747             | 401,863             | (3,884)                                | 831,659             |                |
| Forestry                                      | 553,070             | 576,105             | 583,296             | 7,191                                  | 527,095             |                |
| Weed Control                                  | 27,525              | 26,870              | 18,892              | (7,978)                                | 20,124              |                |
| Emergency Equipment                           | 7,566               | -                   | -                   | -                                      | 3,573               |                |
| Reimbursements                                | -                   | -                   | -                   | -                                      | (218,531)           |                |
| Total public works                            | <u>1,769,630</u>    | <u>1,672,538</u>    | <u>1,498,532</u>    | <u>(174,006)</u>                       | <u>1,728,580</u>    |                |
| Culture and recreation:                       |                     |                     |                     |  |                     |                |
| Parks & Recreation Administration             | 701,641             | 702,532             | 713,698             | 11,166                                 | 673,900             |                |
| Recreation - Millage Programs                 | -                   | -                   | -                   | -                                      | -                   |                |
| Parks & Facilities Maintenance                | 550,605             | 542,268             | 529,021             | (13,247)                               | 516,136             |                |
| Lt. Nixon Memorial Pool                       | 178,871             | 159,571             | 144,000             | (15,571)                               | 135,236             |                |
| Sharp Park Swimming Pool                      | 129,004             | 121,904             | 109,181             | (12,723)                               | 96,321              |                |
| Reimbursements                                | (30,000)            | (30,000)            | (30,000)            | -                                      | (36,000)            |                |
| Total culture and recreation                  | <u>1,530,121</u>    | <u>1,496,275</u>    | <u>1,465,900</u>    | <u>(30,375)</u>                        | <u>1,385,593</u>    |                |
| Community enrichment/development:             |                     |                     |                     |  |                     |                |
| Planning                                      | 102,268             | 102,268             | 109,050             | 6,782                                  | 101,859             |                |
| DDA and Equity Grants                         | 25,000              | 25,000              | 25,000              | -                                      | 37,800              |                |
| Historical District                           | 38,422              | 22,855              | 15,742              | (7,113)                                | 35,279              |                |
| Human Relations                               | 53,197              | 53,197              | 52,358              | (839)                                  | 29,873              |                |
| Total community enrichment<br>and development | <u>218,887</u>      | <u>203,320</u>      | <u>202,150</u>      | <u>(1,170)</u>                         | <u>204,811</u>      |                |
| <b>Total expenditures</b>                     | <u>22,902,148</u>   | <u>24,714,148</u>   | <u>24,353,708</u>   | <u>(360,440)</u>                       | <u>23,088,854</u>   |                |
| <b>Revenues over (under) expenditures</b>     | <u>683,377</u>      | <u>(1,252,612)</u>  | <u>(604,825)</u>    | <u>647,787</u>                         | <u>399,492</u>      |                |
| <b>Other financing sources (uses)</b>         |                     |                     |                     |  |                     |                |
| Proceeds from sale of capital assets          | 16,600              | 16,600              | 20,984              | 4,384                                  | 13,379              |                |
| Transfers in                                  | 310,000             | 323,452             | 274,603             | (48,849)                               | 270,667             |                |
| Transfers out                                 | (689,784)           | (369,765)           | (325,855)           | 43,910                                 | (786,115)           |                |
| Total other financing uses                    | <u>(363,184)</u>    | <u>(29,713)</u>     | <u>(30,268)</u>     | <u>(555)</u>                           | <u>(502,069)</u>    |                |
| Net change in fund balances                   | 320,193             | (1,282,325)         | (635,093)           | 647,232                                | (102,577)           |                |
| Fund balance, beginning of year               | <u>3,604,026</u>    | <u>3,604,026</u>    | <u>3,604,026</u>    | <u>-</u>                               | <u>3,706,603</u>    |                |
| <b>Fund balance, end of year</b>              | <u>\$ 3,924,219</u> | <u>\$ 2,321,701</u> | <u>\$ 2,968,933</u> | <u>\$ 647,232</u>                      | <u>\$ 3,604,026</u> |                |

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

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**Community Development Block Grant Fund**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|   | 2007               |                   |                   |  | 2006<br>Actual    |
|---|--------------------|-------------------|-------------------|--|-------------------|
|   | Original<br>Budget | Final<br>Budget   | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |
| <b>Revenues</b>                           |                    |                   |                   |  |                   |
| Intergovernmental                         | \$ 3,266,145       | \$ 3,266,145      | \$ 1,916,892      | \$ (1,349,253)                         | \$ 2,330,542      |
| Investment income                         | 138,242            | 138,242           | 7,171             | (131,071)                              | -                 |
| Miscellaneous                             | 33,062             | 33,062            | 157,826           | 124,764                                | 14,473            |
| <b>Total revenues</b>                     | <b>3,437,449</b>   | <b>3,437,449</b>  | <b>2,081,889</b>  | <b>(1,355,560)</b>                     | <b>2,345,015</b>  |
| <b>Expenditures</b>                       |                    |                   |                   |  |                   |
| Current:                                  |                    |                   |                   |  |                   |
| Public safety:                            |                    |                   |                   |  |                   |
| Code enforcement                          | 516,482            | 516,482           | 453,230           | (63,252)                               | 503,048           |
| Community enrichment and development:     |                    |                   |                   |  |                   |
| Rehabilitation                            | 967,382            | 967,382           | 478,554           | (488,828)                              | 502,825           |
| Rehabilitation loans                      | (1,622)            | (1,622)           | (2,128)           | (506)                                  | 5,412             |
| Public services                           | 305,140            | 305,140           | 264,590           | (40,550)                               | 178,409           |
| Administration                            | 401,619            | 401,619           | 310,472           | (91,147)                               | 326,170           |
| Economic development                      | 52,000             | 52,000            | 22,000            | (30,000)                               | 190,000           |
| Paint program                             | -                  | -                 | -                 | -                                      | 1,156             |
| Street construction - special assessments | 948,926            | 948,926           | 471,877           | (477,049)                              | 25,565            |
| Street lights                             | -                  | -                 | -                 | -                                      | 138,395           |
| Sidewalks and drives                      | 3,000              | 3,000             | 3,000             | -                                      | 80,436            |
| Forestry                                  | 1                  | 1                 | -                 | (1)                                    | 38,524            |
| Recreation                                | -                  | -                 | -                 | -                                      | 74,123            |
| Public improvement                        | 74,429             | 74,429            | 15,228            | (59,201)                               | 237,260           |
| Public facility demolition                | 73,037             | 73,037            | 29,486            | (43,551)                               | 226,912           |
| Jackson Affordable Housing                | 4,598              | 4,598             | 4,598             | -                                      | 28,165            |
| <b>Total expenditures</b>                 | <b>3,344,992</b>   | <b>3,344,992</b>  | <b>2,050,907</b>  | <b>(1,294,085)</b>                     | <b>2,556,400</b>  |
| <b>Net change in fund balances</b>        | <b>92,457</b>      | <b>92,457</b>     | <b>30,982</b>     | <b>(61,475)</b>                        | <b>(211,385)</b>  |
| Fund balance, beginning of year           | 219,598            | 219,598           | 219,598           | -                                      | 430,983           |
| <b>Fund balance, end of year</b>          | <b>\$ 312,055</b>  | <b>\$ 312,055</b> | <b>\$ 250,580</b> | <b>\$ (61,475)</b>                     | <b>\$ 219,598</b> |

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

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**Major Street Fund**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                       | 2007               |                   |                   | Actual<br>Over (Under)<br>Final Budget | 2006<br>Actual    |
|---------------------------------------|--------------------|-------------------|-------------------|--|-------------------|
|                                       | Original<br>Budget | Final<br>Budget   | Actual            |  |                   |
| <b>Revenues</b>                       |                    |                   |                   |  |                   |
| Intergovernmental                     | \$ 5,135,508       | \$ 5,135,508      | \$ 4,389,026      | \$ (746,482)                           | \$ 3,498,841      |
| Miscellaneous                         | 146,379            | 146,379           | 157,827           | 11,448                                 | 162,649           |
| Total revenues                        | <u>5,281,887</u>   | <u>5,281,887</u>  | <u>4,546,853</u>  | <u>(735,034)</u>                       | <u>3,661,490</u>  |
| <b>Expenditures</b>                   |                    |                   |                   |  |                   |
| Current:                              |                    |                   |                   |  |                   |
| Public works:                         |                    |                   |                   |  |                   |
| Street construction                   | 739,940            | 739,940           | 706,472           | (33,468)                               | 460,449           |
| Street maintenance                    | 824,050            | 824,050           | 789,942           | (34,108)                               | 538,709           |
| Bridge maintenance                    | -                  | -                 | -                 | -                                      | 14,151            |
| Bridge construction                   | -                  | -                 | -                 | -                                      | 63,291            |
| Traffic services                      | 556,680            | 556,680           | 585,121           | 28,441                                 | 543,355           |
| Winter maintenance                    | 277,215            | 277,215           | 261,572           | (15,643)                               | 247,354           |
| Trunkline maintenance                 | 218,783            | 218,783           | 172,484           | (46,299)                               | 117,646           |
| State highway construction            | 3,751,044          | 3,751,044         | 2,972,492         | (778,552)                              | 1,765,549         |
| Reimbursements                        | (29,027)           | (29,027)          | (60,953)          | (31,926)                               | (45,300)          |
| Total expenditures                    | <u>6,338,685</u>   | <u>6,338,685</u>  | <u>5,427,130</u>  | <u>(911,555)</u>                       | <u>3,705,204</u>  |
| Revenues over (under) expenditures    | (1,056,798)        | (1,056,798)       | (880,277)         | 176,521                                | (43,714)          |
| <b>Other financing sources (uses)</b> |                    |                   |                   |  |                   |
| Transfers in                          | 1,203,169          | 1,149,792         | 893,038           | (256,754)                              | 354,028           |
| Transfers out                         | (657,622)          | (657,622)         | (557,247)         | 100,375                                | (419,503)         |
| Total other financing sources (uses)  | <u>545,547</u>     | <u>492,170</u>    | <u>335,791</u>    | <u>(156,379)</u>                       | <u>(65,475)</u>   |
| Net change in fund balances           | (511,251)          | (564,628)         | (544,486)         | 20,142                                 | (109,189)         |
| Fund balance, beginning of year       | 739,343            | 739,343           | 739,343           | -                                      | 848,532           |
| <b>Fund balance, end of year</b>      | <u>\$ 228,092</u>  | <u>\$ 174,715</u> | <u>\$ 194,857</u> | <u>\$ 20,142</u>                       | <u>\$ 739,343</u> |

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

**City of Jackson, Michigan**  
**Statement of Net Assets - Proprietary Funds**  
**June 30, 2007**

|  | Enterprise Funds - Business-type Activities |                      |                      |                     | Totals               | Governmental<br>Activities |
|--|---|----------------------|----------------------|---------------------|----------------------|----------------------------|
|  | Sewage                                      | Water                | Parking<br>Deck      | Nonmajor<br>Funds   |                      | Internal<br>Service        |
| <b>Assets</b>                                      |   |                      |                      |                     |                      |                            |
| <b>Current assets</b>                              |   |                      |                      |                     |                      |                            |
| Pooled cash and investments                        | \$ 8,246,310                                | \$ 4,922,382         | \$ 765,191           | \$ 514,658          | \$ 14,448,541        | \$ 2,481,763               |
| Accounts receivable, net                           | 1,223,695                                   | 1,697,983            | -                    | -                   | 2,921,678            | 251,496                    |
| Inventories  | -   | 243,668              | -                    | -                   | 243,668              | -                          |
| Prepaid items                                      | -   | -                    | -                    | -                   | -                    | 46,000                     |
| Restricted cash and cash equivalents:              |   |                      |                      |                     |                      |                            |
| Bond reserve                                       | 199,000                                     | 492,000              | -                    | -                   | 691,000              | -                          |
| Bond redemption                                    | 267,900                                     | 488,109              | -                    | -                   | 756,009              | -                          |
| Total current assets                               | <u>9,936,905</u>                            | <u>7,844,142</u>     | <u>765,191</u>       | <u>514,658</u>      | <u>19,060,896</u>    | <u>2,779,259</u>           |
| <b>Noncurrent assets</b>                           |   |                      |                      |                     |                      |                            |
| Long-term advances                                 | -   | -                    | -                    | -                   | -                    | 1,110,634                  |
| Capital assets not being depreciated               | 154,947                                     | 58,369               | 7,060,843            | 1,682,727           | 8,956,886            | -                          |
| Capital assets being depreciated, net              | 16,218,508                                  | 19,804,944           | 12,095,374           | 403,908             | 48,522,734           | 1,252,076                  |
| Total noncurrent assets                            | <u>16,373,455</u>                           | <u>19,863,313</u>    | <u>19,156,217</u>    | <u>2,086,635</u>    | <u>57,479,620</u>    | <u>2,362,710</u>           |
| <b>Total assets</b>                                | <u>26,310,360</u>                           | <u>27,707,455</u>    | <u>19,921,408</u>    | <u>2,601,293</u>    | <u>76,540,516</u>    | <u>5,141,969</u>           |
| <b>Liabilities</b>                                 |   |                      |                      |                     |                      |                            |
| <b>Current liabilities</b>                         |   |                      |                      |                     |                      |                            |
| Accounts payable                                   | 223,505                                     | 296,389              | 4,877                | 935                 | 525,706              | 114,288                    |
| Accrued payroll                                    | 41,245                                      | 66,194               | 947                  | 4,456               | 112,842              | 29,004                     |
| Accrued compensated absences                       | 12,089                                      | 29,072               | -                    | -                   | 41,161               | -                          |
| Customer deposits                                  | -   | 107,489              | -                    | -                   | 107,489              | -                          |
| Unearned revenue                                   | -   | -                    | 125,000              | -                   | 125,000              | -                          |
| Current portion of long-term debt                  | 150,000                                     | 210,000              | -                    | 75,000              | 435,000              | -                          |
| Total current liabilities                          | <u>426,839</u>                              | <u>709,144</u>       | <u>130,824</u>       | <u>80,391</u>       | <u>1,347,198</u>     | <u>143,292</u>             |
| <b>Noncurrent liabilities</b>                      |   |                      |                      |                     |                      |                            |
| Long term advance from other funds                 | -   | -                    | -                    | 130,000             | 130,000              | 164,410                    |
| Estimated claims payable                           | -   | -                    | -                    | -                   | -                    | 763,535                    |
| Revenue bonds payable                              | 775,000                                     | 2,055,000            | -                    | -                   | 2,830,000            | -                          |
| Installment purchase contract payable              | -   | -                    | -                    | 275,000             | 275,000              | -                          |
| Accrued compensated absences                       | 89,091                                      | 195,435              | -                    | -                   | 284,526              | -                          |
| Total noncurrent liabilities                       | <u>864,091</u>                              | <u>2,250,435</u>     | <u>-</u>             | <u>405,000</u>      | <u>3,519,526</u>     | <u>927,945</u>             |
| <b>Total liabilities</b>                           | <u>1,290,930</u>                            | <u>2,959,579</u>     | <u>130,824</u>       | <u>485,391</u>      | <u>4,866,724</u>     | <u>1,071,237</u>           |
| <b>Net assets</b>                                  |   |                      |                      |                     |                      |                            |
| Invested in capital assets, net<br>of related debt | 15,448,455                                  | 17,598,313           | 19,156,217           | 1,606,635           | 53,809,620           | 1,087,666                  |
| Restricted for:                                    |   |                      |                      |                     |                      |                            |
| Bond reserve                                       | 199,000                                     | 492,000              | -                    | -                   | 691,000              | -                          |
| Bond and interest redemption                       | 267,900                                     | 488,109              | -                    | -                   | 756,009              | -                          |
| Unrestricted                                       | 9,104,075                                   | 6,169,454            | 634,367              | 509,267             | 16,417,163           | 2,983,066                  |
| <b>Total net assets</b>                            | <u>\$ 25,019,430</u>                        | <u>\$ 24,747,876</u> | <u>\$ 19,790,584</u> | <u>\$ 2,115,902</u> | <u>\$ 71,673,792</u> | <u>\$ 4,070,732</u>        |

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

**City of Jackson, Michigan**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2007**

|   | <b>Enterprise Funds - Business-type Activities</b> |                      |                         |                           |                      | <b>Governmental</b> |
|---|--|----------------------|-------------------------|---------------------------|----------------------|---------------------|
|   | <b>Sewage</b>                                      | <b>Water</b>         | <b>Parking<br/>Deck</b> | <b>Nonmajor<br/>Funds</b> | <b>Totals</b>        | <b>Internal</b>     |
|   |  |                      |                         |                           |                      | <b>Service</b>      |
| <b>Operating revenues</b>                     |  |                      |                         |                           |                      |                     |
| Charges for sales and services                | \$ 5,451,069                                       | \$ 5,907,559         | \$ 250,000              | \$ 194,306                | \$ 11,802,934        | \$ 2,559,842        |
| Other   | 108,525  | 159,552              | -                       | -                         | 268,077              | 1,185,080           |
| <b>Total operating revenues</b>               | <b>5,559,594</b>                                   | <b>6,268,973</b>     | <b>250,000</b>          | <b>194,306</b>            | <b>12,272,873</b>    | <b>3,744,922</b>    |
| <b>Operating expenses</b>                     |  |                      |                         |                           |                      |                     |
| Personal services                             | 1,508,897  | 2,322,665            | 22,512                  | 92,282                    | 3,946,356            | 1,181,872           |
| Administration                                | -  | -                    | -                       | -                         | -                    | 150,744             |
| Materials and supplies                        | 441,805  | 1,137,480            | -                       | 2,668                     | 1,581,953            | 359,808             |
| Contractual and other services                | 2,080,920  | 1,132,923            | 121,497                 | 108,662                   | 3,444,002            | 1,070,389           |
| Benefit payments                              | -  | -                    | -                       | -                         | -                    | 376,650             |
| Equipment                                     | -  | -                    | -                       | -                         | -                    | 15,510              |
| Depreciation                                  | 1,173,258  | 743,481              | 262,943                 | 64,896                    | 2,244,578            | 265,938             |
| <b>Total operating expenses</b>               | <b>5,204,880</b>                                   | <b>5,336,549</b>     | <b>406,952</b>          | <b>268,508</b>            | <b>11,216,889</b>    | <b>3,420,911</b>    |
| <b>Operating income (loss)</b>                | <b>354,714</b>                                     | <b>932,424</b>       | <b>(156,952)</b>        | <b>(74,202)</b>           | <b>1,055,984</b>     | <b>324,011</b>      |
| <b>Nonoperating revenues (expenses)</b>       |  |                      |                         |                           |                      |                     |
| Investment income                             | 374,982  | 278,329              | 31,155                  | 18,917                    | 703,383              | 165,232             |
| Interest and fiscal charges                   | (52,725)   | (111,723)            | -                       | (20,824)                  | (185,272)            | -                   |
| <b>Total nonoperating revenues (expenses)</b> | <b>322,257</b>                                     | <b>166,606</b>       | <b>31,155</b>           | <b>(1,907)</b>            | <b>518,111</b>       | <b>165,232</b>      |
| <b>Income (loss) before transfers</b>         | <b>676,971</b>                                     | <b>1,099,030</b>     | <b>(125,797)</b>        | <b>(76,109)</b>           | <b>1,574,095</b>     | <b>489,243</b>      |
| <b>Transfers in</b>                           | <b>-</b>   | <b>-</b>             | <b>-</b>                | <b>148,126</b>            | <b>148,126</b>       | <b>-</b>            |
| <b>Transfers out</b>                          | <b>-</b>   | <b>-</b>             | <b>(25,000)</b>         | <b>-</b>                  | <b>(25,000)</b>      | <b>-</b>            |
| <b>Change in net assets</b>                   | <b>676,971</b>                                     | <b>1,099,030</b>     | <b>(150,797)</b>        | <b>72,017</b>             | <b>1,697,221</b>     | <b>489,243</b>      |
| <b>Net assets, beginning of year</b>          | <b>24,342,459</b>                                  | <b>23,648,846</b>    | <b>19,941,381</b>       | <b>2,043,885</b>          | <b>69,976,571</b>    | <b>3,581,489</b>    |
| <b>Net assets, end of year</b>                | <b>\$ 25,019,430</b>                               | <b>\$ 24,747,876</b> | <b>\$ 19,790,584</b>    | <b>\$ 2,115,902</b>       | <b>\$ 71,673,792</b> | <b>\$ 4,070,732</b> |

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

**City of Jackson, Michigan**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2007**

|  | Enterprise Funds - Business-type Activities |                     |                 |                   | Governmental Activities |                     |
|--|---|---------------------|-----------------|-------------------|-------------------------|---------------------|
|  | Sewage                                      | Water               | Parking Deck    | Nonmajor Funds    | Totals                  | Internal Service    |
| <b>Cash flows from operating activities</b>  |   |                     |                 |                   |                         |                     |
| Payments to employees  | \$ (1,522,899)                              | \$ (2,316,318)      | \$ (21,705)     | \$ (92,282)       | \$ (3,953,204)          | \$ (1,294,466)      |
| Payments to vendors and claimants  | (2,422,389)                                 | (2,197,417)         | (121,209)       | ( 115,528)        | ( 4,856,543)            | ( 2,113,950)        |
| Receipts from customers and users  | 5,196,892                                   | 6,138,197           | 250,000         | 199,470           | 11,784,559              | -                   |
| Receipts for interfund services provided   | -   | -                   | -               | -                 | -                       | 3,848,314           |
| Net cash provided by (used in) operating activities  | <u>1,251,604</u>                            | <u>1,624,462</u>    | <u>107,086</u>  | <u>(8,340)</u>    | <u>2,974,812</u>        | <u>439,898</u>      |
| <b>Cash flows from capital and related financing activities</b>  |   |                     |                 |                   |                         |                     |
| Purchase of capital assets   | (803,015)                                   | (1,690,210)         | -               | -                 | (2,493,225)             | (729,512)           |
| Issuance of interfund advances   | -   | -                   | -               | -                 | -                       | (156,186)           |
| Principal and interest paid on long-term debt  | (252,725)                                   | (311,723)           | -               | ( 70,824)         | ( 635,272)              | -                   |
| Principal and interest paid on advance   | -   | -                   | -               | -                 | -                       | (12,017)            |
| Net cash used in capital and related financing activities  | <u>(1,055,740)</u>                          | <u>(2,001,933)</u>  | <u>-</u>        | <u>(70,824)</u>   | <u>(3,128,497)</u>      | <u>(897,715)</u>    |
| <b>Cash flows from non-capital financing activities</b>  |   |                     |                 |                   |                         |                     |
| Transfers in   | -   | -                   | -               | 148,126           | 148,126                 | -                   |
| Transfers out  | -   | -                   | (25,000)        | -                 | (25,000)                | -                   |
| Net cash provided by (used in) non-capital financing activities  | <u>-</u>                                    | <u>-</u>            | <u>(25,000)</u> | <u>148,126</u>    | <u>123,126</u>          | <u>-</u>            |
| <b>Cash flows from investing activities</b>  |   |                     |                 |                   |                         |                     |
| Interest received on investments   | 374,982                                     | 278,329             | 31,155          | 18,917            | 703,383                 | 165,232             |
| Net increase (decrease) in cash and cash equivalents   | 570,846                                     | (99,142)            | 113,241         | 87,879            | 672,824                 | (292,585)           |
| Cash and cash equivalents, beginning of year   | 8,142,364                                   | 6,001,633           | 651,950         | 426,779           | 15,222,726              | 2,774,348           |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 8,713,210</u>                         | <u>\$ 5,902,491</u> | <u>765,191</u>  | <u>\$ 514,658</u> | <u>\$ 15,895,550</u>    | <u>\$ 2,481,763</u> |
| <b>Statement of net assets classification of cash</b>  |   |                     |                 |                   |                         |                     |
| Cash and cash equivalents  | \$ 8,246,310                                | \$ 4,922,382        | 765,191         | \$ 514,658        | \$ 14,448,541           | \$ 2,481,763        |
| Restricted cash and cash equivalents   | 466,900                                     | 980,109             | -               | -                 | 1,447,009               | -                   |
|  | <u>\$ 8,713,210</u>                         | <u>\$ 5,902,491</u> | <u>765,191</u>  | <u>\$ 514,658</u> | <u>\$ 15,895,550</u>    | <u>\$ 2,481,763</u> |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>                   |   |                     |                 |                   |                         |                     |
| Operating income (loss)  | \$ 354,714                                  | \$ 932,424          | (156,952)       | \$ (74,202)       | \$ 1,055,984            | \$ 324,011          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |   |                     |                 |                   |                         |                     |
| Depreciation   | 1,173,258                                   | 743,481             | 262,943         | 64,896            | 2,244,578               | 265,938             |
| (Increase) decrease in:  |   |                     |                 |                   |                         |                     |
| Accounts receivable  | (362,702)                                   | (130,935)           | -               | -                 | (493,637)               | 103,392             |
| Inventories  | -   | 13,727              | -               | -                 | 13,727                  | -                   |
| Increase (decrease) in:  |   |                     |                 |                   |                         |                     |
| Accounts payable   | 100,336                                     | 59,259              | 288             | 206               | 160,089                 | (118,532)           |
| Accrued payroll  | (2,461)                                     | (1,377)             | 807             | 760               | (2,271)                 | (63)                |
| Accrued compensated absences   | (11,541)                                    | 7,724               | -               | -                 | (3,817)                 | (112,531)           |
| Customer deposits  | -   | 159                 | -               | -                 | 159                     | -                   |
| Net cash provided by (used in) operating activities  | <u>\$ 1,251,604</u>                         | <u>\$ 1,624,462</u> | <u>107,086</u>  | <u>\$ (8,340)</u> | <u>\$ 2,974,812</u>     | <u>\$ 439,898</u>   |

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

**City of Jackson, Michigan**  
**Statement of Fiduciary Net Assets - Fiduciary Funds**  
**June 30, 2007**

|                                       | <b>Pension<br/>Trust<br/>Funds</b> | <b>Agency<br/>Funds</b> |
|---------------------------------------|------------------------------------|-------------------------|
| <b>Assets</b>                         |                                    |                         |
| Pooled cash and investments           | \$ -                               | \$ 158,993              |
| Cash and cash equivalents             | 1,965,679                          | -                       |
| Investments, at fair value:           |                                    |                         |
| U.S. treasuries                       | 2,129,725                          | -                       |
| U.S. agencies                         | 2,226,873                          | -                       |
| Corporate bonds:                      |                                    |                         |
| Domestic                              | 6,592,490                          | -                       |
| Domestic mutual funds                 | 12,802,078                         | -                       |
| International                         | 496,553                            | -                       |
| Equities:                             |                                    |                         |
| Domestic stocks                       | 25,224,264                         | -                       |
| Domestic mutual funds                 | 14,107,163                         | -                       |
| International stocks                  | 6,152,985                          | -                       |
| International mutual funds            | 4,651,054                          | -                       |
| Receivables:                          |                                    |                         |
| Interest and dividends                | 123,787                            | -                       |
| Other                                 | 479,997                            | -                       |
|                                       | <u>76,952,648</u>                  | <u>\$ 158,993</u>       |
| <b>Liabilities</b>                    |                                    |                         |
| Accounts payable                      | -                                  | \$ 18,474               |
| Due to other governments              | -                                  | 25,249                  |
| Refunds payable and other liabilities | -                                  | 115,270                 |
|                                       | <u>-</u>                           | <u>\$ 158,993</u>       |
| <b>Net assets</b>                     |                                    |                         |
| Held in trust for pension benefits    | <u>\$ 76,952,648</u>               |                         |

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

**City of Jackson, Michigan**  
**Statement of Changes in Plan Net Assets**  
**Pension Trust Funds**  
**For the Fiscal Year Ended June 30, 2007**

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|  |                             |
|--|-----------------------------|
| <b>Additions</b>                                     |                             |
| Contributions:                                       |                             |
| Employer   | \$ 4,756,890                |
| Plan members   | <u>1,303,310</u>            |
| Total contributions                                  | <u>6,060,200</u>            |
| Investment income:                                   |                             |
| Net appreciation in fair value of investments        | 9,472,489                   |
| Interest   | 545,966                     |
| Dividends  | <u>796,123</u>              |
| Total investment income                              | 10,814,578                  |
| Less investment expense                              | <u>233,386</u>              |
| Net investment income                                | <u>10,581,192</u>           |
| Total additions                                      | <u>16,641,392</u>           |
| <b>Deductions</b>                                    |                             |
| Benefits   | 6,476,889                   |
| Refunds of contributions                             | 165,943                     |
| Administrative expense                               | <u>200,149</u>              |
| Total deductions                                     | <u>6,842,981</u>            |
| Net increase in net assets                           | 9,798,411                   |
| <b>Net assets held in trust for pension benefits</b> |                             |
| Beginning of year                                    | <u>67,154,237</u>           |
| <b>End of year</b>                                   | <u><u>\$ 76,952,648</u></u> |

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

## **NOTES to the FINANCIAL STATEMENTS**

# City of Jackson, Michigan

## Notes to Financial Statements

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# City of Jackson, Michigan

## Notes To Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The City of Jackson has followed the guidelines of the Governmental Standards Board's Statement No. 14. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Each blended or discretely presented component unit has a June 30 year end.

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

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

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

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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### 1-B. Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

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

*Major street fund.* This fund accounts for the expenditure of motor fuel taxes which are earmarked by law for major street and highway purposes.

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

The City reports the following major enterprise funds:

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

Additionally, the City reports the following fund types:

*Special revenue funds.* These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including trust or major capital projects.

*Debt service funds.* These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*Capital projects funds.* These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

*Permanent funds.* These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

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

*Internal service funds.* These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes workers' compensation self-insurance; motor pool and garage; prescription drugs; public works administration and engineering, and data processing equipment.

*Pension trust funds.* These funds account for the activities of the City's three retirement funds, which accumulate resources for retirement benefit payments to qualified employees.

*Agency funds.* These funds account for assets held for other governments in an agency capacity, including undistributed tax collections, certain employee payroll withholdings and escrow accounts.

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

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

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

All governmental and business-type activities and proprietary funds of the City follow private-sector standards of accounting and financial reporting issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

#### **Deposits and Investments**

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

### **Receivables and Payables**

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

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

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

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

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

### **Capital Assets**

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

### Compensated Absences

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

### Long-term Obligations

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

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

### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

# City of Jackson, Michigan

## Notes To Financial Statements

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### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### 2-A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end, except for those approved by the City Council for carry forward.

The City Council requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in June. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded.

An operating budget is adopted each fiscal year for the general and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). Budgets are legally required for the general and special revenue funds. Budgetary control is exercised at the activity level within the general fund and the community development block grant special revenue fund and on the fund level for all other funds. Accordingly, financial statement presentation is made on this basis. City Commission resolution is required to increase activity budget amounts within the general fund and the community development block grant special revenue fund and any supplemental appropriations that increase the total expenditures of any other fund. Management can make budget transfers between line items within an activity for the general fund and the community development block grant special revenue fund and between line items for the fund as a whole for other funds.

Council reported budgeted amounts are as originally adopted or are amended by department revision or resolution. Supplemental budgetary appropriations were made during the year, the total of which was not significant in relation to the original appropriations.

#### *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget. These material encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures nor liabilities. No such commitments existed at June 30, 2007.

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

| <u>Fund/Activity</u>                  | <u>Final Budget</u> | <u>Actual</u> | <u>Over Budget</u> |
|---------------------------------------|---------------------|---------------|--------------------|
| <b>General fund</b>                   |                     |               |                    |
| General government:                   |                     |               |                    |
| City Assessor                         | \$ 367,330          | \$ 370,384    | \$ 3,054           |
| Cemetaries                            | 415,228             | 423,573       | 8,345              |
| Unallocated                           | 724,869             | 886,053       | 161,184            |
| Public Safety:                        |                     | 66,378        | 66,378             |
| Police - NFBP grant                   | -                   | 15,005        | 15,005             |
| Fire - Training                       | 211,626             | 223,118       | 11,492             |
| Emergency Measures                    | 57,638              | 66,378        | 8,740              |
| Public Works - Forestry               | 576,105             | 583,296       | 7,191              |
| Culture and Recreation -              |                     |               |                    |
| Parks and Recreation Administration   | 702,532             | 713,698       | 11,166             |
| Community Enrichment - Planning       | 102,268             | 109,050       | 6,782              |
| <b>Nonmajor special revenue funds</b> |                     |               |                    |
| Land Acquisition fund                 | 45,000              | 53,226        | 8,226              |
| Public Improvement fund               | 299,692             | 381,281       | 81,589             |
| Recreation Millage fund               | 245,000             | 260,875       | 15,875             |

### 2-C. Fund Deficit

At June 30, 2007, the Special Assessment Capital Projects Fund had a fund deficit of \$946,224. This deficit will be eliminated as deferred special assessments become due.

# City of Jackson, Michigan

## Notes To Financial Statements

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### NOTE 3 – DETAILED NOTES ON ALL FUNDS

#### 3-A. Deposits and Investments

*Summary of Deposit and Investment Balances.* Following is a reconciliation of deposit and investment balances as of June 30, 2007:

|   | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> | <u>Total</u>                 |
|---|-------------------------------|----------------------------|------------------------------|
| <b>Statement of Net Assets:</b>   |                               |                            |                              |
| Cash and cash equivalents   | \$ 25,326,084                 | \$ 2,690,087               | \$ 28,016,171                |
| Investments   | 2,611,360                     | -                          | 2,611,360                    |
| <b>Statement of Fiduciary Net Assets:</b>                                       |                               |                            |                              |
| Cash and cash equivalents   | 158,993                       | -                          | 158,993                      |
| Cash and cash equivalents – pension   | 1,965,679                     | -                          | 1,965,679                    |
| Investments – pension   | <u>74,383,185</u>             | <u>-</u>                   | <u>74,383,185</u>            |
| <b>Total</b>  | <b><u>\$ 104,445,301</u></b>  | <b><u>\$ 2,690,087</u></b> | <b><u>\$ 107,135,388</u></b> |
| <b>Deposits and Investments:</b>  |                               |                            |                              |
| Bank deposits (checking accounts, savings accounts and certificates of deposit) |                               |                            | \$ 18,341,009                |
| Investments in securities and mutual funds:                                     |                               |                            |                              |
| Cash and investment pool  |                               |                            | 12,428,870                   |
| Pension trust funds   |                               |                            | 76,348,864                   |
| Cash on hand  |                               |                            | <u>16,645</u>                |
| <b>Total</b>  |                               |                            | <b><u>\$ 107,135,388</u></b> |

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

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2007, \$17,354,868 of the City's total bank balance of \$18,502,770 (total book balance was \$18,341,009) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# City of Jackson, Michigan

## Notes To Financial Statements

*Custodial Credit Risk - Investments.* Following is a summary of the City's investments as of June 30, 2007:

|                   |    |                             |
|-------------------|----|-----------------------------|
| U.S. treasuries   | \$ | 714,843                     |
| U.S. agencies     |    | 853,398                     |
| Domestic equities |    | 14,600                      |
| Money markets     |    | <u>10,846,029</u>           |
| <b>Total</b>      |    | <b><u>\$ 12,428,870</u></b> |

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2007, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

*Credit Risk* As of June 30, 2007, all of the City's investments in securities of U.S. agencies were rated AAA by Standard & Poor's. The City also held investments in U.S. treasuries and money market funds, which are not rated. The City's investment policy does not have specific limits in excess of state law on investment credit risk.

*Concentration of Credit Risk.* The City's investment policy does not address this risk. At June 30, 2007, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

*Interest Rate Risk.* As of June 30, 2007, maturities of the City's debt securities were as follows:

|                                | <u>Fair<br/>Value</u>      | <u>Investment Maturities (fair value by years)</u> |                            |                          | <u>More<br/>Than 10</u> |
|--------------------------------|----------------------------|--|----------------------------|--------------------------|-------------------------|
|                                |                            | <u>Less<br/>Than 1</u>                             | <u>1-5</u>                 | <u>6-10</u>              |                         |
| US treasuries                  | \$ 714,843                 | \$ -   | \$ 328,329                 | \$ 386,514               | \$ -                    |
| U.S. agencies-<br>Non-callable | <u>853,398</u>             | <u>114,929</u>                                     | <u>738,469</u>             | <u>-</u>                 | <u>-</u>                |
|                                | <b><u>\$ 1,568,241</u></b> | <b><u>\$ 114,929</u></b>                           | <b><u>\$ 1,066,798</u></b> | <b><u>\$ 386,514</u></b> | <b><u>\$ -</u></b>      |

The City's investment policy does not address interest rate risk.

# City of Jackson, Michigan

## Notes To Financial Statements

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### Deposits and Investments – Pension Trust Funds

The City maintains three pension trust funds (*see Note 4-E*) where deposits and investments are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension trust funds' deposits and investments are presented separately.

**Deposits** - The System does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net assets are composed entirely of short-term investments in money market accounts.

**Investments** - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension trusts to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Boards have the responsibility and authority to oversee the respective investment portfolios. Various professional investment managers are contracted to assist in managing the pension trust funds' assets. All investment decisions are subject to Michigan law and the investment policy established by each respective Retirement Board.

The pension trust funds' investments are held in various financial institution or bank-administered trust funds. Following is a summary of the funds' investments as of June 30, 2007:

|   |                             |
|---|-----------------------------|
| Investments at fair value, as determined<br>by quoted market price: |                             |
| U.S. treasuries   | \$ 2,129,725                |
| U.S. agencies   | 2,226,873                   |
| Corporate bonds:  |                             |
| Domestic  | 6,592,490                   |
| Domestic mutual funds   | 12,802,078                  |
| International   | 496,553                     |
| Equities:   |                             |
| Domestic stocks   | 25,224,264                  |
| Domestic mutual funds   | 14,107,163                  |
| International stocks  | 6,152,985                   |
| International mutual funds  | <u>4,651,054</u>            |
| <b>Total investments</b>  | <b><u>\$ 74,383,185</u></b> |

In addition to the above, the funds had short-term investments of \$1,965,679 as of June 30, 2007 held entirely in money market funds.

# City of Jackson, Michigan

## Notes To Financial Statements

*Credit Risk.* The pension trust funds' investment policy provides that its investments in fixed income securities should have an investment grade rating by two nationally recognized statistical rating organizations. As of June 30, 2007, the System's investments in securities of U.S. agencies were all rated AAA by Standard & Poor's. The System's investments in corporate securities (domestic and international) were rated by Standard & Poor's as follows:

|           |                            |
|-----------|----------------------------|
| AAA       | \$ 194,135                 |
| AA        | 600,981                    |
| A         | 3,030,857                  |
| BBB       | 1,448,624                  |
| BB        | 480,332                    |
| Not rated | <u>1,334,114</u>           |
|           | <b><u>\$ 7,089,043</u></b> |

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The pension trust funds' investment policy requires that investment securities be held in trust by a third-party institution in each fund's name. As such, although uninsured and unregistered, the pension trust funds' investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in each funds' name.

Short-term investments in money market funds are not subject to custodial credit risk.

*Concentration of Credit Risk.* The pension trust funds' investment policies require that the securities of any one company or government agency should not exceed 5% of the total investment market value of each individual pension trust fund. At June 30, 2007, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

*Interest Rate Risk.* As of June 30, 2007, maturities of debt securities were as follows:

|                               | Fair<br>Value               | Investment Maturities (fair value by years) |                            |                            |                            |
|-------------------------------|-----------------------------|---|----------------------------|----------------------------|----------------------------|
|                               |                             | Less<br>Than 1                              | 1-5                        | 6-10                       | More<br>Than 10            |
| U.S. treasuries               | \$ 2,129,725                | \$ 573,090                                  | \$ 686,585                 | \$ 524,141                 | \$ 345,909                 |
| U.S. agencies                 | 2,226,873                   | 359,743                                     | 756,917                    | 616,864                    | 493,349                    |
| Domestic corporate bonds:     |                             |   |                            |                            |                            |
| Callable                      | 3,557,699                   | -   | 254,569                    | -                          | 3,303,130                  |
| Non-callable                  | 3,034,791                   | 39,904                                      | 1,773,277                  | 793,392                    | 428,218                    |
| International debt securities | 496,553                     | -   | -                          | -                          | 496,553                    |
|                               | <b><u>\$ 11,445,641</u></b> | <b><u>\$ 972,737</u></b>                    | <b><u>\$ 3,471,348</u></b> | <b><u>\$ 1,934,397</u></b> | <b><u>\$ 5,067,159</u></b> |

The City assumes that its callable bonds totaling \$3,557,699 will not be called. The pension trust funds' investment policies do not address interest rate risk.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 3-B. Receivables

Receivables in the governmental activities are 20 percent due from other governments, 12 percent accounts receivable, 31 percent income taxes, 15 percent special assessments, and 22 percent loans receivable; 80 percent of the special assessment receivables are not expected to be collected within one year. Business-type activities receivables are 100 percent due from customers. Loans receivable consists of \$1,397,625 in long-term loans due from local businesses related to economic development projects, of which \$1,261,875 in loans are not expected to be collected within one year.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

|  | <u>Unavailable</u>         | <u>Unearned</u>         | <u>Total</u>               |
|--|----------------------------|-------------------------|----------------------------|
| Special assessments not yet due<br>(debt service and capital projects funds) | \$ 952,029                 | \$ -                    | \$ 952,029                 |
| Grant/agreement drawdowns prior to meeting all<br>eligibility requirements   | -                          | 19,453                  | 19,453                     |
| Long-term loans receivable   | <u>1,397,625</u>           | <u>-</u>                | <u>1,397,625</u>           |
|  | <u><b>\$ 2,349,654</b></u> | <u><b>\$ 19,453</b></u> | <u><b>\$ 2,369,107</b></u> |

# City of Jackson, Michigan

## Notes To Financial Statements

### 3-C. Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2007, was as follows:

| <u>Governmental Activities:</u>                    | <u>Balance<br/>July 1,<br/>2006</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance<br/>June 30,<br/>2007</u> |
|--|-------------------------------------|---------------------|-------------------|--------------------------------------|
| <b>Capital assets not being depreciated-</b>       |                                     |                     |                   |                                      |
| Land   | \$ 2,440,383                        | \$ -                | \$ -              | \$ 2,440,383                         |
| <b>Capital assets being depreciated:</b>           |                                     |                     |                   |                                      |
| Infrastructure                                     | 110,301,584                         | 4,624,759           | -                 | 114,926,343                          |
| Land improvements                                  | 15,744,431                          | 18,750              | -                 | 15,763,181                           |
| Buildings and improvements                         | 16,529,574                          | 129,844             | -                 | 16,659,418                           |
| Park and recreation facilities                     | 8,008,230                           | 110,471             | -                 | 8,118,701                            |
| Machinery and equipment                            | 11,163,350                          | 949,826             | 430,395           | 11,682,781                           |
| <b>Total capital assets being depreciated</b>      | <u>161,747,169</u>                  | <u>5,833,650</u>    | <u>430,395</u>    | <u>167,150,424</u>                   |
| <b>Accumulated depreciation:</b>                   |                                     |                     |                   |                                      |
| Infrastructure                                     | 76,338,105                          | 2,238,180           | -                 | 78,576,285                           |
| Land improvements                                  | 628,810                             | 314,889             | -                 | 943,699                              |
| Buildings and improvements                         | 3,676,863                           | 295,679             | -                 | 3,972,542                            |
| Park and recreation facilities                     | 4,295,274                           | 105,052             | -                 | 4,400,326                            |
| Machinery and equipment                            | 8,568,382                           | 624,448             | 380,326           | 8,812,504                            |
| <b>Total accumulated depreciation</b>              | <u>93,507,434</u>                   | <u>3,578,248</u>    | <u>380,326</u>    | <u>96,705,356</u>                    |
| <b>Total capital assets being depreciated, net</b> | <u>68,239,735</u>                   | <u>2,255,402</u>    | <u>50,069</u>     | <u>70,445,068</u>                    |
| <b>Governmental activities capital assets, net</b> | <u>\$ 70,680,118</u>                | <u>\$ 2,255,402</u> | <u>\$ 50,069</u>  | <u>\$ 72,885,451</u>                 |

# City of Jackson, Michigan

## Notes To Financial Statements

| <u>Business-type activities</u>                     | <u>Balance<br/>July 1,<br/>2006</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>June 30,<br/>2007</u> |
|---|-------------------------------------|-------------------|-------------------|--------------------------------------|
| <b>Capital assets not being depreciated-</b>        |                                     |                   |                   |                                      |
| Land  | \$ 8,956,886                        | \$ -              | \$ -              | \$ 8,956,886                         |
| <b>Capital assets being depreciated:</b>            |                                     |                   |                   |                                      |
| Systems   | 63,077,180                          | 2,117,137         | -                 | 65,194,317                           |
| Land improvements                                   | 2,437,627                           | 66,042            | -                 | 2,503,669                            |
| Buildings and improvements                          | 12,799,949                          | 55,905            | -                 | 12,855,854                           |
| Machinery and equipment                             | 10,254,994                          | 254,141           | 74,650            | 10,434,485                           |
| <b>Subtotal</b>                                     | <u>88,569,750</u>                   | <u>2,493,225</u>  | <u>74,650</u>     | <u>90,988,325</u>                    |
| <b>Accumulated depreciation:</b>                    |                                     |                   |                   |                                      |
| Systems   | 30,834,853                          | 1,544,558         | -                 | 32,379,411                           |
| Land improvements                                   | 581,176                             | 84,099            | -                 | 665,275                              |
| Buildings and improvements                          | 1,504,658                           | 272,146           | -                 | 1,776,804                            |
| Machinery and equipment                             | 7,374,976                           | 343,775           | 74,650            | 7,644,101                            |
| <b>Total accumulated depreciation</b>               | <u>40,295,663</u>                   | <u>2,244,578</u>  | <u>74,650</u>     | <u>42,465,591</u>                    |
| <b>Total capital assets being depreciated, net</b>  | <u>48,274,087</u>                   | <u>248,647</u>    | <u>-</u>          | <u>48,522,734</u>                    |
| <b>Business-type activities capital assets, net</b> | <u>\$ 57,230,973</u>                | <u>\$ 248,647</u> | <u>\$ -</u>       | <u>\$ 57,479,620</u>                 |

# City of Jackson, Michigan

## Notes To Financial Statements

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

|  |            |
|--|------------|
| <b>Governmental activities:</b>  |            |
| General government   | \$ 258,114 |
| Public safety  | 211,836    |
| Public works, including depreciation of general infrastructure assets  | 2,324,701  |
| Culture and recreation   | 227,634    |
| Community enrichment and development   | 290,025    |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 265,938    |

**Total depreciation expense - governmental activities** **\$ 3,578,248**

|                                  |              |
|----------------------------------|--------------|
| <b>Business-type activities:</b> |              |
| Sewage                           | \$ 1,173,258 |
| Water                            | 743,481      |
| Parking system                   | 310,003      |
| Golf practice center             | 17,836       |

**Total depreciation expense - business-type activities** **\$ 2,244,578**

### 3-D. Payables

Payables in the governmental activities are 48 percent vendors, 2 percent claims, 18 percent accrued payroll, and 32 percent other. Business-type activities payables are 71 percent vendors, 14 percent deposits and 15 percent accrued payroll.

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

At June 30, 2007, interfund receivables and payables were as follows:

| Receivable                  | Payable         |                                |                             | Total            |
|-----------------------------|-----------------|--------------------------------|-----------------------------|------------------|
|                             | General Fund    | Cemetery Perpetual Maintenance | Nonmajor Governmental Funds |                  |
| General fund                | \$ -            | \$ 19,195                      |                             | \$ 19,195        |
| CDBG special revenue        | -               | -                              | 8,687                       | 8,687            |
| Nonmajor governmental funds | 2,172           | -                              | 13,789                      | 15,961           |
|                             | <b>\$ 2,172</b> | <b>\$ 19,195</b>               | <b>\$ 22,476</b>            | <b>\$ 43,843</b> |

In addition, the major streets fund had a negative balance in the City's pooled cash accounts reported an interfund payable, which is equal to the interfund receivable of \$97,147 reported in the general fund.

# City of Jackson, Michigan

## Notes To Financial Statements

At June 30, 2007, interfund advances were as follows:

| <u>Receivable</u>           | Payable                                 |   |                                 |                              | <u>Total</u>               |
|-----------------------------|---|---|---------------------------------|------------------------------|----------------------------|
|                             | Community<br>Development<br>Block Grant | Special<br>Assessment<br>Capital Projects | Nonmajor<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |                            |
| General fund                | \$ 100,000                              | \$ -                                      | \$ -                            | \$ -                         | \$ 100,000                 |
| Nonmajor governmental funds | -                                       | -   | 130,000                         | -                            | 130,000                    |
| Internal service funds      | -                                       | 946,224                                   | -                               | 164,410                      | 1,110,634                  |
|                             | <b><u>\$ 100,000</u></b>                | <b><u>\$ 946,224</u></b>                  | <b><u>\$ 130,000</u></b>        | <b><u>\$ 164,410</u></b>     | <b><u>\$ 1,340,634</u></b> |

The City has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the nonmajor governmental funds was executed in order to assist the cash position (cash flow) of the golf practice center enterprise activity. Also, an advance from the internal service funds was used to provide cash for special assessment capital projects fund.

For the year ended June 30, 2007, interfund transfers consisted of the following:

| <u>Transfer Out</u>                      | Transfer In              |                                    |                                   |                                 | <u>Total</u>               |
|--|--------------------------|------------------------------------|-----------------------------------|---------------------------------|----------------------------|
|  | General<br>Fund          | Major Street<br>Special<br>Revenue | Nonmajor<br>Governmental<br>Funds | Nonmajor<br>Enterprise<br>Funds |                            |
| General fund                             | \$ -                     | \$ -                               | \$ 305,267                        | \$ 20,588                       | \$ 325,855                 |
| Major street special revenue fund        | -                        | -                                  | 557,247                           | -                               | 557,247                    |
| Special assessment capital projects fund | -                        | 261,072                            | 213,870                           | -                               | 474,942                    |
| Nonmajor governmental funds              | 274,603                  | 631,966                            | 725,612                           | 102,538                         | 1,734,719                  |
| Sewage fund                              | -                        | -                                  | -                                 | -                               | -                          |
| Parking deck fund                        | -                        | -                                  | -                                 | 25,000                          | 25,000                     |
|  | <b><u>\$ 274,603</u></b> | <b><u>\$ 893,038</u></b>           | <b><u>\$ 1,801,996</u></b>        | <b><u>\$ 148,126</u></b>        | <b><u>\$ 3,117,763</u></b> |

# City of Jackson, Michigan

## Notes To Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### 3-F. Long-term Debt

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years for the items listed below was \$50,613,577. During the year no new bonds were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| <u>Purpose</u>                            | <u>Fiscal Year<br/>Due</u> | <u>Interest Rates</u> | <u>Amount</u>               |
|---|----------------------------|-----------------------|-----------------------------|
| <b>Governmental activities</b>            |                            |                       |                             |
| 1998 building authority limited tax       | 2013                       | 4.50%                 | \$ 410,000                  |
| 1999 building authority limited tax       | 2019                       | 5.25%                 | 450,000                     |
| 1998 transportation fund                  | 2008                       | 4.50%                 | 125,000                     |
| 2001 downtown development                 | 2026                       | 3.70%-5.75%           | 16,728,577                  |
| 2002 brownfield redevelopment             | 2030                       | 4.00%-5.38%           | 18,475,000                  |
| 2003 general obligation unlimited tax     | 2027                       | 2.00%-5.25%           | 8,035,000                   |
| 2003 general obligation unlimited tax (B) | 2027                       | 3.00%-4.70%           | 1,705,000                   |
| 2003 transportation fund                  | 2013                       | 2.00%-3.20%           | 1,420,000                   |
|   |                            |                       | <u><u>\$ 47,348,577</u></u> |

# City of Jackson, Michigan

## Notes To Financial Statements

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

| Year      | Governmental Activities |                      |
|-----------|-------------------------|----------------------|
|           | Principal               | Interest             |
| 2008      | \$ 1,080,000            | \$ 1,891,439         |
| 2009      | 1,260,000               | 1,850,724            |
| 2010      | 1,440,000               | 1,797,867            |
| 2011      | 1,660,000               | 1,734,094            |
| 2012      | 1,860,000               | 1,658,416            |
| 2013-2017 | 10,010,539              | 9,004,420            |
| 2018-2022 | 12,081,175              | 12,659,500           |
| 2023-2027 | 13,741,863              | 11,546,769           |
| 2028-2030 | 4,215,000               | 386,463              |
|           | <b>\$ 47,348,577</b>    | <b>\$ 42,529,692</b> |

*Revenue bonds.* The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds issued in prior years for the items listed below was \$6,910,000. During the year no new bonds were issued. Revenue bonds outstanding at year-end are as follows:

| Purpose                         | Fiscal<br>Year Due | Interest Rates | Amount              |
|---------------------------------|--------------------|----------------|---------------------|
| <b>Business-type activities</b> |                    |                |                     |
| 1996 sewer system               | 2008               | 4.40%-5.70%    | \$ 150,000          |
| 1999 water refunding            | 2016               | 3.50%-4.60%    | 2,265,000           |
| 2000 sewer system               | 2015               | 4.75%-5.35%    | 775,000             |
|                                 |                    |                | <b>\$ 3,190,000</b> |

Revenue bond debt service requirements to maturity are as follows:

| Year      | Business-type Activities |                   |
|-----------|--------------------------|-------------------|
|           | Principal                | Interest          |
| 2008      | \$ 435,000               | \$ 144,561        |
| 2009      | 295,000                  | 128,248           |
| 2010      | 305,000                  | 115,076           |
| 2011      | 315,000                  | 101,302           |
| 2012      | 325,000                  | 86,336            |
| 2013-2016 | 1,515,000                | 174,983           |
|           | <b>\$ 3,190,000</b>      | <b>\$ 750,503</b> |

# City of Jackson, Michigan

## Notes To Financial Statements

*Other Obligations.* The government has entered into various long-term loan and installment payment agreements. Installment obligations outstanding at year-end are as follows:

| <u>Purpose</u>  | <u>Fiscal Year</u><br><u>Due</u> | <u>Interest Rates</u> | <u>Amount</u>              |
|---|----------------------------------|-----------------------|----------------------------|
| <b>Governmental activities</b>                                    |                                  |                       |                            |
| Michigan Urbanland Assembly Loan – economic development           | 2011                             | 0.00%                 | \$ 484,000                 |
| Section 108 loan – economic development                           | 2021                             | 3.66% - 6.62%         | 895,000                    |
| 2004 installment purchase contract building and parking lot       | 2009                             | 3.75%                 | 160,000                    |
| Municipal service contract – Nixon Park recreational improvements | 2011                             | 5.25%                 | <u>90,000</u>              |
|   |                                  |                       | <b><u>\$ 1,629,000</u></b> |
| <b>Business activities</b>  |                                  |                       |                            |
| 1997 installment purchase contract – purchase of parking lots     | 2011                             | 4.69%                 | <b><u>\$ 350,000</u></b>   |

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

| <u>Year</u> | <u>Governmental Activities</u> |                         | <u>Business-type Activities</u> |                         |
|-------------|--------------------------------|-------------------------|---------------------------------|-------------------------|
|             | <u>Principal</u>               | <u>Interest</u>         | <u>Principal</u>                | <u>Interest</u>         |
| 2008        | \$ 309,000                     | \$ 10,725               | \$ 75,000                       | \$ 14,656               |
| 2009        | 314,000                        | 6,675                   | 75,000                          | 11,139                  |
| 2010        | 229,000                        | 2,363                   | 100,000                         | 7,035                   |
| 2011        | 142,000                        | 1,313                   | 100,000                         | 2,345                   |
| 2012        | 65,000                         | -                       | -                               | -                       |
| 2013-2017   | 325,000                        | -                       | -                               | -                       |
| 2018-2021   | 245,000                        | -                       | -                               | -                       |
|             | <b><u>\$ 1,629,000</u></b>     | <b><u>\$ 21,075</u></b> | <b><u>\$ 350,000</u></b>        | <b><u>\$ 35,175</u></b> |

# City of Jackson, Michigan

## Notes To Financial Statements

*Changes in Long-Term Debt.* Long-term liability activity for the year ended June 30, 2007, was as follows:

|                                  | <u>Beginning<br/>Balance</u> | <u>Additions</u>           | <u>Reductions</u>          | <u>Ending<br/>Balance</u>   | <u>Due Within<br/>One Year</u> |
|----------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------------|
| <b><u>Primary Government</u></b> |                              |                            |                            |                             |                                |
| <b>Governmental activities</b>   |                              |                            |                            |                             |                                |
| General obligation bonds         | \$ 48,263,577                | \$ -                       | \$ 915,000                 | \$ 47,348,577               | \$ 1,080,000                   |
| Installment contracts and loans  | 1,933,000                    | -                          | 304,000                    | 1,629,000                   | 309,000                        |
| Compensated absences             | 2,202,377                    | 1,722,971                  | 1,794,436                  | 2,130,912                   | 1,790,000                      |
|                                  | <b><u>\$ 52,398,954</u></b>  | <b><u>\$ 1,722,971</u></b> | <b><u>\$ 3,013,436</u></b> | <b><u>\$ 51,108,489</u></b> | <b><u>\$ 3,179,000</u></b>     |
| <b>Business-type activities</b>  |                              |                            |                            |                             |                                |
| Revenue bonds                    | \$ 3,590,000                 | \$ -                       | \$ 400,000                 | \$ 3,190,000                | \$ 435,000                     |
| Installment contracts            | 400,000                      | -                          | 50,000                     | 350,000                     | 75,000                         |
| Compensated absences             | 329,504                      | 233,520                    | 237,337                    | 325,687                     | 41,161                         |
|                                  | <b><u>\$ 4,319,504</u></b>   | <b><u>\$ 233,520</u></b>   | <b><u>\$ 687,337</u></b>   | <b><u>\$ 3,865,687</u></b>  | <b><u>\$ 551,161</u></b>       |

For the governmental activities, compensated absences are generally liquidated by the general fund.

### 3-G. Segment Information – Enterprise Funds

The government issued revenue bonds to finance certain improvements to its water and sewage systems. Because the water and sewage funds, which are individual enterprise funds that account entirely for the government's water and sewer activities, are reported as major funds in the fund financial statements, segment disclosures herein are not required.

### 3-H. Endowments

***Ella W. Sharp Park Endowment Permanent Trust Fund.*** For the year ended June 30, 2007, the net appreciation on investments of donor-restricted endowments was \$7,577. Under the terms of the endowment, and consistent with State statutes, the City is authorized based on a total-return policy to spend the net appreciation for the benefit of the Ella Sharp Park. At year-end, there was no accumulated available net appreciation; the nonexpendable endowment balance is \$1,117,468.

***Cemetery Perpetual Maintenance Permanent Trust Fund.*** For the year ended June 30, 2007, the net appreciation on investments of donor-restricted endowments was \$15,510. Under the terms of the endowment, and consistent with State statutes, the City is authorized based on a total-return policy to spend the net appreciation for the benefit of the cemetery system. At year-end, there was no accumulated available net appreciation; the nonexpendable endowment balance is \$1,606,999.

# City of Jackson, Michigan

## Notes To Financial Statements

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### NOTE 4 – OTHER INFORMATION

#### 4-A. Risk Management

During the normal course of its operations, the City is exposed to various risks of loss related to liability, employee injury and other circumstances. In all instances other than workers' compensation, the City has retained coverages through commercial insurance carriers. For workers' compensation, the City has opted to protect itself from risks through means other than the purchase of traditional insurance coverage as explained below.

In 1979, the City established a self-insurance program for workers' compensation, which is accounted for in the workers' compensation internal service fund. This program is administered by a service agency, which furnishes safety inspection, claims review, and claims processing. A specific excess workers' compensation reinsurance policy indemnifies the City on a statutory basis in excess of the first \$1,000,000 per occurrence. All applicable funds are charged premiums based on payroll and workers' compensation classification. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The claims liability of \$785,852 reported in the workers' compensation internal service fund at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is estimated by management based upon historical experience. No annuity contracts have been purchased for claims liabilities.

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

|  | <u>2007</u>              | <u>2006</u>              |
|--|--------------------------|--------------------------|
| Claims liability at beginning of fiscal year | \$ 785,852               | \$ 512,007               |
| Claims and changes in estimates              | 317,389                  | 507,614                  |
| Claims payments                              | <u>(339,706)</u>         | <u>(233,769)</u>         |
| <b>Claims liability at June 30</b>           | <b><u>\$ 763,535</u></b> | <b><u>\$ 785,852</u></b> |

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage for each of the past three fiscal years.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 4-B. Property Taxes

Property taxes attach as an enforceable lien on property as of December 31 each year. The City property tax is levied July 1 based on the taxable value of the property as of the preceding December 31. Real and personal property in the City for the July 1, 2006 levy was assessed and valued at approximately \$742 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.72 mills (cannot exceed 7.00 mills) with an additional 1.92 (cannot exceed 2.00 mills) for public improvement, 5.19 for Act 345 Pension, 0.75 for City Hall bond, and 2.00 for the Downtown Development Authority, a component unit of the City.

Taxes are payable to the City in five equal installments on the twentieth of the month commencing in July and ending in November. They are deemed delinquent immediately after the due date.

### 4-C. Contingent Liabilities

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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### 4-D. Postemployment Benefits

Per personnel policy for non-union members and various labor agreements for union members, the City provides health insurance benefits to 111 retirees who have not reached age 65. Such benefits are funded as incurred and amounted to \$259,861 for governmental activities and \$313,555 for proprietary activities for the year ended June 30, 2007.

### 4-E. Defined Benefit Pension Plans

The City administers three single-employer defined benefit pension plans which provide retirement, death, and disability benefits covering substantially all City employees, subject to certain eligibility requirements. The obligation to contribute to these three plans and benefit provisions are authorized and amended by City ordinance. Membership of each plan consisted of the following at June 30, 2006, the date of the latest actuarial valuation:

|   | <b>Employees'<br/>Retirement<br/>System</b> | <b>Policemen's<br/>and Firemen's<br/>Pension Fund</b> | <b>Policemen's and<br/>Firemen's<br/>Pension Act 345<br/>Fund</b> |
|---|---|---|---|
| Retirees and beneficiaries receiving benefits                       | 143   | 46  | 134   |
| Terminated plan members entitled to, but not yet receiving benefits | 15  | -   | 1   |
| Active plan members   | 220   | -   | 109   |
| <b>TOTAL</b>  | <b>378</b>                                  | <b>46</b>   | <b>244</b>  |

### Employees' Retirement System

The Employees' Retirement System Pension Plan is a contributory defined benefit plan that covers substantially all City employees not covered under one of the City's Policemen's and Firemen's Pension Plans and provides for retirement, death, and disability benefits. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the Early Retirement Window Period. Pursuant to Ordinance Amendments, members contribute 5.50%, with the City contributing the 6.93%. Accumulated member contributions are annually credited with interest at 4.5%. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the current year was determined as part of a June 30, 2006 actuarial valuation using the entry age method. The actuarial assumptions included an 8% rate of return on investments, projected salary increases of 4.25% to 8.05% including inflation at 4.25%, and no cost of living adjustments.

# City of Jackson, Michigan

## Notes To Financial Statements

### **Policemen's and Firemen's Pension**

The Policemen's and Firemen's Pension Plan is a contributory defined benefit plan that covers certain uniformed policemen and firemen hired prior to July 1, 1974, and provides for retirement, death, and disability benefits. There are no remaining active plan members. The City contributes such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the current year was determined as part of a June 30, 2006 actuarial valuation using the attained age method. The actuarial assumptions included a 7.5% rate of return on investments and a 3.0% cost of living adjustment.

### **Policemen's and Firemen's Pension - Act 345**

The Policemen's and Firemen's Pension Plan - Act 345 is a contributory defined benefit plan that covers uniformed policemen and firemen hired subsequent to July 1, 1974, and certain policemen and firemen hired prior to that date who have elected, under the provisions of the plan, to transfer from the City's Policemen's and Firemen's Pension Plan, and provides for retirement, death, and disability benefits. Members contribute 8.74-12.05% of annual compensation with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Accumulated member contributions are annually credited with interest at 4.5%. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the year was determined as part of a June 30, 2006 actuarial valuation using the entry age method. The actuarial assumptions included a 7.5% rate of return on investments, projected salary increases of 4.5% to 7.5%, including inflation at 4.5%, and no cost of living adjustments.

Other information for these plans is as follows:

|                                  | <b>Employees'<br/>Retirement<br/>System</b> | <b>Policemen's<br/>And Firemen's<br/>Pension</b> | <b>Policemen's and<br/>Firemen's Pension -<br/>Act 345</b> |
|----------------------------------|---|--|--|
| Asset valuation method           | 4-year smoothed<br>market                   | 4-year smoothed<br>market                        | 4-year smoothed<br>market                                  |
| Amortization method              | Level percent                               | Level percent                                    | Level percent  |
| Remaining amortization<br>period | 1-30 years                                  | 4 years  | 10 years   |
| Open or closed                   | Closed                                      | Closed   | Closed   |

# City of Jackson, Michigan

## Notes To Financial Statements

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### THREE-YEAR TREND INFORMATION

| <u>Year Ending</u>  | <u>Annual Pension Cost (APC)</u> | <u>Actual Annual Contribution</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---|----------------------------------|-----------------------------------|--------------------------------------|-------------------------------|
| <b><u>Employees' Retirement System</u></b>                |                                  |                                   |                                      |                               |
| 6/30/05   | \$ 486,147                       | \$ 486,147                        | 100                                  | \$ -0-                        |
| 6/30/06   | 605,771                          | 605,771                           | 100                                  | -0-                           |
| 6/30/07   | 721,955                          | 721,955                           | 100                                  | -0-                           |
| <b><u>Policemen's and Firemen's Pension</u></b>           |                                  |                                   |                                      |                               |
| 6/30/05   | 528,199                          | 528,199                           | 100                                  | -0-                           |
| 6/30/06   | 806,276                          | 806,276                           | 100                                  | -0-                           |
| 6/30/07   | 934,667                          | 934,667                           | 100                                  | -0-                           |
| <b><u>Policemen's and Firemen's Pension – Act 345</u></b> |                                  |                                   |                                      |                               |
| 6/30/05   | 2,466,634                        | 2,466,634                         | 100                                  | -0-                           |
| 6/30/06   | 2,327,991                        | 2,327,991                         | 100                                  | -0-                           |
| 6/30/07   | 3,098,776                        | 3,098,776                         | 100                                  | -0-                           |

# City of Jackson, Michigan

## Notes To Financial Statements

Stand alone financial reports have not been issued for the plans. GASB Statement 25 required supplementary information is presented after the footnotes section. A summary of the financial results for the three Plans is as follows:

### Statement of Plan Net Assets – June 30, 2007

|  | <b>Employees'<br/>Retirement<br/>System</b> | <b>Policemen's<br/>and<br/>Firemen's<br/>Pension</b> | <b>Policemen's<br/>and<br/>Firemen's<br/>Pension -<br/>Act 345</b> | <b>Total</b>             |
|--|---|--|--|--------------------------|
| <b>Assets</b>  |   |  |  |                          |
| Cash and cash equivalents                                    | \$ 462,640                                  | \$ 277,430   | \$ 1,225,609   | \$ 1,965,679             |
| Receivables:   |   |  |  |                          |
| Interest and dividends                                       | 6,570                                       | 21,053   | 96,164   | 123,787                  |
| Other  | 119,579                                     | 78,000   | 282,418  | 479,997                  |
| Investments, at fair value:                                  |   |  |  |                          |
| U.S. treasuries  | -   | 338,792  | 1,790,933  | 2,129,725                |
| U.S. agencies  | -   | 81,893   | 2,144,980  | 2,226,873                |
| Corporate bonds:   |   |  |  |                          |
| Domestic   | -   | 1,240,080  | 5,352,410  | 6,592,490                |
| Domestic mutual funds  | 12,802,078                                  | -  | -  | 12,802,078               |
| International  | -   | 88,683   | 407,870  | 496,553                  |
| Equities:  |   |  |  |                          |
| Domestic stocks  | 3,715,468                                   | 3,455,226  | 18,053,570   | 25,224,264               |
| Domestic mutual funds  | 14,107,163                                  | -  | -  | 14,107,163               |
| International stocks   | -   | 608,447  | 5,544,538  | 6,152,985                |
| International mutual funds                                   | 4,651,054                                   | -  | -  | 4,651,054                |
| Total investments  | <u>35,275,763</u>                           | <u>5,813,121</u>                                     | <u>33,294,301</u>  | <u>74,383,185</u>        |
| <br>Total assets   | <br><u>35,864,552</u>                       | <br><u>6,189,604</u>                                 | <br><u>34,898,492</u>  | <br><u>76,952,648</u>    |
| <br><b>Net assets held in trust for<br/>pension benefits</b> | <br><u>\$ 35,864,552</u>                    | <br><u>\$ 6,189,604</u>                              | <br><u>\$ 34,898,492</u>   | <br><u>\$ 76,952,648</u> |

# City of Jackson, Michigan

## Notes To Financial Statements

### Statement of Changes in Plan Net Assets - Year Ended June 30, 2007

|  | <b>Employees'<br/>Retirement<br/>System</b> | <b>Policemen's<br/>and<br/>Firemen's<br/>Pension</b> | <b>Policemen's<br/>and<br/>Firemen's<br/>Pension -<br/>Act 345</b> | <b>Totals</b> |
|--|---|--|--|---------------|
| <b>Additions</b>                                     |   |  |  |               |
| Contributions:                                       |   |  |  |               |
| Employer   | \$ 723,447                                  | \$ 934,667   | \$ 3,098,776   | \$ 4,756,890  |
| Plan member  | 563,462                                     | -  | 739,848  | 1,303,310     |
| Total contributions                                  | 1,286,909                                   | 934,667  | 3,838,624  | 6,060,200     |
| Investment income (loss):                            |   |  |  |               |
| Net appreciation in fair value of investments        | 4,583,398                                   | 782,557  | 4,106,534  | 9,472,489     |
| Interest   | 32,849                                      | 73,180   | 439,937  | 545,966       |
| Dividends  | 424,141                                     | 51,854   | 320,128  | 796,123       |
| Total investment income                              | 5,040,388                                   | 907,591  | 4,866,599  | 10,814,578    |
| Less investment expense                              | 23,023                                      | 6,467  | 203,896  | 233,386       |
| Net investment income                                | 5,017,365                                   | 901,124  | 4,662,703  | 10,581,192    |
| Total additions                                      | 6,304,274                                   | 1,835,791  | 8,501,327  | 16,641,392    |
| <b>Deductions</b>                                    |   |  |  |               |
| Benefits   | 1,745,845                                   | 1,285,022  | 3,446,022  | 6,476,889     |
| Refunds of contributions                             | 26,910                                      | -  | 139,033  | 165,943       |
| Administrative expense                               | 83,952                                      | 45,685   | 70,512   | 200,149       |
| Total deductions                                     | 1,856,707                                   | 1,330,707  | 3,655,567  | 6,842,981     |
| <b>Net increase</b>                                  | 4,447,567                                   | 505,084  | 4,845,760  | 9,798,411     |
| <b>Net assets held in trust for pension benefits</b> |   |  |  |               |
| Beginning of year                                    | 31,416,985                                  | 5,684,520  | 30,052,732   | 67,154,237    |
| <b>End of year</b>                                   | \$ 35,864,552                               | \$ 6,189,604   | \$ 34,898,492  | \$ 76,952,648 |

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**GASB Required  
Supplementary Information**

# City of Jackson, Michigan

## GASB Statement 25 Required Supplementary Information

### Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date<br>June 30  | (In Thousands)                  |   |                           |       | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>% of<br>Covered<br>Payroll |
|--|---------------------------------|---|---------------------------|-------|-----------------|--------------------|---|
|  | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) | Unfunded<br>AAL<br>(UAAL) |       |                 |                    |   |
| <b><u>Employees' Retirement System (entry age valuation method)</u></b>                |                                 |   |                           |       |                 |                    |   |
| 1997   | \$ 24,810                       | \$ 24,459                               | \$ (351)                  | 101.4 | %               | \$ 7,340,045       | (4.8) %                                 |
| 1998   | 27,965                          | 22,927                                  | (5,038)                   | 122.0 |                 | 7,339,189          | (68.6)                                  |
| 1999   | 31,654                          | 24,367                                  | (7,287)                   | 129.9 |                 | 7,784,073          | (93.6)                                  |
| 2000   | 34,960                          | 25,787                                  | (9,173)                   | 135.6 |                 | 8,338,326          | (110.0)                                 |
| 2001   | 36,120                          | 27,705                                  | (8,415)                   | 130.4 |                 | 8,532,237          | (98.6)                                  |
| 2002   | 35,151                          | 29,372                                  | (5,779)                   | 119.7 |                 | 9,256,930          | (62.4)                                  |
| 2003   | 33,229                          | 29,902                                  | (3,327)                   | 111.1 |                 | 9,691,157          | (34.3)                                  |
| 2004   | 32,919                          | 31,417                                  | (1,502)                   | 104.8 |                 | 9,599,830          | (15.6)                                  |
| 2005   | 32,395                          | 33,016                                  | 621                       | 98.1  |                 | 9,599,573          | 6.5                                     |
| 2006   | 31,867                          | 35,019                                  | 3,152                     | 91.0  |                 | 10,090,797         | 31.2                                    |
| <b><u>Policemen's and Firemen's Pension (attained age valuation method)</u></b>        |                                 |   |                           |       |                 |                    |   |
| 1997   | 7,891                           | 16,176                                  | 8,285                     | 48.8  |                 | 50,098             | 16,537.7                                |
| 1998   | 8,997                           | 13,879                                  | 4,882                     | 64.8  |                 | 49,813             | 9,799.6                                 |
| 1999   | 9,845                           | 13,537                                  | 3,692                     | 72.7  |                 | 51,016             | 7,237.6                                 |
| 2000   | 11,518                          | 11,747                                  | 229                       | 98.1  |                 | n/a                | n/a                                     |
| 2001   | 10,845                          | 11,428                                  | 583                       | 94.9  |                 | n/a                | n/a                                     |
| 2002   | 9,354                           | 11,267                                  | 1,913                     | 83.0  |                 | n/a                | n/a                                     |
| 2003   | 7,745                           | 10,901                                  | 3,156                     | 71.1  |                 | n/a                | n/a                                     |
| 2004   | 6,418                           | 10,753                                  | 4,335                     | 59.7  |                 | n/a                | n/a                                     |
| 2005   | 5,622                           | 10,172                                  | 4,550                     | 55.3  |                 | n/a                | n/a                                     |
| 2006   | 5,560                           | 10,028                                  | 4,468                     | 55.4  |                 | n/a                | n/a                                     |
| <b><u>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</u></b> |                                 |   |                           |       |                 |                    |   |
| 1997   | 17,657                          | 39,109                                  | 21,452                    | 45.1  |                 | 5,498,077          | 390.2                                   |
| 1998   | 21,277                          | 39,553                                  | 18,276                    | 53.8  |                 | 5,697,163          | 320.8                                   |
| 1999   | 24,372                          | 40,911                                  | 16,539                    | 59.6  |                 | 5,597,521          | 295.5                                   |
| 2000   | 27,748                          | 42,660                                  | 14,912                    | 65.0  |                 | 5,772,726          | 258.3                                   |
| 2001   | 29,555                          | 44,126                                  | 14,571                    | 67.0  |                 | 5,942,253          | 245.2                                   |
| 2002   | 28,906                          | 45,681                                  | 16,775                    | 63.3  |                 | 6,071,301          | 276.3                                   |
| 2003   | 27,837                          | 47,131                                  | 19,294                    | 59.1  |                 | 6,213,210          | 310.5                                   |
| 2004   | 27,219                          | 49,060                                  | 21,841                    | 55.5  |                 | 6,138,055          | 355.8                                   |
| 2005   | 27,761                          | 51,434                                  | 23,673                    | 54.0  |                 | 6,321,086          | 374.5                                   |
| 2006   | 29,893                          | 53,569                                  | 23,676                    | 55.8  |                 | 6,598,038          | 358.8                                   |

# City of Jackson, Michigan

## GASB Statement 25 Required Supplementary Information

### Schedule of Employer Contributions

| <u>Fiscal<br/>Year Ended<br/>June 30</u>                  | <u>Contribution<br/>Rates as Percents<br/>of Valuation<br/>Payroll</u> |   | <u>Annual Required<br/>Computed Dollar<br/>Contribution<br/>Projected Payroll</u> | <u>Actual<br/>Annual<br/>Contributions</u> | <u>Percent<br/>Contribution</u> |
|---|--|---|---|--|---------------------------------|
| <b><u>Employees' Retirement System</u></b>                |  |   |   |  |                                 |
| 1998  | 3.7  | % | \$ 275,762  | \$ 299,660                                 | 109 %                           |
| 1999  | 4.6  |   | 363,951   | 363,951                                    | 100                             |
| 2000  | 3.9  |   | 320,315   | 320,315                                    | 100                             |
| 2001  | 3.9  |   | 335,840   | 335,840                                    | 100                             |
| 2002  | 3.9  |   | 354,918   | 354,918                                    | 100                             |
| 2003  | 3.9  |   | 378,931   | 378,931                                    | 100                             |
| 2004  | 3.9  |   | 398,583   | 398,583                                    | 100                             |
| 2005  | 4.9  |   | 486,147   | 486,147                                    | 100                             |
| 2006  | 5.9  |   | 605,771   | 605,771                                    | 100                             |
| 2007  | 7.1  |   | 721,955   | 721,955                                    | 100                             |
| <b><u>Policemen's and Firemen's Pension</u></b>           |  |   |   |  |                                 |
| 1998  | n/a  |   | 534,469   | 534,469                                    | 100                             |
| 1999  | n/a  |   | 542,989   | 542,989                                    | 100                             |
| 2000  | n/a  |   | 372,183   | 372,183                                    | 100                             |
| 2001  | n/a  |   | 293,241   | 293,241                                    | 100                             |
| 2002  | n/a  |   | -   | -  | n/a                             |
| 2003  | n/a  |   | 86,992  | 86,992                                     | 100                             |
| 2004  | n/a  |   | 301,041   | 301,041                                    | 100                             |
| 2005  | n/a  |   | 528,199   | 528,199                                    | 100                             |
| 2006  | n/a  |   | 806,276   | 806,276                                    | 100                             |
| 2007  | n/a  |   | 934,667   | 934,667                                    | 100                             |
| <b><u>Policemen's and Firemen's Pension - Act 345</u></b> |  |   |   |  |                                 |
| 1998  | 39.5   |   | 2,284,381   | 2,284,381                                  | 100                             |
| 1999  | 38.4   |   | 2,270,386   | 2,270,386                                  | 100                             |
| 2000  | 33.6   |   | 2,051,490   | 2,051,490                                  | 100                             |
| 2001  | 30.9   |   | 1,970,575   | 1,970,575                                  | 100                             |
| 2002  | 30.9   |   | 1,882,139   | 1,882,139                                  | 100                             |
| 2003  | 29.9   |   | 1,895,548   | 1,895,548                                  | 100                             |
| 2004  | 33.8   |   | 2,192,507   | 2,192,507                                  | 100                             |
| 2005  | 37.2   |   | 2,466,634   | 2,466,634                                  | 100                             |
| 2006  | 41.9   |   | 2,327,991   | 2,327,991                                  | 100                             |
| 2007  | 46.9   |   | 3,098,776   | 3,098,776                                  | 100                             |

# City of Jackson, Michigan

## GASB Statement 25 Required Supplementary Information

### Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

|   | <u>Employees' Retirement System</u>  | <u>Policemen's and<br/>Firemen's Pension</u> | <u>Policemen's and<br/>Firemen's Pension<br/>Act 345</u> |
|---|--|--|--|
| Valuation date  | June 30, 2006  | June 30, 2006                                | June 30, 2006  |
| Actuarial Cost Method                                 | Entry Age  | Attained Age                                 | Entry Age  |
| Amortization Method                                   | Level percent  | Level percent                                | Level percent  |
| Remaining amortization period<br>(All closed periods) | 10 years full funding credit<br>30 years unfunded liability<br>3 years early retirement window | 4 years                                      | 10 years   |
| Asset valuation method                                | 4 year smoothed market   | 4 year smoothed market                       | 4 year smoothed market                                   |
| Actuarial assumption:                                 |  |  |  |
| Investment rate of return                             | 8.00%  | 7.50%  | 7.50%  |
| Projected salary increases                            | 4.25% - 8.05%  | N/A  | 4.5% -7.5%   |
| Includes inflation at                                 | 4.25%  | N/A  | 4.50%  |
| Cost-of-living adjustments                            | None   | 3.00%  | None   |

# **Combining and Individual Fund Financial Statements and Schedules**

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**

|   | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Permanent<br/>Funds</u> | <u>Totals</u>              |
|---|----------------------------|-------------------------|-----------------------------|----------------------------|----------------------------|
| <b><u>ASSETS</u></b>                            |                            |                         |                             |                            |                            |
| <b>Assets</b>                                   |                            |                         |                             |                            |                            |
| Pooled cash and investments                     | \$ 2,536,900               | \$ 46,038               | \$ 1,302,090                | 2,611,360                  | \$ 6,496,388               |
| Receivables:                                    |                            |                         |                             |                            |                            |
| Accounts, net                                   | 166,700                    | -                       | 750                         | -                          | 167,450                    |
| Interest  | -                          | -                       | -                           | 16,031                     | 16,031                     |
| Due from other governments                      | 170,677                    | -                       | 11,300                      | -                          | 181,977                    |
| Due from other funds                            | 13,789                     | 2,172                   | -                           | -                          | 15,961                     |
| Inventories                                     | 14,296                     | -                       | -                           | -                          | 14,296                     |
| Long-term advance to other funds                | -                          | -                       | -                           | 130,000                    | 130,000                    |
|   | <u>          </u>          | <u>          </u>       | <u>          </u>           | <u>          </u>          | <u>          </u>          |
| <b>Total assets</b>                             | <u><u>\$ 2,902,362</u></u> | <u><u>\$ 48,210</u></u> | <u><u>\$ 1,314,140</u></u>  | <u><u>\$ 2,757,391</u></u> | <u><u>\$ 7,022,103</u></u> |
| <b><u>LIABILITIES<br/>AND FUND BALANCES</u></b> |                            |                         |                             |                            |                            |
| <b>Liabilities</b>                              |                            |                         |                             |                            |                            |
| Accounts payable                                | \$ 185,565                 | \$ 4,849                | \$ 136,399                  | \$ -                       | \$ 326,813                 |
| Accrued payroll                                 | 59,640                     | -                       | -                           | -                          | 59,640                     |
| Due to other funds                              | 8,747                      | -                       | -                           | 32,924                     | 41,671                     |
| Deferred revenue                                | 18,889                     | -                       | 564                         | -                          | 19,453                     |
|   | <u>          </u>          | <u>          </u>       | <u>          </u>           | <u>          </u>          | <u>          </u>          |
| <b>Total liabilities</b>                        | <u>272,841</u>             | <u>4,849</u>            | <u>136,963</u>              | <u>32,924</u>              | <u>447,577</u>             |
| <b>Fund balances</b>                            |                            |                         |                             |                            |                            |
| Reserved for:                                   |                            |                         |                             |                            |                            |
| Inventories                                     | 14,296                     | -                       | -                           | -                          | 14,296                     |
| Perpetual care                                  | -                          | -                       | -                           | 1,606,999                  | 1,606,999                  |
| Endowment                                       | -                          | -                       | -                           | 987,468                    | 987,468                    |
| Advances  | -                          | -                       | -                           | 130,000                    | 130,000                    |
| Unreserved :                                    |                            |                         |                             |                            |                            |
| Designated for subsequent years expenditures    | 394,405                    | -                       | -                           | -                          | 394,405                    |
| Undesignated                                    | 2,220,820                  | 43,361                  | 1,177,177                   | -                          | 3,441,358                  |
|   | <u>          </u>          | <u>          </u>       | <u>          </u>           | <u>          </u>          | <u>          </u>          |
| <b>Total fund balances</b>                      | <u>2,629,521</u>           | <u>43,361</u>           | <u>1,177,177</u>            | <u>2,724,467</u>           | <u>6,574,526</u>           |
|   | <u>          </u>          | <u>          </u>       | <u>          </u>           | <u>          </u>          | <u>          </u>          |
| <b>Total liabilities and fund balances</b>      | <u><u>\$ 2,902,362</u></u> | <u><u>\$ 48,210</u></u> | <u><u>\$ 1,314,140</u></u>  | <u><u>\$ 2,757,391</u></u> | <u><u>\$ 7,022,103</u></u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2007**

|   | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Permanent<br/>Funds</u> | <u>Totals</u>       |
|---|----------------------------|-------------------------|-----------------------------|----------------------------|---------------------|
| <b>Revenues</b>                             |                            |                         |                             |                            |                     |
| Property taxes                              | \$ 1,158,587               | \$ 568,889              | \$ 972,179                  | \$ -                       | \$ 2,699,655        |
| Intergovernmental                           | 1,301,684                  | -                       | -                           | -                          | 1,301,684           |
| Charges for services                        | 1,473,151                  | 1,228,573               | -                           | 42,772                     | 2,744,496           |
| Investment income                           | 185,909                    | 8,726                   | 64,585                      | 142,375                    | 401,595             |
| Miscellaneous                               | 97,227                     | -                       | 28,218                      | -                          | 125,445             |
| <b>Total revenues</b>                       | <u>4,216,558</u>           | <u>1,806,188</u>        | <u>1,064,982</u>            | <u>185,147</u>             | <u>7,272,875</u>    |
| <b>Expenditures</b>                         |                            |                         |                             |                            |                     |
| Current:                                    |                            |                         |                             |                            |                     |
| Public safety                               | 715,314                    | -                       | -                           | -                          | 715,314             |
| Public works                                | 1,554,531                  | -                       | -                           | -                          | 1,554,531           |
| Culture and recreation                      | 1,261,497                  | -                       | -                           | -                          | 1,261,497           |
| Community enrichment and development        | 773,437                    | -                       | -                           | 7,879                      | 781,316             |
| Capital outlay                              | 58,616                     | -                       | 672,635                     | -                          | 731,251             |
| Debt service:                               |                            |                         |                             |                            |                     |
| Principal retirement                        | 95,000                     | 1,124,000               | -                           | -                          | 1,219,000           |
| Interest and fiscal charges                 | 5,775                      | 1,989,109               | -                           | -                          | 1,994,884           |
| <b>Total expenditures</b>                   | <u>4,464,170</u>           | <u>3,113,109</u>        | <u>672,635</u>              | <u>7,879</u>               | <u>8,257,793</u>    |
| Revenues over (under) expenditures          | <u>(247,612)</u>           | <u>(1,306,921)</u>      | <u>392,347</u>              | <u>177,268</u>             | <u>(984,918)</u>    |
| <b>Other financing sources (uses)</b>       |                            |                         |                             |                            |                     |
| Transfers in                                | 1,037,031                  | 1,315,238               | (550,273)                   | -                          | 1,801,996           |
| Transfers out                               | <u>(1,448,850)</u>         | <u>-</u>                | <u>(174,460)</u>            | <u>(111,409)</u>           | <u>(1,734,719)</u>  |
| <b>Total other financing sources (uses)</b> | <u>(411,819)</u>           | <u>1,315,238</u>        | <u>(724,733)</u>            | <u>(111,409)</u>           | <u>67,277</u>       |
| Net change in fund balances                 | (659,431)                  | 8,317                   | (332,386)                   | 65,859                     | (917,641)           |
| Fund balances, beginning of year            | <u>3,288,952</u>           | <u>35,044</u>           | <u>1,509,563</u>            | <u>2,658,608</u>           | <u>7,492,167</u>    |
| <b>Fund balances, end of year</b>           | <u>\$ 2,629,521</u>        | <u>\$ 43,361</u>        | <u>\$ 1,177,177</u>         | <u>\$ 2,724,467</u>        | <u>\$ 6,574,526</u> |

# Nonmajor Special Revenue Funds

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

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

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

**Land Acquisition Fund** - This fund is used to account for acquisitions of property within the City.

**Housing Initiative Fund** - This fund is used to record the acquisition of tax reverted properties and other land within the City

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

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

**Budget Stabilization Fund** - As provided for in Act 30 of the Public Acts of 1978, monies in this fund can generally be used for General Fund deficit reduction, to prevent a reduction in the level of public services or to cover expenses relating to a natural disaster.

**Drug Law Enforcement Fund** - This fund is used to account for the proceeds from the sale of seized property which has been used in association with controlled substances.

**Local Law Enforcement Block Grant** - This fund is used to account for grant monies which are earmarked for projects to reduce crime and improve public safety.

**LAWNET Grant Fund** - This fund is used to account for activity relating to LAWNET Project Grants entered into with the City of Ypsilanti through the Office of Criminal Justice for the purpose of expanding the drug effort and impacting drug trafficking in the Jackson-Washtenaw-Livingston County Region.

**Recreation Activity Fund** - This fund is used to account for the expenditure of certain revenues generated from recreation fee programs.

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

**Lead Hazard Control Fund** - This fund is used to account for the Federal Grants provided for lead paint testing.

**Employee Health Care** - This fund is used to account for the accumulation of resources to pay for future retiree health care costs.

**Brownfield Assessment Grant Fund** - This fund is used to account for the activity of an EPA Grant relating to Brownfield sites.

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

**Waterfront Development Fund** - This fund is used to account for the activity of a federal grant relating to development along portions of the Grand River.

**Recreation Millage Fund** - This fund is used to account for certain property taxes collected by Jackson Public Schools and donated to the City for certain recreation purposes.

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**

|  | <u>Local<br/>Street</u> | <u>Ella W.<br/>Sharp<br/>Park<br/>Operating</u> | <u>Land<br/>Acquisition</u> | <u>Housing<br/>Initiative</u> | <u>Public<br/>Improvement</u> | <u>Building<br/>Department</u> |
|--|-------------------------|---|-----------------------------|-------------------------------|-------------------------------|--------------------------------|
| <b><u>ASSETS</u></b>                             |                         |   |                             |                               |                               |                                |
| <b>Assets</b>                                    |                         |   |                             |                               |                               |                                |
| Pooled cash and investments                      | \$ 28,474               | \$ 23,557                                       | \$ 2,400                    | \$ 4,195                      | \$ 421,587                    | \$ -                           |
| Accounts receivables, net                        | 131,073                 | -   | -                           | -                             | -                             | 29,012                         |
| Due from other governments                       | 97,514                  | -   | -                           | -                             | -                             | -                              |
| Due from other funds                             | -                       | 13,729  | -                           | -                             | -                             | -                              |
| Interfund receivables                            | -                       | -   | -                           | -                             | 80,967                        | -                              |
| Inventories                                      | -                       | 14,296  | -                           | -                             | -                             | -                              |
| <b>Total assets</b>                              | <u>257,061</u>          | <u>51,582</u>                                   | <u>2,400</u>                | <u>4,195</u>                  | <u>502,554</u>                | <u>29,012</u>                  |
| <b><u>LIABILITIES<br/>AND FUND BALANCES</u></b>  |                         |   |                             |                               |                               |                                |
| <b>Liabilities</b>                               |                         |   |                             |                               |                               |                                |
| Accounts payable                                 | 50,516                  | 15,133  | 2,390                       | 159                           | 37,778                        | 692                            |
| Accrued payroll                                  | 1,805                   | 21,733  | -                           | -                             | -                             | 10,061                         |
| Due to other funds                               | -                       | -   | -                           | -                             | -                             | 60                             |
| Interfund payables                               | -                       | -   | -                           | -                             | -                             | 17,352                         |
| Deferred revenue                                 | -                       | -   | -                           | -                             | -                             | -                              |
| <b>Total liabilities</b>                         | <u>52,321</u>           | <u>36,866</u>                                   | <u>2,390</u>                | <u>159</u>                    | <u>37,778</u>                 | <u>28,165</u>                  |
| <b>Fund balances</b>                             |                         |   |                             |                               |                               |                                |
| Reserved for inventory                           | -                       | 14,296  | -                           | -                             | -                             | -                              |
| Unreserved:                                      |                         |   |                             |                               |                               |                                |
| Designated for subsequent<br>year's expenditures | 204,740                 | -   | -                           | -                             | 179,515                       | -                              |
| Undesignated (deficit)                           | -                       | 420   | 10                          | 4,036                         | 285,261                       | 847                            |
| <b>Total fund balances</b>                       | <u>204,740</u>          | <u>14,716</u>                                   | <u>10</u>                   | <u>4,036</u>                  | <u>464,776</u>                | <u>847</u>                     |
| <b>Total liabilities and<br/>fund balances</b>   | <u>\$ 257,061</u>       | <u>\$ 51,582</u>                                | <u>\$ 2,400</u>             | <u>\$ 4,195</u>               | <u>\$ 502,554</u>             | <u>\$ 29,012</u>               |

| <u>Budget Stabilization</u> | <u>Drug Law Enforcement</u> | <u>Local Law Enforcement Block Grant</u> | <u>LAWNET Grant</u> | <u>Recreation Activity</u> | <u>Community Development Home Grant</u> | <u>Lead Hazard Control</u> | <u>Employee Health Care</u> |
|-----------------------------|-----------------------------|--|---------------------|----------------------------|---|----------------------------|-----------------------------|
| \$ 1,603,500                | \$ 28,295                   | \$ -                                     | \$ -                | \$ 42,304                  | \$ 41,941                               | \$ 46,793                  | \$ 275,688                  |
| -                           | -                           | -  | -                   | 202                        | -                                       | -                          | -                           |
| -                           | -                           | -  | 17,280              | -                          | -                                       | 369                        | -                           |
| -                           | -                           | -  | -                   | -                          | 60                                      | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | -                                       | -                          | -                           |
| <u>1,603,500</u>            | <u>28,295</u>               | <u>-</u>                                 | <u>17,280</u>       | <u>42,506</u>              | <u>42,001</u>                           | <u>47,162</u>              | <u>275,688</u>              |
| -                           | 230                         | -  | -                   | 1,541                      | 22,735                                  | 38,852                     | -                           |
| -                           | -                           | -  | -                   | 9,194                      | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | 377                                     | 8,310                      | -                           |
| -                           | -                           | -  | 16,136              | -                          | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | 18,889                                  | -                          | -                           |
| -                           | <u>230</u>                  | <u>-</u>                                 | <u>16,136</u>       | <u>10,735</u>              | <u>42,001</u>                           | <u>47,162</u>              | <u>-</u>                    |
| -                           | -                           | -  | -                   | -                          | -                                       | -                          | -                           |
| -                           | 10,150                      | -  | -                   | -                          | -                                       | -                          | -                           |
| <u>1,603,500</u>            | <u>17,915</u>               | <u>-</u>                                 | <u>1,144</u>        | <u>31,771</u>              | <u>-</u>                                | <u>-</u>                   | <u>275,688</u>              |
| <u>1,603,500</u>            | <u>28,065</u>               | <u>-</u>                                 | <u>1,144</u>        | <u>31,771</u>              | <u>-</u>                                | <u>-</u>                   | <u>275,688</u>              |
| <u>\$ 1,603,500</u>         | <u>\$ 28,295</u>            | <u>\$ -</u>                              | <u>\$ 17,280</u>    | <u>\$ 42,506</u>           | <u>\$ 42,001</u>                        | <u>\$ 47,162</u>           | <u>\$ 275,688</u>           |

Continued...

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Concluded)**  
**June 30, 2007**

|  | <u>Brownfield<br/>Assessment<br/>Grant</u> | <u>Byrne / JAG<br/>Program<br/>Grants</u> | <u>Waterfront<br/>Redevelopment</u> | <u>Recreation<br/>Millage</u> | <u>Totals</u>       |
|--|--|---|-------------------------------------|-------------------------------|---------------------|
| <b><u>ASSETS</u></b>                             |  |   |                                     |                               |                     |
| <b>Assets</b>                                    |  |   |                                     |                               |                     |
| Pooled cash and investments                      | \$ -                                       | \$ -                                      | \$ -                                | \$ 18,166                     | \$ 2,536,900        |
| Accounts receivables, net                        | -  | -   | 6,413                               | -                             | 166,700             |
| Due from other governments                       | 20,611                                     | 28,426                                    | 6,477                               | -                             | 170,677             |
| Due from other funds                             | -  | -   | -                                   | -                             | 13,789              |
| Interfund receivables                            | -  | -   | -                                   | -                             | 80,967              |
| Inventories, at cost                             | -  | -   | -                                   | -                             | 14,296              |
| <b>Total assets</b>                              | <u>20,611</u>                              | <u>28,426</u>                             | <u>12,890</u>                       | <u>18,166</u>                 | <u>2,983,329</u>    |
| <b><u>LIABILITIES<br/>AND FUND BALANCES</u></b>  |  |   |                                     |                               |                     |
| <b>Liabilities</b>                               |  |   |                                     |                               |                     |
| Accounts payable                                 | 14,432                                     | -   | -                                   | 1,107                         | 185,565             |
| Accrued payroll                                  | -  | -   | -                                   | 16,847                        | 59,640              |
| Due to other funds                               | -  | -   | -                                   | -                             | 8,747               |
| Interfund payables                               | 6,178                                      | 28,426                                    | 12,875                              | -                             | 80,967              |
| Deferred revenue                                 | -  | -   | -                                   | -                             | 18,889              |
| <b>Total liabilities</b>                         | <u>20,610</u>                              | <u>28,426</u>                             | <u>12,875</u>                       | <u>17,954</u>                 | <u>353,808</u>      |
| <b>Fund balances</b>                             |  |   |                                     |                               |                     |
| Reserved for inventory                           | -  | -   | -                                   | -                             | 14,296              |
| Unreserved:                                      |  |   |                                     |                               |                     |
| Designated for subsequent<br>year's expenditures | -  | -   | -                                   | -                             | 394,405             |
| Undesignated (deficit)                           | 1  | -   | 15                                  | 212                           | 2,220,820           |
| <b>Total fund balances</b>                       | <u>1</u>                                   | <u>-</u>                                  | <u>15</u>                           | <u>212</u>                    | <u>2,629,521</u>    |
| <b>Total liabilities and<br/>fund balances</b>   | <u>\$ 20,611</u>                           | <u>\$ 28,426</u>                          | <u>\$ 12,890</u>                    | <u>\$ 18,166</u>              | <u>\$ 2,983,329</u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2007**

|                                       | <u>Local<br/>Street</u> | <u>Ella W.<br/>Sharp<br/>Park<br/>Operating</u> | <u>Land<br/>Acquisition</u> | <u>Housing<br/>Initiative</u> | <u>Public<br/>Improvement</u> | <u>Building<br/>Department</u> |
|---------------------------------------|-------------------------|---|-----------------------------|-------------------------------|-------------------------------|--------------------------------|
| <b>Revenues</b>                       |                         |   |                             |                               |                               |                                |
| Property taxes                        | \$ -                    | \$ -  | \$ -                        | \$ -                          | \$ 1,158,587                  | \$ -                           |
| Intergovernmental                     | 593,862                 | -   | -                           | -                             | -                             | -                              |
| Charges for services                  | -                       | 557,011   | -                           | -                             | -                             | 378,381                        |
| Investment income                     | 711                     | 369   | 24,118                      | 510                           | 65,641                        | 10,512                         |
| Miscellaneous                         | <u>3,677</u>            | <u>-</u>  | <u>-</u>                    | <u>-</u>                      | <u>-</u>                      | <u>-</u>                       |
| Total revenues                        | <u>598,250</u>          | <u>557,380</u>                                  | <u>24,118</u>               | <u>510</u>                    | <u>1,224,228</u>              | <u>388,893</u>                 |
| <b>Expenditures</b>                   |                         |   |                             |                               |                               |                                |
| Current:                              |                         |   |                             |                               |                               |                                |
| Public safety                         | -                       | -   | -                           | -                             | -                             | 549,047                        |
| Public works                          | 1,380,131               | -   | -                           | -                             | -                             | -                              |
| Culture and recreation                | -                       | 688,779   | -                           | -                             | -                             | -                              |
| Community enrichment and development  | -                       | -   | -                           | 24,084                        | 280,506                       | -                              |
| Capital outlay                        | -                       | -   | 53,226                      | 5,390                         | -                             | -                              |
| Debt service:                         |                         |   |                             |                               |                               |                                |
| Principal retirement                  | -                       | -   | -                           | -                             | 95,000                        | -                              |
| Interest expense                      | <u>-</u>                | <u>-</u>  | <u>-</u>                    | <u>-</u>                      | <u>5,775</u>                  | <u>-</u>                       |
| Total expenditures                    | <u>1,380,131</u>        | <u>688,779</u>                                  | <u>53,226</u>               | <u>29,474</u>                 | <u>381,281</u>                | <u>549,047</u>                 |
| Revenues over (under) expenditures    | <u>(781,881)</u>        | <u>(131,399)</u>                                | <u>(29,108)</u>             | <u>(28,964)</u>               | <u>842,947</u>                | <u>(160,154)</u>               |
| <b>Other financing sources (uses)</b> |                         |   |                             |                               |                               |                                |
| Transfers in                          | 666,435                 | 143,655   | -                           | -                             | -                             | 161,000                        |
| Transfers out                         | <u>(12,046)</u>         | <u>-</u>  | <u>-</u>                    | <u>-</u>                      | <u>(1,327,274)</u>            | <u>-</u>                       |
| Total other financing sources (uses)  | <u>654,389</u>          | <u>143,655</u>                                  | <u>-</u>                    | <u>-</u>                      | <u>(1,327,274)</u>            | <u>161,000</u>                 |
| Net change in fund balances           | (127,492)               | 12,256  | (29,108)                    | (28,964)                      | (484,327)                     | 846                            |
| Fund balances, beginning of year      | <u>332,232</u>          | <u>2,460</u>                                    | <u>29,118</u>               | <u>33,000</u>                 | <u>949,103</u>                | <u>1</u>                       |
| <b>Fund balances, end of year</b>     | <u>\$ 204,740</u>       | <u>\$ 14,716</u>                                | <u>\$ 10</u>                | <u>\$ 4,036</u>               | <u>\$ 464,776</u>             | <u>\$ 847</u>                  |

| <u>Budget Stabilization</u> | <u>Drug Law Enforcement</u> | <u>Local Law Enforcement Block Grant</u> | <u>LAWNET Grant</u> | <u>Recreation Activity</u> | <u>Community Development Home Grant</u> | <u>Lead Hazard Control</u> | <u>Employee Health Care</u> |
|-----------------------------|-----------------------------|--|---------------------|----------------------------|---|----------------------------|-----------------------------|
| \$ -                        | \$ -                        | \$ -                                     | \$ -                | \$ -                       | \$ -                                    | \$ -                       | \$ -                        |
| -                           | -                           | -  | 65,311              | -                          | 276,913                                 | 162,821                    | -                           |
| -                           | -                           | -  | -                   | 300,264                    | -                                       | -                          | -                           |
| 69,115                      | 385                         | -  | -                   | 2,002                      | -                                       | 1,074                      | 11,392                      |
| -                           | 65,511                      | -  | -                   | -                          | 28,039                                  | -                          | -                           |
| <u>69,115</u>               | <u>65,896</u>               | <u>-</u>                                 | <u>65,311</u>       | <u>302,266</u>             | <u>304,952</u>                          | <u>163,895</u>             | <u>11,392</u>               |
| -                           | 6,589                       | -  | 131,252             | -                          | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | 311,843                    | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | 304,952                                 | 163,895                    | -                           |
| -                           | -                           | -  | -                   | -                          | -                                       | -                          | -                           |
| -                           | -                           | -  | -                   | -                          | -                                       | -                          | -                           |
| <u>-</u>                    | <u>6,589</u>                | <u>-</u>                                 | <u>131,252</u>      | <u>311,843</u>             | <u>304,952</u>                          | <u>163,895</u>             | <u>-</u>                    |
| 69,115                      | 59,307                      | -  | (65,941)            | (9,577)                    | -                                       | -                          | 11,392                      |
| -                           | -                           | -  | 65,941              | -                          | -                                       | -                          | -                           |
| <u>(69,115)</u>             | <u>(40,357)</u>             | <u>(58)</u>                              | <u>-</u>            | <u>-</u>                   | <u>-</u>                                | <u>-</u>                   | <u>-</u>                    |
| <u>(69,115)</u>             | <u>(40,357)</u>             | <u>(58)</u>                              | <u>65,941</u>       | <u>-</u>                   | <u>-</u>                                | <u>-</u>                   | <u>-</u>                    |
| -                           | 18,950                      | (58)                                     | -                   | (9,577)                    | -                                       | -                          | 11,392                      |
| <u>1,603,500</u>            | <u>9,115</u>                | <u>58</u>                                | <u>1,144</u>        | <u>41,348</u>              | <u>-</u>                                | <u>-</u>                   | <u>264,296</u>              |
| <u>\$ 1,603,500</u>         | <u>\$ 28,065</u>            | <u>\$ -</u>                              | <u>\$ 1,144</u>     | <u>\$ 31,771</u>           | <u>\$ -</u>                             | <u>\$ -</u>                | <u>\$ 275,688</u>           |

Continued...

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Concluded)**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2007**

|   | <u>Brownfield<br/>Assessment<br/>Grant</u> | <u>Byrne / JAG<br/>Program<br/>Grant</u> | <u>Waterfront<br/>Redevelopment</u> | <u>Recreation<br/>Millage</u> | <u>Totals</u>       |
|---|--|--|-------------------------------------|-------------------------------|---------------------|
| <b>Revenues</b>                         |  |  |                                     |                               |                     |
| Property taxes                          | \$ -                                       | \$ -                                     | \$ -                                | \$ -                          | \$ 1,158,587        |
| Intergovernmental                       | 110,106                                    | 28,426                                   | 64,245                              | -                             | 1,301,684           |
| Charges for services                    | -  | -  | -                                   | 237,495                       | 1,473,151           |
| Investment income                       | -  | -  | 15                                  | 65                            | 185,909             |
| Miscellaneous                           | -  | -  | -                                   | -                             | 97,227              |
|   | <u>-</u>                                   | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                      | <u>-</u>            |
| Total revenues                          | <u>110,106</u>                             | <u>28,426</u>                            | <u>64,260</u>                       | <u>237,560</u>                | <u>4,216,558</u>    |
| <b>Expenditures</b>                     |  |  |                                     |                               |                     |
| Current:                                |  |  |                                     |                               |                     |
| Public safety                           | -  | 28,426                                   | -                                   | -                             | 715,314             |
| Public works                            | 110,155                                    | -  | 64,245                              | -                             | 1,554,531           |
| Culture and recreation                  | -  | -  | -                                   | 260,875                       | 1,261,497           |
| Community enrichment and<br>development | -  | -  | -                                   | -                             | 773,437             |
| Capital outlay                          | -  | -  | -                                   | -                             | 58,616              |
| Debt service:                           |  |  |                                     |                               |                     |
| Principal retirement                    | -  | -  | -                                   | -                             | 95,000              |
| Interest expense                        | -  | -  | -                                   | -                             | 5,775               |
|   | <u>-</u>                                   | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                      | <u>-</u>            |
| Total expenditures                      | <u>110,155</u>                             | <u>28,426</u>                            | <u>64,245</u>                       | <u>260,875</u>                | <u>4,464,170</u>    |
| Revenues over (under) expenditures      | <u>(49)</u>                                | <u>-</u>                                 | <u>15</u>                           | <u>(23,315)</u>               | <u>(247,612)</u>    |
| <b>Other financing sources (uses)</b>   |  |  |                                     |                               |                     |
| Transfers in                            | -  | -  | -                                   | -                             | 1,037,031           |
| Transfers out                           | -  | -  | -                                   | -                             | (1,448,850)         |
|   | <u>-</u>                                   | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                      | <u>-</u>            |
| Total other financing sources (uses)    | <u>-</u>                                   | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                      | <u>(411,819)</u>    |
| Net change in fund balances             | (49)                                       | -  | 15                                  | (23,315)                      | (659,431)           |
| Fund balances, beginning of year        | <u>50</u>                                  | <u>-</u>                                 | <u>-</u>                            | <u>23,527</u>                 | <u>3,288,952</u>    |
| <b>Fund balances, end of year</b>       | <u>\$ 1</u>                                | <u>\$ -</u>                              | <u>\$ 15</u>                        | <u>\$ 212</u>                 | <u>\$ 2,629,521</u> |

**City of Jackson, Michigan**  
**Local Street Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                       | <b>2007</b>               |                   | <b>Actual<br/>Over (Under)<br/>Final Budget</b> | <b>2006<br/>Actual</b> |
|---------------------------------------|---------------------------|-------------------|---|------------------------|
|                                       | <b>Amended<br/>Budget</b> | <b>Actual</b>     |   |                        |
| <b>Revenues</b>                       |                           |                   |   |                        |
| Intergovernmental                     | \$ 620,551                | \$ 593,862        | \$ (26,689)                                     | \$ 601,127             |
| Investment income                     | 711                       | 711               | -   | 2,276                  |
| Miscellaneous                         | 2,240                     | 3,677             | 1,437   | 1,044                  |
| Total revenues                        | <u>623,502</u>            | <u>598,250</u>    | <u>(25,252)</u>                                 | <u>604,447</u>         |
| <b>Expenditures</b>                   |                           |                   |   |                        |
| Current - public works:               |                           |                   |   |                        |
| Street construction                   | 930,376                   | 875,944           | (54,432)  | 181,867                |
| Street maintenance                    | 712,656                   | 702,151           | (10,505)  | 634,575                |
| Bridge maintenance                    | -                         | -                 | -   | 1,830                  |
| Traffic services                      | 46,969                    | 46,805            | (164)   | 58,220                 |
| Winter maintenance                    | 165,713                   | 160,886           | (4,827)   | 89,860                 |
| Reimbursements                        | (455,254)                 | (405,655)         | 49,599  | (25,565)               |
| Total expenditures                    | <u>1,400,460</u>          | <u>1,380,131</u>  | <u>(20,329)</u>                                 | <u>940,787</u>         |
| Revenues under expenditures           | <u>(776,958)</u>          | <u>(781,881)</u>  | <u>(4,923)</u>                                  | <u>(336,340)</u>       |
| <b>Other financing sources (uses)</b> |                           |                   |   |                        |
| Transfers in                          | 766,811                   | 666,435           | (100,376)                                       | 449,436                |
| Transfers out                         | (12,046)                  | (12,046)          | -   | (12,222)               |
| Total other financing sources (uses)  | <u>754,765</u>            | <u>654,389</u>    | <u>(100,376)</u>                                | <u>437,214</u>         |
| Net change in fund balance            | (22,193)                  | (127,492)         | (105,299)                                       | 100,874                |
| Fund balance, beginning of year       | <u>332,232</u>            | <u>332,232</u>    | <u>-</u>  | <u>231,358</u>         |
| <b>Fund balance, end of year</b>      | <u>\$ 310,039</u>         | <u>\$ 204,740</u> | <u>\$ (105,299)</u>                             | <u>\$ 332,232</u>      |

**City of Jackson, Michigan**  
**Ella W. Sharp Park Operating Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                   | <b>2007</b>               |                  |   | <b>2006<br/>Actual</b> |
|-----------------------------------|---------------------------|------------------|---|------------------------|
|                                   | <b>Amended<br/>Budget</b> | <b>Actual</b>    | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                        |
| <b>Revenues</b>                   |                           |                  |   |                        |
| Charges for services              | \$ 599,700                | \$ 557,011       | \$ (42,689)                                     | \$ 556,741             |
| Investment income                 | 500                       | 369              | (131)   | 403                    |
| Total revenues                    | <u>600,200</u>            | <u>557,380</u>   | <u>(42,820)</u>                                 | <u>557,144</u>         |
| <b>Expenditures</b>               |                           |                  |   |                        |
| Current - culture and recreation: |                           |                  |   |                        |
| Personal services                 | 422,050                   | 408,067          | (13,983)  | 410,821                |
| Materials and supplies            | 184,150                   | 194,905          | 10,755  | 179,185                |
| Contractual and other services    | 68,225                    | 74,317           | 6,092   | 57,121                 |
| Capital outlay                    | <u>22,100</u>             | <u>11,490</u>    | <u>(10,610)</u>                                 | <u>11,317</u>          |
| Total expenditures                | <u>696,525</u>            | <u>688,779</u>   | <u>(7,746)</u>                                  | <u>658,444</u>         |
| Revenues under expenditures       | (96,325)                  | (131,399)        | (35,074)  | (101,300)              |
| <b>Other financing sources</b>    |                           |                  |   |                        |
| Transfers in                      | <u>107,270</u>            | <u>143,655</u>   | <u>36,385</u>                                   | <u>101,906</u>         |
| Net change in fund balance        | 10,945                    | 12,256           | 1,311   | 606                    |
| Fund balance, beginning of year   | <u>2,460</u>              | <u>2,460</u>     | <u>-</u>  | <u>1,854</u>           |
| <b>Fund balance, end of year</b>  | <u>\$ 13,405</u>          | <u>\$ 14,716</u> | <u>\$ 1,311</u>                                 | <u>\$ 2,460</u>        |

**City of Jackson, Michigan**  
**Land Acquisition Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                    | <u>2007</u>               |               | <u>Actual<br/>Over (Under)<br/>Final Budget</u> | <u>2006<br/>Actual</u> |
|------------------------------------|---------------------------|---------------|---|------------------------|
|                                    | <u>Amended<br/>Budget</u> | <u>Actual</u> |   |                        |
| <b>Revenues</b>                    |                           |               |   |                        |
| Investment income                  | \$ 600                    | \$ 1,118      | 518   | 165                    |
| Miscellaneous                      | 10,000                    | 23,000        | 13,000  | 11,000                 |
| Total revenues                     | <u>10,600</u>             | <u>24,118</u> | <u>13,518</u>                                   | <u>11,165</u>          |
| <b>Expenditures</b>                |                           |               |   |                        |
| Capital outlay                     | <u>45,000</u>             | <u>53,226</u> | <u>8,226</u>                                    | <u>148,886</u>         |
| Revenues over (under) expenditures | (34,400)                  | (29,108)      | 5,292   | (137,721)              |
| <b>Other financing sources</b>     |                           |               |   |                        |
| Transfers in                       | <u>6,000</u>              | <u>-</u>      | <u>(6,000)</u>                                  | <u>160,000</u>         |
| Net change in fund balance         | (28,400)                  | (29,108)      | (708)   | 22,279                 |
| Fund balance, beginning of year    | <u>29,118</u>             | <u>29,118</u> | <u>-</u>  | <u>6,839</u>           |
| <b>Fund balance, end of year</b>   | <u>\$ 718</u>             | <u>\$ 10</u>  | <u>\$ (708)</u>                                 | <u>\$ 29,118</u>       |

**City of Jackson, Michigan**  
**Housing Initiative Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|   | <b>2007</b>               |                        |   | <b>2006<br/>Actual</b>  |
|---|---------------------------|------------------------|---|-------------------------|
|   | <b>Amended<br/>Budget</b> | <b>Actual</b>          | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                         |
| <b>Revenues</b>                                   |                           |                        |   |                         |
| Investment income                                 | \$ 650                    | \$ 510                 | \$ (140)  | \$ 2,533                |
| <b>Expenditures</b>                               |                           |                        |   |                         |
| Current - community enrichment<br>and development | 26,275                    | 24,084                 | (2,191)   | 172,199                 |
| Capital outlay                                    | 5,400                     | 5,390                  | (10)  | 10,138                  |
| Total expenditures                                | <u>31,675</u>             | <u>29,474</u>          | <u>(2,201)</u>                                  | <u>182,337</u>          |
| Revenues over (under) expenditures                | <u>(31,025)</u>           | <u>(28,964)</u>        | <u>2,061</u>                                    | <u>(179,804)</u>        |
| <b>Other financing sources</b>                    |                           |                        |   |                         |
| Proceeds from sale of capital assets              | -                         | -                      | -   | 13,416                  |
| Net change in fund balance                        | (31,025)                  | (28,964)               | 2,061   | (166,388)               |
| Fund balance, beginning of year                   | <u>33,000</u>             | <u>33,000</u>          | <u>-</u>  | <u>199,388</u>          |
| <b>Fund balance, end of year</b>                  | <u><u>\$ 1,975</u></u>    | <u><u>\$ 4,036</u></u> | <u><u>\$ 2,061</u></u>                          | <u><u>\$ 33,000</u></u> |

**City of Jackson, Michigan**  
**Public Improvement Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|   | <b>2007</b>               |                          | <b>Actual<br/>Over (Under)<br/>Final Budget</b> | <b>2006<br/>Actual</b>   |
|---|---------------------------|--------------------------|---|--------------------------|
|   | <b>Amended<br/>Budget</b> | <b>Actual</b>            |   |                          |
| <b>Revenues</b>                                   |                           |                          |   |                          |
| Property taxes                                    | \$ 1,153,700              | \$ 1,158,587             | \$ 4,887  | \$ 1,104,444             |
| Investment income                                 | 65,000                    | 65,641                   | 641   | 39,151                   |
| Total revenues                                    | <u>1,218,700</u>          | <u>1,224,228</u>         | <u>5,528</u>                                    | <u>1,143,595</u>         |
| <b>Expenditures</b>                               |                           |                          |   |                          |
| Current - community enrichment<br>and development | 198,917                   | 280,506                  | 81,589  | 137,402                  |
| Debt service:                                     |                           |                          |   |                          |
| Principal retirement                              | 95,000                    | 95,000                   | -   | 90,000                   |
| Interest  | 5,775                     | 5,775                    | -   | 6,825                    |
| Total expenditures                                | <u>299,692</u>            | <u>381,281</u>           | <u>81,589</u>                                   | <u>234,227</u>           |
| Revenues over (under) expenditures                | 919,008                   | 842,947                  | (76,061)  | 909,368                  |
| <b>Other financing uses</b>                       |                           |                          |   |                          |
| Transfers out                                     | <u>(1,554,590)</u>        | <u>(1,327,274)</u>       | <u>227,316</u>                                  | <u>(343,790)</u>         |
| Net change in fund balance                        | (635,582)                 | (484,327)                | 151,255   | 565,578                  |
| Fund balance, beginning of year                   | <u>949,103</u>            | <u>949,103</u>           | <u>-</u>  | <u>383,525</u>           |
| <b>Fund balance, end of year</b>                  | <u><u>\$ 313,521</u></u>  | <u><u>\$ 464,776</u></u> | <u><u>\$ 151,255</u></u>                        | <u><u>\$ 949,103</u></u> |

**City of Jackson, Michigan**  
**Building Department Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                    | <u>2007</u>               |                      | <u>Actual<br/>Over (Under)<br/>Final Budget</u> | <u>2006<br/>Actual</u> |
|------------------------------------|---------------------------|----------------------|---|------------------------|
|                                    | <u>Amended<br/>Budget</u> | <u>Actual</u>        |   |                        |
| <b>Revenues</b>                    |                           |                      |   |                        |
| Charges for services               | \$ 349,500                | \$ 378,381           | \$ 28,881                                       | \$ 391,075             |
| Investment income                  | 12,000                    | 10,512               | (1,488)   | 7,621                  |
| Total revenues                     | <u>361,500</u>            | <u>388,893</u>       | <u>27,393</u>                                   | <u>398,696</u>         |
| <b>Expenditures</b>                |                           |                      |   |                        |
| Current - public safety:           |                           |                      |   |                        |
| Personal services                  | 444,775                   | 441,174              | (3,601)   | 463,233                |
| Materials and supplies             | 11,075                    | 9,502                | (1,573)   | 11,393                 |
| Inspection services                | 78,000                    | 53,382               | (24,618)  | 54,537                 |
| Contractual and other services     | 79,850                    | 44,989               | (34,861)  | 55,305                 |
| Total expenditures                 | <u>613,700</u>            | <u>549,047</u>       | <u>(64,653)</u>                                 | <u>584,468</u>         |
| Revenues over (under) expenditures | (252,200)                 | (160,154)            | 92,046  | (185,772)              |
| <b>Other financing sources</b>     |                           |                      |   |                        |
| Transfers in                       | <u>252,200</u>            | <u>161,000</u>       | <u>(91,200)</u>                                 | <u>185,000</u>         |
| Net change in fund balance         | -                         | 846                  | 846   | (772)                  |
| Fund balance, beginning of year    | <u>1</u>                  | <u>1</u>             | <u>-</u>  | <u>773</u>             |
| <b>Fund balance, end of year</b>   | <u><u>\$ 1</u></u>        | <u><u>\$ 847</u></u> | <u><u>\$ 846</u></u>                            | <u><u>\$ 1</u></u>     |

**City of Jackson, Michigan**  
**Budget Stabilization Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <u>2007</u>               |                     | <u>Actual<br/>Over (Under)<br/>Final Budget</u> | <u>2006<br/>Actual</u> |
|----------------------------------|---------------------------|---------------------|---|------------------------|
|                                  | <u>Amended<br/>Budget</u> | <u>Actual</u>       |   |                        |
| <b>Revenues</b>                  |                           |                     |   |                        |
| Investment income                | \$ 72,000                 | \$ 69,115           | \$ (2,885)                                      | \$ 57,851              |
| <b>Other financing uses</b>      |                           |                     |   |                        |
| Transfers out                    | (72,000)                  | (69,115)            | 2,885   | (57,851)               |
| Net change in fund balance       | -                         | -                   | -   | -                      |
| Fund balance, beginning of year  | 1,603,500                 | 1,603,500           | -   | 1,603,500              |
| <b>Fund balance, end of year</b> | <u>\$ 1,603,500</u>       | <u>\$ 1,603,500</u> | <u>\$ -</u>                                     | <u>\$ 1,603,500</u>    |

**City of Jackson, Michigan**  
**Drug Law Enforcement Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <b>2007</b>               |                         | <b>Actual<br/>Over (Under)<br/>Final Budget</b> | <b>2006<br/>Actual</b> |
|----------------------------------|---------------------------|-------------------------|---|------------------------|
|                                  | <b>Amended<br/>Budget</b> | <b>Actual</b>           |   |                        |
| <b>Revenues</b>                  |                           |                         |   |                        |
| Investment income                | \$ 206                    | \$ 385                  | \$ 179  | \$ 327                 |
| Miscellaneous:                   |                           |                         |   |                        |
| Sale of property                 | 14,500                    | 7,229                   | (7,271)   | 23,082                 |
| Other                            | 42,802                    | 58,282                  | 15,480  | 47,973                 |
| Total revenues                   | <u>57,508</u>             | <u>65,896</u>           | <u>8,388</u>                                    | <u>71,382</u>          |
| <b>Expenditures</b>              |                           |                         |   |                        |
| Current - public safety:         |                           |                         |   |                        |
| Materials and supplies           | 1,000                     | 668                     | (332)   | 513                    |
| Contractual and other services   | 6,761                     | 5,921                   | (840)   | 6,369                  |
| Capital outlay                   | -                         | -                       | -   | 1                      |
| Total expenditures               | <u>7,761</u>              | <u>6,589</u>            | <u>(1,172)</u>                                  | <u>6,883</u>           |
| Revenues over expenditures       | 49,747                    | 59,307                  | 9,560   | 64,499                 |
| <b>Other financing uses</b>      |                           |                         |   |                        |
| Transfers out                    | <u>(48,712)</u>           | <u>(40,357)</u>         | 8,355   | <u>(59,894)</u>        |
| Net change in fund balance       | 1,035                     | 18,950                  | 17,915  | 4,605                  |
| Fund balance, beginning of year  | <u>9,115</u>              | <u>9,115</u>            | -   | <u>4,510</u>           |
| <b>Fund balance, end of year</b> | <u><u>\$ 10,150</u></u>   | <u><u>\$ 28,065</u></u> | <u><u>\$ 17,915</u></u>                         | <u><u>\$ 9,115</u></u> |

**City of Jackson, Michigan**  
**Local Law Enforcement Block Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <b>2007</b>               |               |   | <b>2006<br/>Actual</b> |
|----------------------------------|---------------------------|---------------|---|------------------------|
|                                  | <b>Amended<br/>Budget</b> | <b>Actual</b> | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                        |
| <b>Revenues</b>                  |                           |               |   |                        |
| Intergovernmental                | \$ -                      | \$ -          | \$ -  | \$ 28,808              |
| Investment income                | -                         | -             | -   | (467)                  |
| Total revenues                   | <u>-</u>                  | <u>-</u>      | <u>-</u>  | <u>28,341</u>          |
| <b>Expenditures</b>              |                           |               |   |                        |
| Current - public safety:         |                           |               |   |                        |
| Personal services                | -                         | -             | -   | 47,298                 |
| Capital outlay                   | <u>-</u>                  | <u>-</u>      | <u>-</u>  | <u>2,039</u>           |
| Total expenditures               | <u>-</u>                  | <u>-</u>      | <u>-</u>  | <u>49,337</u>          |
| Revenues under expenditures      | -                         | -             | -   | (20,996)               |
| <b>Other financing uses</b>      |                           |               |   |                        |
| Transfers out                    | <u>-</u>                  | <u>(58)</u>   | <u>(58)</u>                                     | <u>(474)</u>           |
| Net change in fund balance       | -                         | (58)          | (58)  | (21,470)               |
| Fund balance, beginning of year  | <u>58</u>                 | <u>58</u>     | <u>-</u>  | <u>21,528</u>          |
| <b>Fund balance, end of year</b> | <u>\$ 58</u>              | <u>\$ -</u>   | <u>\$ (58)</u>                                  | <u>\$ 58</u>           |

**City of Jackson, Michigan**  
**LAWNET Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                    | <u>2007</u>               |                 | <u>Actual<br/>Over (Under)<br/>Final Budget</u> | <u>2006<br/>Actual</u> |
|------------------------------------|---------------------------|-----------------|---|------------------------|
|                                    | <u>Amended<br/>Budget</u> | <u>Actual</u>   |   |                        |
| <b>Revenues</b>                    |                           |                 |   |                        |
| Intergovernmental                  | \$ 66,059                 | \$ 65,311       | \$ (748)  | \$ 57,159              |
| Investment income                  | -                         | -               | -   | 2                      |
| Total revenues                     | <u>66,059</u>             | <u>65,311</u>   | <u>(748)</u>                                    | <u>57,161</u>          |
| <b>Expenditures :</b>              |                           |                 |   |                        |
| Current - public safety:           |                           |                 |   |                        |
| Personal services                  | 130,073                   | 129,914         | (159)   | 115,875                |
| Contractual and other services     | 2,676                     | 1,338           | (1,338)   | 1,216                  |
| Total expenditures                 | <u>132,749</u>            | <u>131,252</u>  | <u>(1,497)</u>                                  | <u>117,091</u>         |
| Revenues over (under) expenditures | <u>(66,690)</u>           | <u>(65,941)</u> | <u>749</u>                                      | <u>(59,930)</u>        |
| <b>Other financing sources</b>     |                           |                 |   |                        |
| Transfers in                       | <u>66,689</u>             | <u>65,941</u>   | <u>(748)</u>                                    | <u>59,894</u>          |
| Net change in fund balance         | (1)                       | -               | 1   | (36)                   |
| Fund balance, beginning of year    | <u>1,144</u>              | <u>1,144</u>    | <u>-</u>  | <u>1,180</u>           |
| <b>Fund balance, end of year</b>   | <u>\$ 1,143</u>           | <u>\$ 1,144</u> | <u>\$ 1</u>                                     | <u>\$ 1,144</u>        |

**City of Jackson, Michigan**  
**Recreation Activity Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                   | <b>2007</b>               |                         |   | <b>2006</b><br><b>Actual</b> |
|-----------------------------------|---------------------------|-------------------------|---|------------------------------|
|                                   | <b>Amended<br/>Budget</b> | <b>Actual</b>           | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                              |
| <b>Revenues</b>                   |                           |                         |   |                              |
| Charges for services              | \$ 298,000                | \$ 300,264              | \$ 2,264  | \$ 275,295                   |
| Investment income                 | 1,000                     | 2,002                   | 1,002   | 2,299                        |
| Total revenues                    | <u>299,000</u>            | <u>302,266</u>          | <u>3,266</u>                                    | <u>277,594</u>               |
| <b>Expenditures</b>               |                           |                         |   |                              |
| Current - culture and recreation: |                           |                         |   |                              |
| Personal services                 | 130,048                   | 118,507                 | (11,541)  | 133,847                      |
| Materials and supplies            | 48,000                    | 45,738                  | (2,262)   | 30,599                       |
| Contractual and other services    | <u>138,000</u>            | <u>147,598</u>          | <u>9,598</u>                                    | <u>144,242</u>               |
| Total expenditures                | <u>316,048</u>            | <u>311,843</u>          | <u>(4,205)</u>                                  | <u>308,688</u>               |
| Net change in fund balances       | (17,048)                  | (9,577)                 | 7,471   | (31,094)                     |
| Fund balance, beginning of year   | <u>41,348</u>             | <u>41,348</u>           | <u>-</u>  | <u>72,442</u>                |
| <b>Fund balance, end of year</b>  | <u><u>\$ 24,300</u></u>   | <u><u>\$ 31,771</u></u> | <u><u>\$ 7,471</u></u>                          | <u><u>\$ 41,348</u></u>      |

**City of Jackson, Michigan**  
**Community Development Home Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|  | <u>2007</u>                     |                |   | <u>2006</u><br><u>Actual</u> |
|--|---------------------------------|----------------|---|------------------------------|
|  | <u>Amended</u><br><u>Budget</u> | <u>Actual</u>  | <u>Actual</u><br><u>Over (Under)</u><br><u>Final Budget</u> |                              |
| <b>Revenues</b>                                    |                                 |                |   |                              |
| Intergovernmental                                  | \$ 800,724                      | \$ 276,913     | \$ (523,811)  | \$ 183,588                   |
| Miscellaneous                                      | 342,701                         | 28,039         | (314,662)   | 89,671                       |
| Total revenues                                     | <u>1,143,425</u>                | <u>304,952</u> | <u>(838,473)</u>  | <u>273,259</u>               |
| <b>Expenditures</b>                                |                                 |                |   |                              |
| Current - community enrichment<br>and development: |                                 |                |   |                              |
| Rehabilitation assistance                          | 432,098                         | 223,809        | (208,289)   | 31,996                       |
| Rental rehabilitation                              | 26,230                          | -              | (26,230)  | -                            |
| Community housing development<br>organizations     | 225,981                         | 53,142         | (172,839)   | 238,263                      |
| Administration and other                           | 115,915                         | 28,001         | (87,914)  | 3,000                        |
| Total expenditures                                 | <u>800,224</u>                  | <u>304,952</u> | <u>(495,272)</u>  | <u>273,259</u>               |
| Net change in fund balance                         | 343,201                         | -              | (343,201)   | -                            |
| Fund balance, beginning of year                    | <u>-</u>                        | <u>-</u>       | <u>-</u>  | <u>-</u>                     |
| <b>Fund balance, end of year</b>                   | <u>\$ 343,201</u>               | <u>\$ -</u>    | <u>\$ (343,201)</u>   | <u>\$ -</u>                  |

**City of Jackson, Michigan**  
**Lead Hazard Control Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|   | <u>2007</u>                     |                    |   | <u>2006</u><br><u>Actual</u> |
|---|---------------------------------|--------------------|---|------------------------------|
|   | <u>Amended</u><br><u>Budget</u> | <u>Actual</u>      | <u>Actual</u><br><u>Over (Under)</u><br><u>Final Budget</u> |                              |
| <b>Revenues</b>   |                                 |                    |   |                              |
| Intergovernmental   | \$ 2,000,000                    | \$ 162,821         | \$ (1,837,179)  | \$ -                         |
| Investment income   | -                               | 1,074              | 1,074   | -                            |
| Total revenues  | <u>2,000,000</u>                | <u>163,895</u>     | <u>(1,836,105)</u>  | <u>-</u>                     |
| <b>Expenditures</b>   |                                 |                    |   |                              |
| Current - community enrichment<br>and development -<br>Community housing development<br>organizations | <u>225,981</u>                  | <u>163,895</u>     | <u>(62,086)</u>   | <u>-</u>                     |
| Net change in fund balance  | 1,774,019                       | -                  | (1,774,019)   | -                            |
| Fund balance, beginning of year   | <u>-</u>                        | <u>-</u>           | <u>-</u>  | <u>-</u>                     |
| <b>Fund balance, end of year</b>  | <u><u>\$ 1,774,019</u></u>      | <u><u>\$ -</u></u> | <u><u>\$ (1,774,019)</u></u>                                | <u><u>\$ -</u></u>           |

**City of Jackson, Michigan**  
**Employee Health Care Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <b>2007</b>               |                   |   | <b>2006</b><br><b>Actual</b> |
|----------------------------------|---------------------------|-------------------|---|------------------------------|
|                                  | <b>Amended<br/>Budget</b> | <b>Actual</b>     | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                              |
| <b>Revenues</b>                  |                           |                   |   |                              |
| Investment income                | \$ 11,000                 | \$ 11,392         | \$ 392  | \$ 9,204                     |
| Net change in fund balance       | 11,000                    | 11,392            | 392   | 9,204                        |
| Fund balance, beginning of year  | 264,296                   | 264,296           | -   | 255,092                      |
| <b>Fund balance, end of year</b> | <b>\$ 275,296</b>         | <b>\$ 275,688</b> | <b>\$ 392</b>                                   | <b>\$ 264,296</b>            |

**City of Jackson, Michigan**  
**Brownfield Assessment Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <b>2007</b>               |                |   | <b>2006</b><br><b>Actual</b> |
|----------------------------------|---------------------------|----------------|---|------------------------------|
|                                  | <b>Amended<br/>Budget</b> | <b>Actual</b>  | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                              |
| <b>Revenues</b>                  |                           |                |   |                              |
| Intergovernmental                | \$ 198,787                | \$ 110,106     | \$ (88,681)                                     | \$ 139,830                   |
| Investment income                | -                         | -              | -   | 49                           |
| Total revenues                   | <u>198,787</u>            | <u>110,106</u> | <u>(88,681)</u>                                 | <u>139,879</u>               |
| <b>Expenditures</b>              |                           |                |   |                              |
| Current - public works:          |                           |                |   |                              |
| Materials and supplies           | 2,780                     | 22             | (2,758)   | 1,458                        |
| Contractual and other services   | <u>196,007</u>            | <u>110,133</u> | <u>(85,874)</u>                                 | <u>138,371</u>               |
| Total expenditures               | <u>198,787</u>            | <u>110,155</u> | <u>(88,632)</u>                                 | <u>139,829</u>               |
| Net change in fund balance       | -                         | (49)           | (49)  | 50                           |
| Fund balance, beginning of year  | <u>50</u>                 | <u>50</u>      | <u>-</u>  | <u>-</u>                     |
| <b>Fund balance, end of year</b> | <u>\$ 50</u>              | <u>\$ 1</u>    | <u>\$ (49)</u>                                  | <u>\$ 50</u>                 |

**City of Jackson, Michigan**  
**Byrne / JAG Programs Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <u>2007</u>                     |               |   | <u>2006</u><br><u>Actual</u> |
|----------------------------------|---------------------------------|---------------|---|------------------------------|
|                                  | <u>Amended</u><br><u>Budget</u> | <u>Actual</u> | <u>Actual</u><br><u>Over (Under)</u><br><u>Final Budget</u> |                              |
| <b>Revenues</b>                  |                                 |               |   |                              |
| Intergovernmental                | \$ 28,426                       | \$ 28,426     | \$ -  | \$ 66,896                    |
| <b>Expenditures :</b>            |                                 |               |   |                              |
| Current - public safety:         |                                 |               |   |                              |
| Contractual and other services   | 28,426                          | 28,426        | -   | 66,896                       |
| Net change in fund balance       | -                               | -             | -   | -                            |
| Fund balance, beginning of year  | -                               | -             | -   | -                            |
| <b>Fund balance, end of year</b> | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>                  |

**City of Jackson, Michigan**  
**Waterfront Redevelopment Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                  | <u>2007</u>                     |                     |   | <u>2006</u><br><u>Actual</u> |
|----------------------------------|---------------------------------|---------------------|---|------------------------------|
|                                  | <u>Amended</u><br><u>Budget</u> | <u>Actual</u>       | <u>Actual</u><br><u>Over (Under)</u><br><u>Final Budget</u> |                              |
| <b>Revenues</b>                  |                                 |                     |   |                              |
| Intergovernmental                | \$ 88,760                       | \$ 64,245           | \$ (24,515)   | \$ 14,108                    |
| Investment income                | -                               | 15                  | 15  | -                            |
| Total revenues                   | <u>88,760</u>                   | <u>64,260</u>       | <u>(24,500)</u>   | <u>14,108</u>                |
| <b>Expenditures</b>              |                                 |                     |   |                              |
| Current - public works:          |                                 |                     |   |                              |
| Contractual and other services   | <u>88,760</u>                   | <u>64,245</u>       | <u>(24,515)</u>   | <u>14,108</u>                |
| Net change in fund balance       | -                               | 15                  | 15  | -                            |
| Fund balance, beginning of year  | <u>-</u>                        | <u>-</u>            | <u>-</u>  | <u>-</u>                     |
| <b>Fund balance, end of year</b> | <u><u>\$ -</u></u>              | <u><u>\$ 15</u></u> | <u><u>\$ 15</u></u>   | <u><u>\$ -</u></u>           |

**City of Jackson, Michigan**  
**Recreation Millage Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2007**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

|                                   | <b>2007</b>               |                      |   | <b>2006</b><br><b>Actual</b> |
|-----------------------------------|---------------------------|----------------------|---|------------------------------|
|                                   | <b>Amended<br/>Budget</b> | <b>Actual</b>        | <b>Actual<br/>Over (Under)<br/>Final Budget</b> |                              |
| <b>Revenues</b>                   |                           |                      |   |                              |
| Charges for services              | \$ 233,929                | \$ 237,495           | \$ 3,566  | \$ 227,116                   |
| Investment income                 | -                         | 65                   | 65  | 48                           |
| Total revenues                    | <u>233,929</u>            | <u>237,560</u>       | <u>3,631</u>                                    | <u>227,164</u>               |
| <b>Expenditures</b>               |                           |                      |   |                              |
| Current - culture and recreation: |                           |                      |   |                              |
| Personal services                 | 159,155                   | 163,508              | 4,353   | 134,037                      |
| Materials and supplies            | 57,145                    | 66,620               | 9,475   | 78,598                       |
| Contractual and other services    | <u>28,700</u>             | <u>30,747</u>        | <u>2,047</u>                                    | <u>27,198</u>                |
| Total expenditures                | <u>245,000</u>            | <u>260,875</u>       | <u>15,875</u>                                   | <u>239,833</u>               |
| Revenues under expenditures       | (11,071)                  | (23,315)             | (12,244)  | (12,669)                     |
| <b>Other financing sources</b>    |                           |                      |   |                              |
| Transfers in                      | -                         | -                    | -   | 36,196                       |
| Net change in fund balance        | (11,071)                  | (23,315)             | (12,244)  | 23,527                       |
| Fund balance, beginning of year   | <u>23,527</u>             | <u>23,527</u>        | -   | -                            |
| <b>Fund balance, end of year</b>  | <u><u>\$ 12,456</u></u>   | <u><u>\$ 212</u></u> | <u><u>\$ (12,244)</u></u>                       | <u><u>\$ 23,527</u></u>      |

# Nonmajor Debt Service Funds

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

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

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

**1998 Michigan Transportation Debt Service Fund** - This fund is used to record the payment of interest and principal on the \$995,000 1998 Michigan Transportation Fund Bonds, which were used to fund a portion of the cost of constructing City street improvements.

**2003 Michigan Transportation Debt Service Fund** - This fund is used to record the payment of interest and principal on the \$1,750,000 2003 Series Michigan Transportation Fund Bonds, which were used to fund a portion of the cost of constructing City street improvements and a sal storage facility.

**Building Authority Debt Service Fund** - This fund is used to record principal and interest payments on the \$800,000 Building Authority Bonds dated June 1, 1992.

**2001 DDA TIF Debt Service Fund** - This fund is used to record principal and interest payments on the \$17,998,577 Downtown Development Authority bonds, used to finance the City's share of land acquisition and infrastructure improvements associated with the construction of the new Consumers Energy headquarters.

**2002 BRA TIF Debt Service Fund** - This fund is used to record principal and interest payments on the \$18.5 million Brownfield Redevelopment Authority Tax Increment used to finance the City's share of parking facilities and infrastructure improvements associated with the construction of the new Consumers Energy headquarters.

**Section 108 Loan Debt Service** - This fund is used to record principal and interest payments on the \$1,285,000 Section 108 Loan.

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2007**

|   | <u>2003<br/>City Hall<br/>Construction</u> | <u>Michigan<br/>Urban Land<br/>Assembly Loan</u> | <u>1998<br/>Michigan<br/>Transportation<br/>Fund</u> | <u>2003<br/>MTF Bond</u> | <u>Building<br/>Authority</u> |
|---|--|--|--|--------------------------|-------------------------------|
| <b><u>ASSETS</u></b>                                |  |  |  |                          |                               |
| <b>Assets</b>                                       |  |  |  |                          |                               |
| Pooled cash and investments                         | \$ 39,770                                  | \$ -   | \$ 7   | \$ -                     | \$ 3,351                      |
| Due from other funds                                | <u>2,172</u>                               | <u>-</u>   | <u>-</u>   | <u>-</u>                 | <u>-</u>                      |
| <b>Total assets</b>                                 | <u><u>41,942</u></u>                       | <u><u>-</u></u>                                  | <u><u>7</u></u>                                      | <u><u>-</u></u>          | <u><u>3,351</u></u>           |
| <br><b><u>LIABILITIES<br/>AND FUND BALANCES</u></b> |  |  |  |                          |                               |
| <b>Liabilities</b>                                  |  |  |  |                          |                               |
| Accounts payable                                    | <u>4,849</u>                               | <u>-</u>   | <u>-</u>   | <u>-</u>                 | <u>-</u>                      |
| <b>Fund balances</b>                                |  |  |  |                          |                               |
| Unreserved, undesignated                            | <u>37,093</u>                              | <u>-</u>   | <u>7</u>   | <u>-</u>                 | <u>3,351</u>                  |
| <b>Total liabilities and<br/>fund balances</b>      | <u><u>\$ 41,942</u></u>                    | <u><u>\$ -</u></u>                               | <u><u>\$ 7</u></u>                                   | <u><u>\$ -</u></u>       | <u><u>\$ 3,351</u></u>        |

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| <u>2001</u><br><u>DDA TIF</u> | <u>2002</u><br><u>BRA TIF</u> | <u>Section 108</u><br><u>Loan</u> | <u>Totals</u>    |
|-------------------------------|-------------------------------|-----------------------------------|------------------|
| \$ 637                        | \$ 2,273                      | \$ -                              | \$ 46,038        |
| <u>-</u>                      | <u>-</u>                      | <u>-</u>                          | <u>2,172</u>     |
| <u>637</u>                    | <u>2,273</u>                  | <u>-</u>                          | <u>48,210</u>    |
| <br>                          |                               |                                   |                  |
| <u>-</u>                      | <u>-</u>                      | <u>-</u>                          | <u>4,849</u>     |
| <br>                          |                               |                                   |                  |
| <u>637</u>                    | <u>2,273</u>                  | <u>-</u>                          | <u>43,361</u>    |
| <br>                          |                               |                                   |                  |
| <u>\$ 637</u>                 | <u>\$ 2,273</u>               | <u>\$ -</u>                       | <u>\$ 48,210</u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2007**

|                                       | 2003<br>City Hall<br>Construction | Michigan<br>Urban Land<br>Assembly Loan | 1998<br>Michigan<br>Transportation<br>Fund | 2003<br>MTF Bond   | Building<br>Authority  |
|---------------------------------------|-----------------------------------|---|--|--------------------|------------------------|
| <b>Revenues</b>                       |                                   |   |  |                    |                        |
| Property taxes                        | \$ 568,889                        | \$ -                                    | \$ -                                       | \$ -               | \$ -                   |
| Charges for services                  | -                                 | -                                       | -  | -                  | 127,104                |
| Investment income                     | 8,726                             | -                                       | -  | -                  | -                      |
| Total revenues                        | <u>577,615</u>                    | <u>-</u>                                | <u>-</u>                                   | <u>-</u>           | <u>127,104</u>         |
| <b>Expenditures</b>                   |                                   |   |  |                    |                        |
| Debt service:                         |                                   |   |  |                    |                        |
| Principal retirement                  | 135,000                           | 144,000                                 | 120,000                                    | 110,000            | 80,000                 |
| Interest and fiscal charges           | 434,298                           | -                                       | 8,718                                      | 40,575             | 47,104                 |
| Total expenditures                    | <u>569,298</u>                    | <u>144,000</u>                          | <u>128,718</u>                             | <u>150,575</u>     | <u>127,104</u>         |
| Revenues over (under)<br>expenditures | <u>8,317</u>                      | <u>(144,000)</u>                        | <u>(128,718)</u>                           | <u>(150,575)</u>   | <u>-</u>               |
| <b>Other financing sources</b>        |                                   |   |  |                    |                        |
| Transfers in                          | -                                 | 144,000                                 | 128,718                                    | 150,575            | -                      |
| Net change in fund balances           | 8,317                             | -                                       | -  | -                  | -                      |
| Fund balances, beginning of year      | <u>28,776</u>                     | <u>-</u>                                | <u>7</u>                                   | <u>-</u>           | <u>3,351</u>           |
| <b>Fund balances, end of year</b>     | <u><u>\$ 37,093</u></u>           | <u><u>\$ -</u></u>                      | <u><u>\$ 7</u></u>                         | <u><u>\$ -</u></u> | <u><u>\$ 3,351</u></u> |

| <u>2001</u><br><u>DDA TIF</u> | <u>2002</u><br><u>BRA TIF</u> | <u>Section 108</u><br><u>Loan</u> | <u>Totals</u>      |
|-------------------------------|-------------------------------|-----------------------------------|--------------------|
| \$ -                          | \$ -                          | \$ -                              | \$ 568,889         |
| -                             | 980,470                       | 120,999                           | 1,228,573          |
| -                             | -                             | -                                 | 8,726              |
| <u>-</u>                      | <u>980,470</u>                | <u>120,999</u>                    | <u>1,806,188</u>   |
| 445,000                       | 25,000                        | 65,000                            | 1,124,000          |
| <u>446,945</u>                | <u>955,470</u>                | <u>55,999</u>                     | <u>1,989,109</u>   |
| <u>891,945</u>                | <u>980,470</u>                | <u>120,999</u>                    | <u>3,113,109</u>   |
| <u>(891,945)</u>              | <u>-</u>                      | <u>-</u>                          | <u>(1,306,921)</u> |
| <u>891,945</u>                | <u>-</u>                      | <u>-</u>                          | <u>1,315,238</u>   |
| -                             | -                             | -                                 | 8,317              |
| <u>637</u>                    | <u>2,273</u>                  | <u>-</u>                          | <u>35,044</u>      |
| <u>\$ 637</u>                 | <u>\$ 2,273</u>               | <u>\$ -</u>                       | <u>\$ 43,361</u>   |

# Nonmajor Capital Projects Funds

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

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

**2003 City Hall Construction Fund** - This fund is used to account for the receipt and expenditure of series 2003 and 2003B general obligation debt issued to finance to renovations and repairs to the City Hall building as approved by the voters in September 2003.

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

**City of Jackson, Michigan  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2007**

|   | <u>Capital<br/>Projects</u> | <u>2003<br/>City Hall<br/>Construction</u> | <u>Downtown<br/>Development<br/>Authority<br/>Project</u> | <u>Totals</u>       |
|---|-----------------------------|--|---|---------------------|
| <b><u>ASSETS</u></b>                            |                             |  |   |                     |
| <b>Assets</b>                                   |                             |  |   |                     |
| Pooled cash and investments                     | \$ 40,270                   | \$ -                                       | \$ 1,261,820  | \$ 1,302,090        |
| Accounts receivable                             | -                           | -  | 750   | 750                 |
| Due from other governments                      | 11,300                      | -  | -   | 11,300              |
| <b>Total assets</b>                             | <u>51,570</u>               | <u>-</u>                                   | <u>1,262,570</u>  | <u>1,314,140</u>    |
| <b><u>LIABILITIES<br/>AND FUND BALANCES</u></b> |                             |  |   |                     |
| <b>Liabilities</b>                              |                             |  |   |                     |
| Accounts payable                                | 11,300                      | -  | 125,099   | 136,399             |
| Deferred revenue                                | 564                         | -  | -   | 564                 |
| <b>Total liabilities</b>                        | 11,864                      | -  | 125,099   | 136,963             |
| <b>Fund balances</b>                            |                             |  |   |                     |
| Unreserved, undesignated                        | 39,706                      | -  | 1,137,471   | 1,177,177           |
| <b>Total liabilities and fund balances</b>      | <u>\$ 51,570</u>            | <u>\$ -</u>                                | <u>\$ 1,262,570</u>                                       | <u>\$ 1,314,140</u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2007**

|                                       | <u>Capital<br/>Projects</u> | <u>2003<br/>City Hall<br/>Construction</u> | <u>Downtown<br/>Development<br/>Authority<br/>Project</u> | <u>Totals</u>              |
|---------------------------------------|-----------------------------|--|---|----------------------------|
| <b>Revenues</b>                       |                             |  |   |                            |
| Property taxes                        | \$ -                        | \$ -                                       | \$ 972,179  | \$ 972,179                 |
| Investment income                     | 343                         | 4,071                                      | 60,171  | 64,585                     |
| Donations                             | 28,218                      | -  | -   | 28,218                     |
| Total revenues                        | <u>28,561</u>               | <u>4,071</u>                               | <u>1,032,350</u>  | <u>1,064,982</u>           |
| <b>Expenditures</b>                   |                             |  |   |                            |
| Capital outlay:                       |                             |  |   |                            |
| General government                    | -                           | 63,618                                     | -   | 63,618                     |
| Community enrichment & development    | 365,807                     | -  | 243,210   | 609,017                    |
| Total expenditures                    | <u>365,807</u>              | <u>63,618</u>                              | <u>243,210</u>  | <u>672,635</u>             |
| Revenues over (under) expenditures    | <u>(337,246)</u>            | <u>(59,547)</u>                            | <u>789,140</u>  | <u>392,347</u>             |
| <b>Other financing sources (uses)</b> |                             |  |   |                            |
| Transfers in                          | 341,672                     | -  | (891,945)   | (550,273)                  |
| Transfers out                         | -                           | -  | (174,460)   | (174,460)                  |
| Total other financing sources (uses)  | <u>341,672</u>              | <u>-</u>                                   | <u>(1,066,405)</u>  | <u>(724,733)</u>           |
| Net change in fund balances           | 4,426                       | (59,547)                                   | (277,265)   | (332,386)                  |
| Fund balances, beginning of year      | <u>35,280</u>               | <u>59,547</u>                              | <u>1,414,736</u>  | <u>1,509,563</u>           |
| <b>Fund balances, end of year</b>     | <u><u>\$ 39,706</u></u>     | <u><u>\$ -</u></u>                         | <u><u>\$ 1,137,471</u></u>                                | <u><u>\$ 1,177,177</u></u> |

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# Nonmajor Permanent Funds

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

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2007**

|   | <u>Ella W.<br/>Sharp Park<br/>Endowment</u> | <u>Cemetery<br/>Perpetual<br/>Maintenance</u> | <u>Total</u>        |
|---|---|---|---------------------|
| <b><u>ASSETS</u></b>                            |   |   |                     |
| <b>Assets</b>                                   |   |   |                     |
| Pooled cash and investments - restricted        | \$ 1,001,197                                | \$ 1,610,163                                  | \$ 2,611,360        |
| Interest receivable                             | -   | 16,031  | 16,031              |
| Long-term advance to other funds                | 130,000                                     | -   | 130,000             |
| <b>Total assets</b>                             | <u>1,131,197</u>                            | <u>1,626,194</u>                              | <u>2,757,391</u>    |
| <b><u>LIABILITIES<br/>AND FUND BALANCES</u></b> |   |   |                     |
| <b>Liabilities</b>                              |   |   |                     |
| Due to other funds                              | 13,729                                      | 19,195  | 32,924              |
| <b>Fund balances</b>                            |   |   |                     |
| Reserved for :                                  |   |   |                     |
| Perpetual care                                  | -   | 1,606,999                                     | 1,606,999           |
| Endowment principal                             | 987,468                                     | -   | 987,468             |
| Advances  | 130,000                                     | -   | 130,000             |
| <b>Total fund balances</b>                      | <u>1,117,468</u>                            | <u>1,606,999</u>                              | <u>2,724,467</u>    |
| <b>Total liabilities and fund balances</b>      | <u>\$ 1,131,197</u>                         | <u>\$ 1,626,194</u>                           | <u>\$ 2,757,391</u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Fiscal Year Ended June 30, 2007**

|                                    | <b>Ella W.<br/>Sharp<br/>Park<br/>Endowment</b> | <b>Cemetery<br/>Perpetual<br/>Maintenance</b> | <b>Totals</b>       |
|------------------------------------|---|---|---------------------|
| <b>Revenues</b>                    |   |   |                     |
| Charges for services               | \$ -  | \$ 42,772                                     | \$ 42,772           |
| Investment income                  | 56,732  | 85,643  | 142,375             |
| Total revenues                     | 56,732  | 128,415                                       | 185,147             |
| <b>Expenditures</b>                | -   | 7,879   | 7,879               |
| Revenues over (under) expenditures | 56,732  | 120,536                                       | 177,268             |
| <b>Other financing uses</b>        |   |   |                     |
| Transfers out                      | (49,155)  | (62,254)                                      | (111,409)           |
| Net change in fund balances        | 7,577   | 58,282  | 65,859              |
| Fund balances, beginning of year   | 1,109,891                                       | 1,548,717                                     | 2,658,608           |
| <b>Fund balances, end of year</b>  | <b>\$ 1,117,468</b>                             | <b>\$ 1,606,999</b>                           | <b>\$ 2,724,467</b> |

# Nonmajor Enterprise Funds

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

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

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

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

**City of Jackson, Michigan**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2007**

|  | <u>Ella W.<br/>Sharp Park<br/>Golf Practice<br/>Center</u> | <u>Automobile<br/>Parking<br/>System</u> | <u>Parking<br/>Assessment</u> | <u>Totals</u>       |
|--|--|--|-------------------------------|---------------------|
| <b>Assets</b>                                      |  |  |                               |                     |
| Current assets:                                    |  |  |                               |                     |
| Pooled cash and investments                        | \$ 3,877   | \$ 131,981                               | \$ 378,800                    | \$ 514,658          |
| Noncurrent assets:                                 |  |  |                               |                     |
| Capital assets not being depreciated               | -  | 1,682,727                                | -                             | 1,682,727           |
| Capital assets being depreciated, net              | 142,686  | 261,222                                  | -                             | 403,908             |
| Total noncurrent assets                            | 142,686  | 1,943,949                                | -                             | 2,086,635           |
| <b>Total assets</b>                                | <u>146,563</u>   | <u>2,075,930</u>                         | <u>378,800</u>                | <u>2,601,293</u>    |
| <b>Liabilities</b>                                 |  |  |                               |                     |
| Current liabilities:                               |  |  |                               |                     |
| Accounts payable                                   | -  | 207                                      | 728                           | 935                 |
| Accrued payroll                                    | 3,022  | 304                                      | 1,130                         | 4,456               |
| Installment purchase contract payable              | -  | 75,000                                   | -                             | 75,000              |
| Total current liabilities                          | <u>3,022</u>   | <u>75,511</u>                            | <u>1,858</u>                  | <u>80,391</u>       |
| Noncurrent liabilities:                            |  |  |                               |                     |
| Long term advance from other funds                 | 130,000  | -  | -                             | 130,000             |
| Installment purchase contract payable              | -  | 275,000                                  | -                             | 275,000             |
| Total non-current liabilities                      | <u>130,000</u>   | <u>275,000</u>                           | <u>-</u>                      | <u>405,000</u>      |
| <b>Total liabilities</b>                           | <u>133,022</u>   | <u>350,511</u>                           | <u>1,858</u>                  | <u>485,391</u>      |
| <b>Net assets</b>                                  |  |  |                               |                     |
| Invested in capital assets,<br>net of related debt | 12,686   | 1,593,949                                | -                             | 1,606,635           |
| Unrestricted                                       | 855  | 131,470                                  | 376,942                       | 509,267             |
| <b>Total net assets</b>                            | <u>\$ 13,541</u>   | <u>\$ 1,725,419</u>                      | <u>\$ 376,942</u>             | <u>\$ 2,115,902</u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2007**

|  | <u>Ella W.<br/>Sharp Park<br/>Golf Practice<br/>Center</u> | <u>Automobile<br/>Parking<br/>System</u> | <u>Parking<br/>Assessment</u> | <u>Totals</u>       |
|--|--|--|-------------------------------|---------------------|
| <b>Operating revenues</b>                |  |  |                               |                     |
| Charges for sales and services           | \$ 54,208  | \$ 72,685                                | \$ 67,413                     | \$ 194,306          |
| <b>Operating expenses</b>                |  |  |                               |                     |
| Personal services                        | 38,515   | 5,942                                    | 47,825                        | 92,282              |
| Materials and supplies                   | 1,068  | 1,600                                    | -                             | 2,668               |
| Contractual and other services           | 8,036  | 10,164                                   | 90,462                        | 108,662             |
| Depreciation                             | 17,836   | 47,060                                   | -                             | 64,896              |
| Total operating expenses                 | 65,455   | 64,766                                   | 138,287                       | 268,508             |
| Operating income (loss)                  | (11,247)   | 7,919                                    | (70,874)                      | (74,202)            |
| <b>Non-operating revenues (expenses)</b> |  |  |                               |                     |
| Investment income                        | 12   | 3,835                                    | 15,070                        | 18,917              |
| Interest and fiscal charges              | (3,250)  | (17,574)                                 | -                             | (20,824)            |
| Total non-operating revenues (expenses)  | (3,238)  | (13,739)                                 | 15,070                        | (1,907)             |
| Loss before transfers                    | (14,485)   | (5,820)                                  | (55,804)                      | (76,109)            |
| <b>Transfers in</b>                      | 5,000  | 30,460                                   | 112,666                       | 148,126             |
| Change in net assets                     | (9,485)  | 24,640                                   | 56,862                        | 72,017              |
| Net assets, beginning of year            | 23,026   | 1,700,779                                | 320,080                       | 2,043,885           |
| <b>Net assets, end of year</b>           | <u>\$ 13,541</u>   | <u>\$ 1,725,419</u>                      | <u>\$ 376,942</u>             | <u>\$ 2,115,902</u> |

**City of Jackson, Michigan**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2007**

|  | Ella W.<br>Sharp Park<br>Golf Practice<br>Center | Automobile<br>Parking<br>System | Parking<br>Assessment     | Totals                   |
|--|--|---------------------------------|---------------------------|--------------------------|
| <b>Cash flows from operating activities</b>  |  |                                 |                           |                          |
| Payments to employees  | \$ (38,515)                                      | \$ (5,942)                      | \$ (47,825)               | \$ (92,282)              |
| Payments to vendors and claimants  | (13,578)   | (11,339)                        | (90,611)                  | (115,528)                |
| Receipts from customers and users  | 54,208   | 72,685                          | 72,577                    | 199,470                  |
| Net cash provided by (used in) operating activities  | <u>2,115</u>                                     | <u>55,404</u>                   | <u>(65,859)</u>           | <u>( 8,340)</u>          |
| <b>Cash flows from capital and related financing activities</b>  |  |                                 |                           |                          |
| Principal paid on long-term debt   | -  | (50,000)                        | -                         | ( 50,000)                |
| Interest paid on long-term debt  | <u>(3,250)</u>                                   | <u>(17,574)</u>                 | <u>-</u>                  | <u>( 20,824)</u>         |
| Net cash used in capital and related financing activities  | <u>(3,250)</u>                                   | <u>(67,574)</u>                 | <u>-</u>                  | <u>( 70,824)</u>         |
| <b>Cash flows from non-capital financing activities</b>  |  |                                 |                           |                          |
| Transfer in  | <u>5,000</u>                                     | <u>30,460</u>                   | <u>112,666</u>            | <u>148,126</u>           |
| <b>Cash flows from investing activities</b>  |  |                                 |                           |                          |
| Interest received on investments   | <u>12</u>  | <u>3,835</u>                    | <u>15,070</u>             | <u>18,917</u>            |
| Net increase in cash and cash equivalents  | 3,877  | 22,125                          | 61,877                    | 87,879                   |
| Cash and cash equivalents, beginning of year   | <u>-</u>   | <u>109,856</u>                  | <u>316,923</u>            | <u>426,779</u>           |
| <b>Cash and cash equivalents, end of year</b>  | <u><u>\$ 3,877</u></u>                           | <u><u>\$ 131,981</u></u>        | <u><u>\$ 378,800</u></u>  | <u><u>\$ 514,658</u></u> |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>                   |  |                                 |                           |                          |
| Operating income (loss)  | \$ (11,247)                                      | \$ 7,919                        | \$ (70,874)               | \$ (74,202)              |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |  |                                 |                           |                          |
| Depreciation   | 17,836   | 47,060                          | -                         | 64,896                   |
| (Increase) decrease in:  |  |                                 |                           |                          |
| Interfund receivable   | -  | -                               | 5,164                     | 5,164                    |
| Increase (decrease) in:  |  |                                 |                           |                          |
| Accounts payable   | (38)   | 207                             | 37                        | 206                      |
| Accrued payroll  | 728  | 218                             | (186)                     | 760                      |
| Interfund payable  | (5,164)  | -                               | -                         | (5,164)                  |
| Advance from other funds   | <u>-</u>   | <u>-</u>                        | <u>-</u>                  | <u>-</u>                 |
| Net cash provided by (used in) operating activities  | <u><u>\$ 2,115</u></u>                           | <u><u>\$ 55,404</u></u>         | <u><u>\$ (65,859)</u></u> | <u><u>\$ (8,340)</u></u> |

# Internal Service Funds

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

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

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

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

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

**Equipment Revolving Fund** - This fund is used to account for the purchase and use of certain equipment.

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

**City of Jackson, Michigan**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2007**

|  | <u>Workers'</u><br><u>Compensation</u> | <u>Motor Pool</u><br><u>and Garage</u> | <u>Prescription</u><br><u>Drug</u> | <u>Public Works</u><br><u>Administration</u> | <u>Equipment</u><br><u>Revolving</u> | <u>Engineering</u><br><u>Administration</u> | <u>Totals</u>       |
|--|--|--|------------------------------------|--|--------------------------------------|---|---------------------|
| <b>Assets</b>  |  |  |                                    |  |                                      |   |                     |
| Current assets:                                      |  |  |                                    |  |                                      |   |                     |
| Pooled cash and investments                          | \$ 1,047,834                           | \$ 1,075,869                           | \$ 114,983                         | \$ 136,948                                   | \$ -                                 | \$ 106,129                                  | \$ 2,481,763        |
| Accounts receivable                                  | -                                      | 45                                     | 169,646                            | 76,993                                       | -                                    | 4,812                                       | 251,496             |
| Prepaid items  | 46,000                                 | -                                      | -                                  | -  | -                                    | -   | 46,000              |
| <b>Total current assets</b>                          | <u>1,093,834</u>                       | <u>1,075,914</u>                       | <u>284,629</u>                     | <u>213,941</u>                               | <u>-</u>                             | <u>110,941</u>                              | <u>2,779,259</u>    |
| Noncurrent assets:                                   |  |  |                                    |  |                                      |   |                     |
| Long-term advances from other funds                  | 1,110,634                              | -                                      | -                                  | -  | -                                    | -   | 1,110,634           |
| Capital assets being depreciated, net                | -                                      | 1,087,666                              | -                                  | -  | 164,410                              | -   | 1,252,076           |
| <b>Total noncurrent assets</b>                       | <u>1,110,634</u>                       | <u>1,087,666</u>                       | <u>-</u>                           | <u>-</u>                                     | <u>164,410</u>                       | <u>-</u>                                    | <u>2,362,710</u>    |
| <b>Total assets</b>                                  | <u>2,204,468</u>                       | <u>2,163,580</u>                       | <u>284,629</u>                     | <u>213,941</u>                               | <u>164,410</u>                       | <u>110,941</u>                              | <u>5,141,969</u>    |
| <b>Liabilities</b>                                   |  |  |                                    |  |                                      |   |                     |
| Current liabilities:                                 |  |  |                                    |  |                                      |   |                     |
| Accounts payable                                     | 16,841                                 | 15,651                                 | 76,898                             | 3,881  | -                                    | 1,017                                       | 114,288             |
| Accrued payroll                                      | -                                      | 11,169                                 | -                                  | 10,415                                       | -                                    | 7,420                                       | 29,004              |
| <b>Total current liabilities</b>                     | <u>16,841</u>                          | <u>26,820</u>                          | <u>76,898</u>                      | <u>14,296</u>                                | <u>-</u>                             | <u>8,437</u>                                | <u>143,292</u>      |
| Noncurrent liabilities:                              |  |  |                                    |  |                                      |   |                     |
| Long-term advance from other funds                   | -                                      | -                                      | -                                  | -  | 164,410                              | -   | 164,410             |
| Estimated claims payable                             | 763,535                                | -                                      | -                                  | -  | -                                    | -   | 763,535             |
| <b>Total noncurrent liabilities</b>                  | <u>763,535</u>                         | <u>-</u>                               | <u>-</u>                           | <u>-</u>                                     | <u>164,410</u>                       | <u>-</u>                                    | <u>927,945</u>      |
| <b>Total liabilities</b>                             | <u>780,376</u>                         | <u>26,820</u>                          | <u>76,898</u>                      | <u>14,296</u>                                | <u>164,410</u>                       | <u>8,437</u>                                | <u>1,071,237</u>    |
| <b>Net assets</b>                                    |  |  |                                    |  |                                      |   |                     |
| Investment in capital assets,<br>net of related debt | -                                      | 1,087,666                              | -                                  | -  | -                                    | -   | 1,087,666           |
| Unrestricted   | 1,424,092                              | 1,049,094                              | 207,731                            | 199,645                                      | -                                    | 102,504                                     | 2,983,066           |
| <b>Total net assets</b>                              | <u>\$ 1,424,092</u>                    | <u>\$ 2,136,760</u>                    | <u>\$ 207,731</u>                  | <u>\$ 199,645</u>                            | <u>\$ -</u>                          | <u>\$ 102,504</u>                           | <u>\$ 4,070,732</u> |

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2007**

|                                      | <u>Workers'</u><br><u>Compensation</u> | <u>Motor Pool</u><br><u>and Garage</u> | <u>Prescription</u><br><u>Drug</u> | <u>Public Works</u><br><u>Administration</u> | <u>Equipment</u><br><u>Revolving</u> | <u>Engineering</u><br><u>Administration</u> | <u>Totals</u>       |
|--------------------------------------|--|--|------------------------------------|--|--------------------------------------|---|---------------------|
| <b>Operating revenues</b>            |  |  |                                    |  |                                      |   |                     |
| Charges for services:                |  |  |                                    |  |                                      |   |                     |
| Equipment rentals                    | \$ -                                   | \$ 211,125                             | \$ 1,114,076                       | \$ 594,457                                   | \$ 12,959                            | \$ 376,993                                  | \$ 2,309,610        |
| Services rendered                    | 250,232                                | -                                      | -                                  | -  | -                                    | -   | 250,232             |
| Miscellaneous                        | 92,689                                 | 1,092,275                              | -                                  | -  | -                                    | 116   | 1,185,080           |
|                                      | <u>342,921</u>                         | <u>1,303,400</u>                       | <u>1,114,076</u>                   | <u>594,457</u>                               | <u>12,959</u>                        | <u>377,109</u>                              | <u>3,744,922</u>    |
| Total operating revenues             |  |  |                                    |  |                                      |   |                     |
| <b>Operating expenses</b>            |  |  |                                    |  |                                      |   |                     |
| Personal services                    | -                                      | 411,554                                | -                                  | 492,621                                      | -                                    | 277,697                                     | 1,181,872           |
| Administration                       | -                                      | -                                      | -                                  | 68,271                                       | -                                    | 82,473                                      | 150,744             |
| Materials and supplies               | -                                      | 359,808                                | -                                  | -  | -                                    | -   | 359,808             |
| Contractual and other services       | 6,890                                  | 140,696                                | 921,861                            | -  | 942                                  | -   | 1,070,389           |
| Benefit payments:                    |  |  |                                    |  |                                      |   |                     |
| Claims                               | 317,389                                | -                                      | -                                  | -  | -                                    | -   | 317,389             |
| Fees and reinsurance                 | 59,261                                 | -                                      | -                                  | -  | -                                    | -   | 59,261              |
| Equipment                            | -                                      | 15,510                                 | -                                  | -  | -                                    | -   | 15,510              |
| Depreciation                         | -                                      | 253,921                                | -                                  | -  | 12,017                               | -   | 265,938             |
|                                      | <u>383,540</u>                         | <u>1,181,489</u>                       | <u>921,861</u>                     | <u>560,892</u>                               | <u>12,959</u>                        | <u>360,170</u>                              | <u>3,420,911</u>    |
| Total operating expenses             |  |  |                                    |  |                                      |   |                     |
| Operating income (loss)              | (40,619)                               | 121,911                                | 192,215                            | 33,565                                       | -                                    | 16,939                                      | 324,011             |
| <b>Non-operating revenues</b>        |  |  |                                    |  |                                      |   |                     |
| Investment income                    | 96,951                                 | 47,911                                 | 2,850                              | 12,201                                       | -                                    | 5,319                                       | 165,232             |
| Change in net assets                 | 56,332                                 | 169,822                                | 195,065                            | 45,766                                       | -                                    | 22,258                                      | 489,243             |
| <b>Net assets, beginning of year</b> | <u>1,367,760</u>                       | <u>1,966,938</u>                       | <u>12,666</u>                      | <u>153,879</u>                               | <u>-</u>                             | <u>80,246</u>                               | <u>3,581,489</u>    |
| <b>Net assets, end of year</b>       | <u>\$ 1,424,092</u>                    | <u>\$ 2,136,760</u>                    | <u>\$ 207,731</u>                  | <u>\$ 199,645</u>                            | <u>\$ -</u>                          | <u>\$ 102,504</u>                           | <u>\$ 4,070,732</u> |

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2007**

|  | <u>Workers'</u><br><u>Compensation</u> | <u>Motor Pool</u><br><u>and Garage</u> | <u>Prescription</u><br><u>Drug</u> | <u>Public Works</u><br><u>Administration</u> | <u>Equipment</u><br><u>Revolving</u> | <u>Engineering</u><br><u>Administration</u> | <u>Totals</u>       |
|--|--|--|------------------------------------|--|--------------------------------------|---|---------------------|
| <b>Cash flows from operating activities</b>  |  |  |                                    |  |                                      |   |                     |
| Payments to employees  | \$ -                                   | \$ (411,661)                           | \$ -                               | \$ (568,787)                                 | \$ -                                 | \$ (314,018)                                | \$ (1,294,466)      |
| Payments to vendors and claimants  | (417,038)                              | (623,328)                              | (914,976)                          | (73,881)                                     | (942)                                | (83,785)                                    | (2,113,950)         |
| Receipts for interfund services provided   | 342,921                                | 1,438,032                              | 1,027,109                          | 654,996                                      | 12,959                               | 372,297                                     | 3,848,314           |
| Net cash provided by (used in) operating activities  | <u>(74,117)</u>                        | <u>403,043</u>                         | <u>112,133</u>                     | <u>12,328</u>                                | <u>12,017</u>                        | <u>(25,506)</u>                             | <u>439,898</u>      |
| <b>Cash flows from capital and related financing activities</b>  |  |  |                                    |  |                                      |   |                     |
| Purchase of capital assets   | -                                      | (584,481)                              | -                                  | -  | (145,031)                            | -   | (729,512)           |
| Issuance of interfund advances   | (301,217)                              | -                                      | -                                  | -  | 145,031                              | -   | (156,186)           |
| Principal and interest repaid on advances  | -                                      | -                                      | -                                  | -  | (12,017)                             | -   | (12,017)            |
| Net cash used in capital and related financing activities  | <u>(301,217)</u>                       | <u>(584,481)</u>                       | <u>-</u>                           | <u>-</u>                                     | <u>(12,017)</u>                      | <u>-</u>                                    | <u>(897,715)</u>    |
| <b>Cash flows from investing activities</b>  |  |  |                                    |  |                                      |   |                     |
| Interest received on investments   | 96,951                                 | 47,911                                 | 2,850                              | 12,201                                       | -                                    | 5,319                                       | 165,232             |
| Net increase (decrease) in cash and cash equivalents   | (278,383)                              | (133,527)                              | 114,983                            | 24,529                                       | -                                    | (20,187)                                    | (292,585)           |
| Cash and cash equivalents, beginning of year   | 1,326,217                              | 1,209,396                              | -                                  | 112,419                                      | -                                    | 126,316                                     | 2,774,348           |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 1,047,834</u>                    | <u>\$ 1,075,869</u>                    | <u>\$ 114,983</u>                  | <u>\$ 136,948</u>                            | <u>\$ -</u>                          | <u>\$ 106,129</u>                           | <u>\$ 2,481,763</u> |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>                   |  |  |                                    |  |                                      |   |                     |
| Operating income (loss)  | \$ (40,619)                            | \$ 121,911                             | \$ 192,215                         | \$ 33,565                                    | \$ -                                 | \$ 16,939                                   | \$ 324,011          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |  |  |                                    |  |                                      |   |                     |
| Depreciation   | -                                      | 253,921                                | -                                  | -  | 12,017                               | -   | 265,938             |
| (Increase) decrease in:  |  |  |                                    |  |                                      |   |                     |
| Accounts receivable  | -                                      | (45)                                   | 47,710                             | 60,539                                       | -                                    | (4,812)                                     | 103,392             |
| Interfund receivable   | -                                      | 134,677                                | -                                  | -  | -                                    | -   | 134,677             |
| Increase (decrease) in:  |  |  |                                    |  |                                      |   |                     |
| Accounts payable   | (11,181)                               | (107,314)                              | 6,885                              | (5,610)                                      | -                                    | (1,312)                                     | (118,532)           |
| Accrued payroll  | -                                      | (107)                                  | -                                  | (1,636)                                      | -                                    | 1,680                                       | (63)                |
| Interfund payable  | -                                      | -                                      | (134,677)                          | -  | -                                    | -   | (134,677)           |
| Accrued compensated absences   | -                                      | -                                      | -                                  | (74,530)                                     | -                                    | (38,001)                                    | (112,531)           |
| Estimated claims payable   | (22,317)                               | -                                      | -                                  | -  | -                                    | -   | (22,317)            |
| Net cash provided by (used in) operating activities  | <u>\$ (74,117)</u>                     | <u>\$ 403,043</u>                      | <u>\$ 112,133</u>                  | <u>\$ 12,328</u>                             | <u>\$ 12,017</u>                     | <u>\$ (25,506)</u>                          | <u>\$ 439,898</u>   |

# Agency Funds

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

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

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

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

**Employee Bond Savings Fund** - This fund is used to account for employee payroll deductions and related purchases of United States Savings Bonds.

**Mechanic Street Escrow Fund** - This fund is used to account for escrow deposits on a development project.

**Community Development Block Grant Escrow Fund**- This fund was established to act as an escrow depository for all loans and grants related to the City's Community Development Block Grant Rehabilitation Program.

**Act 495 Fire Trust Fund** - This fund was established to hold escrowed amounts from insurance proceeds due to fire loss in order to ensure that the damaged property is rehabilitated by the owner's.

**City of Jackson, Michigan  
All Agency Funds  
Combining Balance Sheet  
June 30, 2007**

|                             | <u>Payroll<br/>Clearing</u> | <u>Jeopardy<br/>Tax</u> | <u>County and<br/>School<br/>Tax<br/>Collection</u> | <u>Employee<br/>Bond<br/>Savings</u> | <u>Mechanic<br/>Street<br/>Escrow<br/>Account</u> | <u>Community<br/>Development<br/>Block Grant<br/>Escrow</u> | <u>Act 495<br/>Fire Trust<br/>Fund</u> | <u>Total</u>      |
|-----------------------------|-----------------------------|-------------------------|---|--------------------------------------|---|---|--|-------------------|
| <b>Assets</b>               |                             |                         |   |                                      |   |   |  |                   |
| Pooled cash and investments | \$ 78,976                   | \$ 2,866                | \$ 22,383   | \$ 620                               | \$ 73   | \$ 18,474   | \$ 35,601                              | \$ 158,993        |
|                             | <u>78,976</u>               | <u>2,866</u>            | <u>22,383</u>                                       | <u>620</u>                           | <u>73</u>   | <u>18,474</u>   | <u>35,601</u>                          | <u>158,993</u>    |
| <b>Liabilities</b>          |                             |                         |   |                                      |   |   |  |                   |
| Accounts payable            | \$ -                        | \$ -                    | \$ -  | \$ -                                 | \$ -  | \$ 18,474   | \$ -                                   | \$ 18,474         |
| Due to other governments    | -                           | 2,866                   | 22,383  | -                                    | -   | -   | -                                      | 25,249            |
| Other liabilities           | <u>78,976</u>               | <u>-</u>                | <u>-</u>  | <u>620</u>                           | <u>73</u>   | <u>-</u>  | <u>35,601</u>                          | <u>115,270</u>    |
| Total liabilities           | <u>\$ 78,976</u>            | <u>\$ 2,866</u>         | <u>\$ 22,383</u>                                    | <u>\$ 620</u>                        | <u>\$ 73</u>                                      | <u>\$ 18,474</u>  | <u>\$ 35,601</u>                       | <u>\$ 158,993</u> |

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2007**

|  | <u>Balance</u><br><u>June 30, 2006</u> | <u>Additions</u>     | <u>Deductions</u>    | <u>Balance</u><br><u>June 30, 2007</u> |
|--|--|----------------------|----------------------|--|
| <b>Payroll clearing account</b>                  |  |                      |                      |  |
| <b>Assets :</b>                                  |  |                      |                      |  |
| Pooled cash and investments                      | \$ -                                   | \$ 28,775,796        | \$ 28,696,820        | \$ 78,976                              |
|  | <u>\$ -</u>                            | <u>\$ 28,775,796</u> | <u>\$ 28,696,820</u> | <u>\$ 78,976</u>                       |
| <b>Liabilities :</b>                             |  |                      |                      |  |
| Accounts payable                                 | \$ -                                   | \$ -                 | \$ -                 | \$ -                                   |
| Due to other governmental units                  | -                                      | 28,775,796           | 28,775,796           | -                                      |
| Other liabilities                                | -                                      | -                    | (78,976)             | 78,976                                 |
|  | <u>\$ -</u>                            | <u>\$ 28,775,796</u> | <u>\$ 28,696,820</u> | <u>\$ 78,976</u>                       |
| <b>Jeopardy Tax Fund :</b>                       |  |                      |                      |  |
| <b>Assets :</b>                                  |  |                      |                      |  |
| Pooled cash and investments                      | \$ 2,409                               | \$ 672               | \$ 215               | \$ 2,866                               |
|  | <u>\$ 2,409</u>                        | <u>\$ 672</u>        | <u>\$ 215</u>        | <u>\$ 2,866</u>                        |
| <b>Liabilities :</b>                             |  |                      |                      |  |
| Due to other governmental units :                | \$ 2,409                               | \$ 672               | \$ 215               | \$ 2,866                               |
|  | <u>\$ 2,409</u>                        | <u>\$ 672</u>        | <u>\$ 215</u>        | <u>\$ 2,866</u>                        |
| <b>County &amp; School Tax Collection Fund :</b> |  |                      |                      |  |
| <b>Assets :</b>                                  |  |                      |                      |  |
| Pooled cash and investments                      | \$ 13,920                              | \$ 33,740,003        | \$ 33,731,540        | \$ 22,383                              |
| Taxes receivable - real                          | -                                      | 31,190,959           | 31,190,959           | -                                      |
|  | <u>\$ 13,920</u>                       | <u>\$ 64,930,962</u> | <u>\$ 64,922,499</u> | <u>\$ 22,383</u>                       |
| <b>Liabilities :</b>                             |  |                      |                      |  |
| Due to other governmental units :                |  |                      |                      |  |
| Undistributed tax collections :                  |  |                      |                      |  |
| Jackson County                                   | -                                      | 3,931,301            | \$ 3,931,301         | -                                      |
| Jackson Public Schools                           | -                                      | 7,655,213            | 7,655,213            | -                                      |
| Northwest Schools                                | -                                      | 20,080               | 20,080               | -                                      |
| Michigan Center Schools                          | -                                      | 95,549               | 95,549               | -                                      |
| East Jackson Schools                             | -                                      | 6,682                | 6,682                | -                                      |
| Jackson Intermediate School District             | -                                      | 4,648,575            | 4,648,575            | -                                      |
| Jackson Community College                        | -                                      | 670,333              | 670,333              | -                                      |
| Jackson Transportation Authority                 | -                                      | 538,817              | 538,817              | -                                      |
| State of Michigan - Industrial Facilities Tax    | -                                      | 850,457              | 850,457              | -                                      |
| State of Michigan - State Education Tax          | -                                      | 3,508,986            | 3,508,986            | -                                      |
| Other  | 13,920                                 | 9,438,242            | 9,429,779            | 22,383                                 |
|  | <u>\$ 13,920</u>                       | <u>\$ 31,364,235</u> | <u>\$ 31,355,772</u> | <u>\$ 22,383</u>                       |
| <b>Employee Bond Savings Fund :</b>              |  |                      |                      |  |
| <b>Assets :</b>                                  |  |                      |                      |  |
| Pooled cash and investments                      | \$ 605                                 | \$ 6,565             | \$ 6,550             | \$ 620                                 |
|  | <u>\$ 605</u>                          | <u>\$ 6,565</u>      | <u>\$ 6,550</u>      | <u>\$ 620</u>                          |
| <b>Liabilities :</b>                             |  |                      |                      |  |
| Employees' bond deductions payable               | \$ 605                                 | \$ 6,565             | \$ 6,550             | \$ 620                                 |
|  | <u>\$ 605</u>                          | <u>\$ 6,565</u>      | <u>\$ 6,550</u>      | <u>\$ 620</u>                          |

Continued

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2007**  
**(Concluded)**

|  | <u>Balance</u><br><u>June 30, 2006</u> | <u>Additions</u>     | <u>Deductions</u>    | <u>Balance</u><br><u>June 30, 2007</u> |
|--|--|----------------------|----------------------|--|
| <b>Mechanic Street Escrow Account :</b>                |  |                      |                      |  |
| <b>Assets :</b>  |  |                      |                      |  |
| Pooled cash and investments                            | \$ 73                                  | \$ -                 | \$ -                 | \$ 73                                  |
| <b>Liabilities :</b>                                   |  |                      |                      |  |
| Customer deposits payable                              | \$ 73                                  | \$ -                 | \$ -                 | \$ 73                                  |
| <b>Community Development Block Grant Escrow Fund :</b> |  |                      |                      |  |
| <b>Assets :</b>  |  |                      |                      |  |
| Pooled cash and investments                            | \$ 66,908                              | \$ 72,951            | \$ 121,385           | \$ 18,474                              |
| <b>Liabilities :</b>                                   |  |                      |                      |  |
| Accounts payable                                       | \$ 66,908                              | \$ 72,951            | \$ 121,385           | \$ 18,474                              |
| <b>Act 495 Fire Trust Fund</b>                         |  |                      |                      |  |
| <b>Assets :</b>  |  |                      |                      |  |
| Pooled cash and investments                            | \$ 27,817                              | \$ 56,917            | \$ 49,133            | \$ 35,601                              |
| <b>Liabilities :</b>                                   |  |                      |                      |  |
| Insurance deposits                                     | \$ 27,817                              | \$ 56,917            | \$ 49,133            | \$ 35,601                              |
| <b>Totals :</b>  |  |                      |                      |  |
| <b>Assets :</b>  |  |                      |                      |  |
| Pooled cash and investments                            | \$ 3,014                               | \$ 7,237             | \$ 6,765             | \$ 3,486                               |
| Cash and cash equivalents                              | 108,718                                | 62,645,667           | 62,598,878           | 155,507                                |
| Taxes receivable - real                                | -                                      | 31,190,959           | 31,190,959           | -                                      |
|  | <u>\$ 111,732</u>                      | <u>\$ 93,843,863</u> | <u>\$ 93,796,602</u> | <u>\$ 158,993</u>                      |
| <b>Liabilities :</b>                                   |  |                      |                      |  |
| Accounts payable                                       | \$ 66,908                              | \$ 72,951            | \$ 121,385           | 18,474                                 |
| Due to other governmental units                        |  |                      |                      | 25,249                                 |
| Undistributed tax collections :                        |  |                      |                      |  |
| Jackson County   | -                                      | 3,931,301            | \$ 3,931,301         | -                                      |
| Jackson Public Schools                                 | -                                      | 7,655,213            | 7,655,213            | -                                      |
| Northwest Schools                                      | -                                      | 20,080               | 20,080               | -                                      |
| Michigan Center Schools                                | -                                      | 95,549               | 95,549               | -                                      |
| East Jackson Schools                                   | -                                      | 6,682                | 6,682                | -                                      |
| Jackson Intermediate School District                   | -                                      | 4,648,575            | 4,648,575            | -                                      |
| Jackson Community College                              | -                                      | 670,333              | 670,333              | -                                      |
| Jackson Transportation Authority                       | -                                      | 538,817              | 538,817              | -                                      |
| State of Michigan - Industrial Facilities Tax          | -                                      | 850,457              | 850,457              | -                                      |
| State of Michigan - State Education Tax                | -                                      | 3,508,986            | 3,508,986            | -                                      |
| Other  | 16,402                                 | 9,438,914            | 9,376,267            | 79,049                                 |
| Other liabilities :                                    |  |                      |                      |  |
| Employees' bond deductions payable                     | 605                                    | 6,565                | 6,550                | 620                                    |
| Insurance deposits                                     | 27,817                                 | 56,917               | 49,133               | 35,601                                 |
|  | <u>\$ 111,732</u>                      | <u>\$ 31,501,340</u> | <u>\$ 31,479,328</u> | <u>\$ 158,993</u>                      |

**City of Jackson, Michigan**  
**Balance Sheet / Statement of Net Assets**  
**Brownfield Redevelopment Authority Component Unit**  
**June 30, 2007**

|                                    | <u>Capital Projects<br/>Brownfield<br/>Redevelopment<br/>Authority</u> | <u>Adjustments</u>  | <u>Statement<br/>of Net Assets</u> |
|------------------------------------|--|---------------------|------------------------------------|
| <b>Assets</b>                      |  |                     |                                    |
| Pooled cash and investments        | \$ 2,477,249   | \$ -                | \$ 2,477,249                       |
| <b>Liabilities</b>                 |  |                     |                                    |
| Accounts payable                   | -  | -                   | -                                  |
| <b>Fund balances</b>               |  |                     |                                    |
| Unreserved - undesignated          | 2,477,249  | (2,477,249)         | -                                  |
|                                    | 2,477,249  | (2,477,249)         | -                                  |
| Total liabilities and fund balance | \$ 2,477,249   |                     |                                    |
| <b>Net assets - unrestricted</b>   |  | <u>\$ 2,477,249</u> | <u>\$ 2,477,249</u>                |

**City of Jackson, Michigan**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balances / Statement of Activities**  
**Brownfield Redevelopment Authority Component Unit**  
**For the Fiscal Year Ended June 30, 2007**

|  | <u>Capital Projects</u><br><u>Brownfield</u><br><u>Redevelopment</u><br><u>Authority</u> | <u>Adjustments</u> | <u>Statement</u><br><u>of Activities</u> |
|--|--|--------------------|--|
| <b>Revenue</b>                                 |  |                    |  |
| Property tax                                   | \$ 1,317,293   | \$ -               | \$ 1,317,293                             |
| Interest revenue                               | 90,277   | -                  | 90,277                                   |
| Total revenue                                  | 1,407,570  | -                  | 1,407,570                                |
| <b>Expenditures/Expenses</b>                   |  |                    |  |
| Community enrichment                           | 1,346,558  | -                  | 1,346,558                                |
| Excess of revenues over expenditures           | 61,012   | -                  | -  |
| Change in net assets                           | -  | -                  | 61,012                                   |
| Fund balances / net assets, beginning of year  | 2,416,237  | -                  | 2,416,237                                |
| <b>Fund balances / net assets, end of year</b> | <u>\$ 2,477,249</u>  | <u>\$ -</u>        | <u>\$ 2,477,249</u>                      |

# **STATISTICAL SECTION**

## Statistical Section

This part of the City of Jackson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u>Contents</u>  | <u>Page</u> |
|--|-------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | 109-115     |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.   | 116-119     |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                            | 120-122     |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | 123-128     |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 129-136     |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.

## **Financial Trends**

**City of Jackson Michigan**  
**Net Assets by Component**  
**Last Five Years (A)**  
*(accrual basis of accounting)*

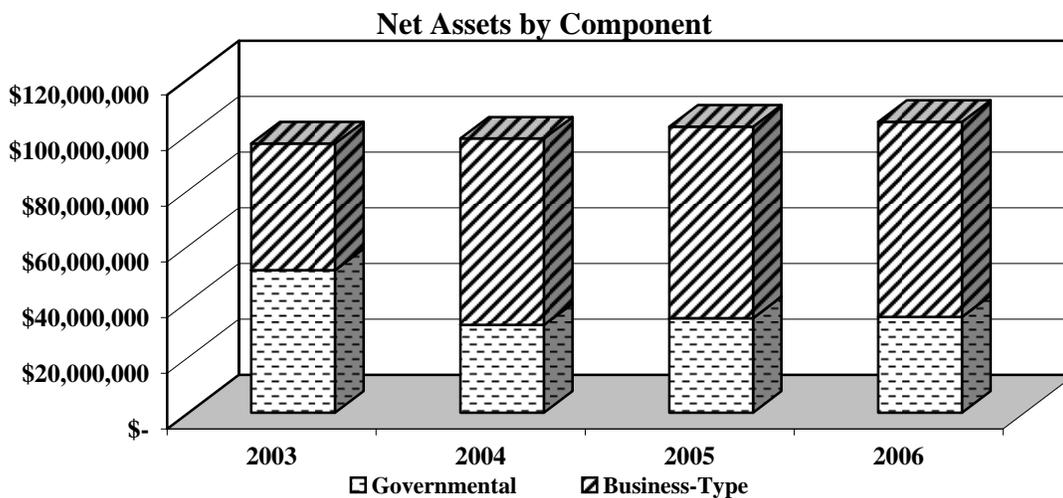
**Schedule 1**  
**UNAUDITED**

|  | 2003                 | 2004                 | 2005                  | 2006                  | 2007                  |
|--|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities</b>                   |                      |                      |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 39,044,014        | \$ 17,246,524        | \$ 19,477,559         | \$ 20,420,840         | \$ 23,412,904         |
| Restricted                                       | 6,530,504            | 5,785,257            | 7,566,923             | 6,220,922             | 5,261,929             |
| Unrestricted                                     | 5,579,873            | 8,461,304            | 6,890,748             | 7,794,846             | 7,158,068             |
| <b>Total governmental activities net assets</b>  | <b>\$ 51,154,391</b> | <b>\$ 31,493,085</b> | <b>\$ 33,935,230</b>  | <b>\$ 34,436,608</b>  | <b>\$ 35,832,901</b>  |
| <b>Business-type activities</b>                  |                      |                      |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 32,241,403        | \$ 52,374,587        | \$ 52,754,671         | \$ 53,240,973         | \$ 53,809,620         |
| Restricted                                       | 1,490,472            | 1,447,009            | 1,447,009             | 1,447,009             | 1,447,009             |
| Unrestricted                                     | 11,785,040           | 13,143,279           | 14,565,296            | 15,288,589            | 16,417,163            |
| <b>Total business-type activities net assets</b> | <b>\$ 45,516,915</b> | <b>\$ 66,964,875</b> | <b>\$ 68,766,976</b>  | <b>\$ 69,976,571</b>  | <b>\$ 71,673,792</b>  |
| <b>Primary government</b>                        |                      |                      |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 71,285,417        | \$ 69,621,111        | \$ 72,232,230         | \$ 73,661,813         | \$ 77,222,524         |
| Restricted                                       | 8,020,976            | 7,232,266            | 9,013,932             | 7,667,931             | 6,708,938             |
| Unrestricted                                     | 17,364,913           | 21,604,583           | 21,456,044            | 23,083,435            | 23,575,231            |
| <b>Total primary government net assets</b>       | <b>\$ 96,671,306</b> | <b>\$ 98,457,960</b> | <b>\$ 102,702,206</b> | <b>\$ 104,413,179</b> | <b>\$ 107,506,693</b> |

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

Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department



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

**Schedule 2**  
**UNAUDITED**

|  | 2003                 | 2004                 | 2005                  | 2006                  | 2007                  |
|--|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenue:</b>  |                      |                      |                       |                       |                       |
| Governmental activities:                                     |                      |                      |                       |                       |                       |
| Program revenues:  |                      |                      |                       |                       |                       |
| Charges for services   | \$ 3,010,853         | \$ 3,489,305         | \$ 3,768,592          | \$ 4,441,578          | \$ 4,928,945          |
| Operating grants and contributions                           | 6,361,454            | 5,616,389            | 4,873,069             | 6,341,324             | 5,929,661             |
| Capital grants and contributions                             | 3,802,848            | 1,405,094            | 2,885,188             | 1,797,076             | 2,591,674             |
| General revenues:  |                      |                      |                       |                       |                       |
| Property taxes   | 6,964,585            | 7,754,736            | 9,105,344             | 9,584,773             | 11,062,066            |
| Income taxes   | 6,602,493            | 6,984,060            | 7,300,012             | 7,249,113             | 7,822,180             |
| Grants and contributions not restricted to specific purposes | 6,434,919            | 5,895,879            | 7,057,734             | 6,737,106             | 5,538,943             |
| Other  | 522,960              | 359,894              | 344,903               | 614,799               | 626,456               |
| Total governmental activities revenues                       | <u>33,700,112</u>    | <u>31,505,357</u>    | <u>35,334,842</u>     | <u>36,765,769</u>     | <u>38,499,925</u>     |
| Business-type activities:                                    |                      |                      |                       |                       |                       |
| Program revenues:  |                      |                      |                       |                       |                       |
| Charges for services   | 10,871,202           | 10,828,680           | 11,297,270            | 11,258,598            | 12,004,796            |
| Capital grants and contributions                             | -                    | 1,253,130            | -                     | -                     | -                     |
| General revenues:  |                      |                      |                       |                       |                       |
| Grants and contributions not restricted to specific purposes | 281,068              | 299,455              | 451,473               | 240,999               | 268,077               |
| Other  | 209,785              | 141,311              | 249,120               | 500,427               | 703,383               |
| Total business-type activities revenues                      | <u>11,362,055</u>    | <u>12,522,576</u>    | <u>11,997,863</u>     | <u>12,000,024</u>     | <u>12,976,256</u>     |
| Total primary government revenues                            | <u>45,062,167</u>    | <u>44,027,933</u>    | <u>47,332,705</u>     | <u>48,765,793</u>     | <u>51,476,181</u>     |
| <b>Expenses:</b>   |                      |                      |                       |                       |                       |
| Governmental activities:                                     |                      |                      |                       |                       |                       |
| Legislative  | 76,713               | 76,344               | 70,428                | 79,904                | 79,944                |
| General government   | 4,365,163            | 4,213,894            | 4,162,208             | 4,750,801             | 5,227,643             |
| Public safety  | 13,722,166           | 14,135,744           | 15,211,748            | 16,110,222            | 16,865,859            |
| Public works   | 4,582,298            | 5,793,948            | 5,602,686             | 6,391,700             | 6,112,674             |
| Culture and recreation                                       | 3,284,568            | 2,267,890            | 2,638,497             | 2,766,612             | 2,746,767             |
| Community enrichment & development                           | 3,414,818            | 5,133,149            | 2,977,181             | 4,031,540             | 3,951,962             |
| Interest on long-term debt                                   | 1,676,873            | 1,916,025            | 2,125,358             | 2,025,886             | 1,995,657             |
| Total governmental activities expenses                       | <u>31,122,599</u>    | <u>33,536,994</u>    | <u>32,788,106</u>     | <u>36,156,665</u>     | <u>36,980,506</u>     |
| Business-type activities:                                    |                      |                      |                       |                       |                       |
| Sewer  | 4,637,525            | 4,334,517            | 4,545,475             | 4,790,277             | 5,257,605             |
| Water  | 5,339,940            | 5,130,173            | 5,048,903             | 5,437,488             | 5,448,272             |
| Parking system   | 225,109              | 589,578              | 638,752               | 597,889               | 627,579               |
| Golf Practice Center   | 74,292               | 80,487               | 67,222                | 72,501                | 68,705                |
| Total business-type activities expenses                      | <u>10,276,866</u>    | <u>10,134,755</u>    | <u>10,300,352</u>     | <u>10,898,155</u>     | <u>11,402,161</u>     |
| Total primary government expenses                            | <u>41,399,465</u>    | <u>43,671,749</u>    | <u>43,088,458</u>     | <u>47,054,820</u>     | <u>48,382,667</u>     |
| <b>Increase (decrease) in net assets</b>                     | <u>3,662,702</u>     | <u>356,184</u>       | <u>4,244,247</u>      | <u>1,710,973</u>      | <u>3,093,514</u>      |
| <b>Net assets - Beginning of year, as restated</b>           | <u>93,008,603</u>    | <u>96,671,305</u>    | <u>98,457,959</u>     | <u>102,702,206</u>    | <u>104,413,179</u>    |
| <b>Other Restatements at June 30, 2003</b>                   | <u>-</u>             | <u>1,430,470</u>     | <u>-</u>              | <u>-</u>              | <u>-</u>              |
| <b>Net assets - End of year</b>                              | <u>\$ 96,671,305</u> | <u>\$ 98,457,959</u> | <u>\$ 102,702,206</u> | <u>\$ 104,413,179</u> | <u>\$ 107,506,693</u> |

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

Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department

**City of Jackson Michigan**  
**Fund Balances - Governmental Funds**  
**Last Five Years (A)**  
*(modified accrual basis of accounting)*

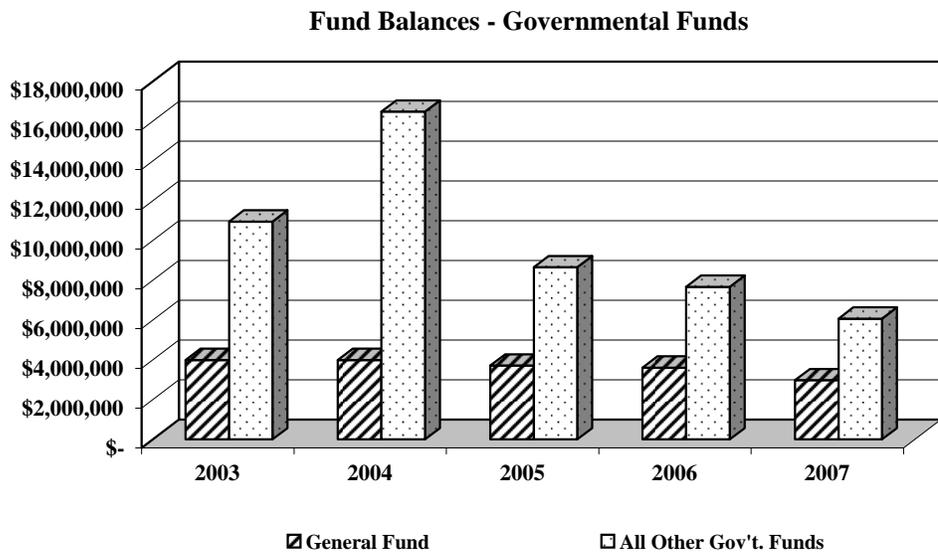
Schedule 3  
 UNAUDITED

|   | 2003                 | 2004                 | 2005                | 2006                | 2007                |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>General Fund</b>                       |                      |                      |                     |                     |                     |
| Reserved                                  | \$ 135,874           | \$ 989,309           | \$ 576,699          | \$ 1,007,649        | \$ 311,967          |
| Unreserved                                | 3,854,814            | 2,998,657            | 3,129,904           | 2,596,377           | 2,656,966           |
| <b>Total general fund</b>                 | <b>\$ 3,990,688</b>  | <b>\$ 3,987,966</b>  | <b>\$ 3,706,603</b> | <b>\$ 3,604,026</b> | <b>\$ 2,968,933</b> |
| <b>All Other Governmental Funds</b>       |                      |                      |                     |                     |                     |
| Reserved                                  | \$ 3,926,763         | \$ 3,101,874         | \$ 3,134,439        | \$ 2,890,964        | \$ 2,989,343        |
| Unreserved, reported in:                  |                      |                      |                     |                     |                     |
| Special revenue funds                     | 1,583,168            | 2,262,510            | 3,619,163           | 4,015,537           | 2,810,082           |
| Debt service funds                        | 1,258,212            | 1,474,422            | 30,986              | 35,044              | 43,361              |
| Capital projects funds                    | 4,187,765            | 9,604,507            | 1,860,542           | 731,542             | 230,953             |
| Permanent funds                           | -                    | 39,370               | 8,698               | -                   | -                   |
| <b>Total all other governmental funds</b> | <b>\$ 10,955,908</b> | <b>\$ 16,482,683</b> | <b>\$ 8,653,828</b> | <b>\$ 7,673,087</b> | <b>\$ 6,073,739</b> |

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

Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department



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

|  | <b>1998</b>         | <b>1999</b>         | <b>2000</b>       | <b>2001</b>         |
|--|---------------------|---------------------|-------------------|---------------------|
| <b>Revenues</b>  |                     |                     |                   |                     |
| Taxes  | \$ 13,850,717       | \$ 13,425,400       | \$ 13,631,682     | \$ 13,702,763       |
| Licenses and permits   | 339,358             | 446,626             | 358,074           | 486,357             |
| Intergovernmental  | 11,154,020          | 12,356,559          | 12,562,148        | 16,474,679          |
| Charges for services   | 2,162,612           | 2,293,580           | 2,133,839         | 2,107,313           |
| Fines and forfeits   | 283,761             | 335,621             | 358,667           | 344,046             |
| Special assessments  | 435,692             | 614,222             | 375,912           | 368,804             |
| Investment income  | 578,395             | 497,207             | 548,693           | 709,183             |
| Miscellaneous  | 1,410,986           | 686,017             | 661,046           | 1,275,535           |
| <b>Total revenues</b>  | <b>30,215,541</b>   | <b>30,655,232</b>   | <b>30,630,061</b> | <b>35,468,680</b>   |
| <b>Expenditures</b>  |                     |                     |                   |                     |
| Legislative  | 63,287              | 47,067              | 58,791            | 61,317              |
| General government   | 4,207,280           | 4,108,196           | 3,894,168         | 4,008,933           |
| Public safety  | 13,783,936          | 13,863,581          | 13,862,836        | 14,123,279          |
| Public works   | 5,658,140           | 7,388,586           | 7,012,898         | 8,489,758           |
| Culture and recreation   | 2,133,522           | 2,098,722           | 2,039,918         | 2,098,837           |
| Community enrichment and development                           | 1,758,413           | 2,335,670           | 2,928,144         | 4,281,114           |
| Capital outlay   | 99,795              | 481,930             | 629,992           | 13,323,432          |
| Debt service:  |                     |                     |                   |                     |
| Principal  | 1,481,752           | 613,921             | 631,391           | 571,690             |
| Interest & Fiscal Charges                                      | 165,815             | 196,486             | 197,776           | 193,541             |
| Other  | 3,054               | 750                 | 15,869            | -                   |
| <b>Total expenditures</b>                                      | <b>29,354,994</b>   | <b>31,134,909</b>   | <b>31,271,783</b> | <b>47,151,901</b>   |
| <b>Revenues over (under) expenditures</b>                      | <b>860,547</b>      | <b>(479,677)</b>    | <b>(641,722)</b>  | <b>(11,683,221)</b> |
| <b>Other financing sources (uses)</b>                          |                     |                     |                   |                     |
| Proceeds from the sale of bonds                                | 1,747,874           | -                   | 1,440,220         | 19,548,967          |
| Discount on bond issue   | -                   | -                   | -                 | -                   |
| Proceeds from the capital assets                               | -                   | -                   | -                 | -                   |
| Transfers in   | 2,634,063           | 2,771,330           | 3,625,083         | 4,168,206           |
| Transfers (out)  | (4,059,409)         | (2,850,907)         | (3,649,951)       | (4,227,272)         |
| <b>Total other financing sources (uses)</b>                    | <b>322,528</b>      | <b>(79,577)</b>     | <b>1,415,352</b>  | <b>19,489,901</b>   |
| <b>Net changes in fund balances</b>                            | <b>\$ 1,183,075</b> | <b>\$ (559,254)</b> | <b>\$ 773,630</b> | <b>\$ 7,806,680</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>5.6%</b>         | <b>2.6%</b>         | <b>2.8%</b>       | <b>2.3%</b>         |

Source: City of Jackson Finance Department

**Schedule 4**  
**UNAUDITED**

|           | <b>2002</b>        | <b>2003</b>            | <b>2004</b>         | <b>2005</b>           | <b>2006</b>           | <b>2007</b>           |
|-----------|--------------------|------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| \$        | 13,372,157         | \$ 13,466,902          | \$ 14,879,726       | \$ 16,325,697         | \$ 16,806,838         | \$ 18,716,042         |
|           | 542,190            | 218,273                | 216,538             | 254,973               | 231,377               | 231,486               |
|           | 11,894,532         | 14,305,787             | 11,534,408          | 12,845,112            | 12,846,052            | 13,180,443            |
|           | 2,381,975          | 2,882,738              | 2,875,007           | 2,832,829             | 3,853,103             | 4,051,135             |
|           | 276,971            | 250,233                | 264,746             | 258,178               | 212,690               | 203,086               |
|           | 383,620            | 266,702                | 478,716             | 249,531               | 378,339               | 306,739               |
|           | 606,470            | 606,189                | 253,453             | 311,614               | 457,942               | 697,179               |
|           | 807,545            | 1,475,169              | 1,454,100           | 2,135,528             | 1,843,723             | 571,129               |
|           | <b>30,265,460</b>  | <b>33,471,993</b>      | <b>31,956,694</b>   | <b>35,213,462</b>     | <b>36,630,064</b>     | <b>37,957,239</b>     |
|           | 75,940             | 76,713                 | 76,344              | 70,428                | 79,904                | 79,944                |
|           | 4,289,336          | 4,432,218              | 4,366,698           | 4,481,144             | 4,460,003             | 4,814,896             |
|           | 13,353,931         | 13,816,626             | 14,282,280          | 15,252,256            | 16,555,647            | 17,460,830            |
|           | 5,587,490          | 9,323,432              | 6,179,742           | 7,860,861             | 6,528,508             | 8,480,193             |
|           | 2,432,546          | 2,555,559              | 2,463,750           | 2,432,741             | 2,592,558             | 2,727,397             |
|           | 2,168,430          | 16,208,105             | 2,644,390           | 1,816,545             | 2,873,782             | 2,581,143             |
|           | 2,187,506          | 947,770                | 4,048,998           | 8,094,359             | 1,456,073             | 731,251               |
|           | 658,157            | 674,884                | 903,679             | 1,039,000             | 1,064,000             | 1,219,000             |
|           | 793,440            | 1,781,623              | 1,659,899           | 2,243,834             | 2,021,976             | 1,994,884             |
|           | -                  | -                      | -                   | -                     | -                     | -                     |
|           | <b>31,546,776</b>  | <b>49,816,930</b>      | <b>36,625,780</b>   | <b>43,291,168</b>     | <b>37,632,451</b>     | <b>40,089,538</b>     |
|           | <b>(1,281,316)</b> | <b>(16,344,937)</b>    | <b>(4,669,086)</b>  | <b>(8,077,706)</b>    | <b>(1,002,387)</b>    | <b>(2,132,299)</b>    |
|           | 200,000            | 1,750,000              | 10,370,000          | -                     | -                     | -                     |
|           | -                  | -                      | (155,531)           | -                     | -                     | -                     |
|           | -                  | 172,092                | 84,105              | 72,079                | 26,795                | 20,984                |
|           | 2,895,287          | 3,374,678              | 4,628,187           | 4,399,406             | 2,158,544             | 2,969,637             |
|           | <b>(2,995,009)</b> | <b>(3,491,773)</b>     | <b>(4,733,622)</b>  | <b>(4,503,997)</b>    | <b>(2,266,270)</b>    | <b>(3,092,763)</b>    |
|           | <b>100,278</b>     | <b>1,804,997</b>       | <b>10,193,139</b>   | <b>(32,512)</b>       | <b>(80,931)</b>       | <b>(102,142)</b>      |
| <b>\$</b> | <b>(1,181,038)</b> | <b>\$ (14,539,940)</b> | <b>\$ 5,524,053</b> | <b>\$ (8,110,218)</b> | <b>\$ (1,083,318)</b> | <b>\$ (2,234,441)</b> |
|           | <b>4.9%</b>        | <b>5.0%</b>            | <b>7.9%</b>         | <b>9.3%</b>           | <b>8.5%</b>           | <b>8.2%</b>           |

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

|   | 1998                  | 1999                | 2000              | 2001                |
|---|-----------------------|---------------------|-------------------|---------------------|
| <b>Revenues</b>                             |                       |                     |                   |                     |
| Taxes                                       | \$ 12,061,167         | \$ 12,454,266       | \$ 12,625,783     | \$ 12,665,924       |
| Licenses and permits                        | 339,358               | 446,626             | 358,074           | 226,688             |
| Intergovernmental                           | 5,923,427             | 6,197,124           | 6,302,590         | 6,871,889           |
| Charges for services                        | 1,203,885             | 1,138,973           | 1,242,152         | 1,159,816           |
| Fines and forfeits                          | 283,761               | 335,621             | 358,667           | 344,046             |
| Investment income                           | 219,241               | 154,630             | 125,900           | 247,718             |
| Miscellaneous                               | 626,853               | 208,056             | 117,875           | 538,547             |
| <b>Total revenues</b>                       | <b>20,657,692</b>     | <b>20,935,296</b>   | <b>21,131,041</b> | <b>22,054,628</b>   |
| <b>Expenditures</b>                         |                       |                     |                   |                     |
| Legislative                                 | 63,287                | 47,067              | 58,791            | 61,317              |
| General government                          | 4,207,280             | 4,108,196           | 3,894,168         | 4,002,020           |
| Public safety                               | 12,954,669            | 13,247,080          | 13,225,486        | 12,957,886          |
| Public works                                | 1,696,562             | 1,842,705           | 1,620,371         | 1,594,535           |
| Culture and recreation                      | 1,041,937             | 1,136,413           | 1,170,535         | 1,203,127           |
| Community enrichment and development        | 139,009               | 333,842             | 248,972           | 258,803             |
| <b>Total expenditures</b>                   | <b>20,102,744</b>     | <b>20,715,303</b>   | <b>20,218,323</b> | <b>20,077,688</b>   |
| <b>Revenues over (under) expenditures</b>   | <b>554,948</b>        | <b>219,993</b>      | <b>912,718</b>    | <b>1,976,940</b>    |
| <b>Other financing sources (uses)</b>       |                       |                     |                   |                     |
| Proceeds from the capital assets (A)        |                       |                     |                   |                     |
| Transfers in                                | 773,123               | 646,592             | 376,111           | 338,514             |
| Transfers (out)                             | (2,360,066)           | (1,165,328)         | (1,090,725)       | (480,659)           |
| <b>Total other financing sources (uses)</b> | <b>(1,586,943)</b>    | <b>(518,736)</b>    | <b>(714,614)</b>  | <b>(142,145)</b>    |
| <b>Net changes in fund balances</b>         | <b>\$ (1,031,995)</b> | <b>\$ (298,743)</b> | <b>\$ 198,104</b> | <b>\$ 1,834,795</b> |

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

Proceeds from the sale of capital assets prior to that period were recorded as miscellaneous revenue.

Source: City of Jackson Finance Department

**Schedule 5**  
**UNAUDITED**

|    | <b>2002</b> |    | <b>2003</b> |    | <b>2004</b> |    | <b>2005</b> |    | <b>2006</b> |    | <b>2007</b> |
|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| \$ | 12,265,353  | \$ | 12,224,021  | \$ | 13,007,511  | \$ | 13,843,364  | \$ | 14,276,643  | \$ | 16,016,387  |
|    | 224,890     |    | 218,273     |    | 216,538     |    | 254,973     |    | 231,377     |    | 231,486     |
|    | 6,710,619   |    | 6,032,594   |    | 5,769,574   |    | 5,581,910   |    | 5,925,153   |    | 5,572,841   |
|    | 1,226,849   |    | 1,425,226   |    | 1,441,380   |    | 1,338,854   |    | 1,170,927   |    | 1,306,639   |
|    | 276,971     |    | 250,233     |    | 264,746     |    | 258,178     |    | 212,690     |    | 203,086     |
|    | 146,633     |    | 90,810      |    | 73,972      |    | 105,190     |    | 267,083     |    | 288,413     |
|    | 107,567     |    | 150,201     |    | 402,960     |    | 1,392,079   |    | 1,404,473   |    | 130,031     |
|    | 20,958,882  |    | 20,391,358  |    | 21,176,681  |    | 22,774,548  |    | 23,488,346  |    | 23,748,883  |
|    | 75,940      |    | 76,713      |    | 76,344      |    | 70,428      |    | 79,904      |    | 79,944      |
|    | 4,283,723   |    | 4,432,218   |    | 4,366,698   |    | 4,481,144   |    | 4,460,003   |    | 4,814,896   |
|    | 12,231,371  |    | 12,658,451  |    | 13,207,314  |    | 14,010,760  |    | 15,229,963  |    | 16,292,286  |
|    | 1,661,154   |    | 1,592,589   |    | 1,690,189   |    | 1,414,892   |    | 1,728,580   |    | 1,498,532   |
|    | 1,481,886   |    | 1,588,412   |    | 1,547,153   |    | 1,508,574   |    | 1,385,593   |    | 1,465,900   |
|    | 219,345     |    | 314,437     |    | 254,780     |    | 190,797     |    | 204,811     |    | 202,150     |
|    | 19,953,419  |    | 20,662,820  |    | 21,142,478  |    | 21,676,595  |    | 23,088,854  |    | 24,353,708  |
|    | 1,005,463   |    | (271,462)   |    | 34,203      |    | 1,097,953   |    | 399,492     |    | (604,825)   |
|    |             |    | 131,309     |    | 10,624      |    | 17,809      |    | 13,379      |    | 20,984      |
|    | 278,402     |    | 214,393     |    | 271,834     |    | 206,969     |    | 270,667     |    | 274,603     |
|    | (374,170)   |    | (269,144)   |    | (319,383)   |    | (1,604,094) |    | (786,115)   |    | (325,855)   |
|    | (95,768)    |    | 76,558      |    | (36,925)    |    | (1,379,316) |    | (502,069)   |    | (30,268)    |
| \$ | 909,695     | \$ | (194,904)   | \$ | (2,722)     | \$ | (281,363)   | \$ | (102,577)   | \$ | (635,093)   |

# **Revenue Capacity**

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

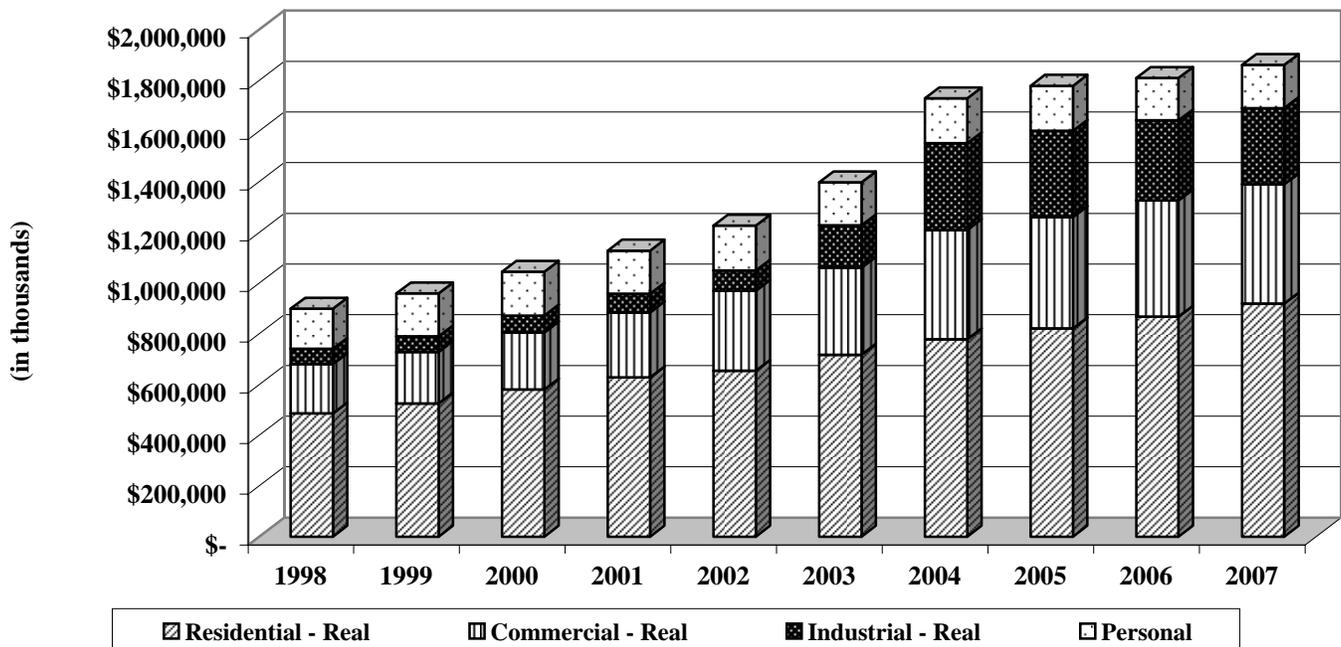
Schedule 6  
 UNAUDITED

| Fiscal Year (2) | Real                 |                     |                     |                     | Personal Property | Total Assessed and Actual Value | Total Direct Tax Rate |
|-----------------|----------------------|---------------------|---------------------|---------------------|-------------------|---------------------------------|-----------------------|
|                 | Residential Property | Commercial Property | Industrial Property | Industrial Property |                   |                                 |                       |
| 1998            | \$ 486,555,200       | \$ 194,377,600      | \$ 60,253,540       | \$ 158,521,600      | \$ 899,707,940    | 16.3070                         |                       |
| 1999            | 526,180,700          | 203,167,900         | 60,907,800          | 169,506,600         | 959,763,000       | 14.3000                         |                       |
| 2000            | 581,086,600          | 225,127,400         | 66,188,600          | 172,990,800         | 1,045,393,400     | 13.5134                         |                       |
| 2001            | 628,608,100          | 256,600,900         | 73,712,100          | 169,591,200         | 1,128,512,300     | 13.0225                         |                       |
| 2002            | 654,605,400          | 315,855,800         | 79,487,000          | 176,989,600         | 1,226,937,800     | 12.6001                         |                       |
| 2003            | 717,994,200          | 343,127,500         | 167,342,500         | 169,773,000         | 1,398,237,200     | 12.3389                         |                       |
| 2004            | 779,403,700          | 431,047,200         | 341,800,400         | 177,136,200         | 1,729,387,500     | 12.7889                         |                       |
| 2005            | 821,731,700          | 439,568,300         | 339,821,700         | 177,797,200         | 1,778,918,900     | 13.8789                         |                       |
| 2006            | 867,913,346          | 458,971,176         | 315,901,156         | 166,551,738         | 1,809,337,416     | 13.5089                         |                       |
| 2007            | 920,076,136          | 470,022,986         | 300,845,186         | 170,020,000         | 1,860,964,308     | 14.5789                         |                       |

- (1) Ad Valorem assessments only; amounts do not include Act 189 or industrial and commercial facility tax assessments/taxable values. The term "taxable value" rather than "assessed value" is used in determining tax liability effective 7/1/94.
- (2) The July 1, 2006 levy is for fiscal year 2007.
- (3) Above Ad Valorem assessments include those properties located within Renaissance Zones and which are currently subject only to millage levied for bonded indebtedness.

Source: City Assessor Department

**Assessed and Actual Value of Taxable Property**



**City of Jackson Michigan**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Years**  
*(rate per \$1,000 of taxable value)*

**Schedule 7**  
**UNAUDITED**

|                                  | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>City direct rates</b>         |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 6.7900  | 7.0000  | 6.9482  | 6.8620  | 6.8057  | 6.7192  | 6.7192  | 6.7192  | 6.7192  | 6.7192  |
| Public Improvement               | 1.9400  | 2.0000  | 1.9852  | 1.9605  | 1.9444  | 1.9197  | 1.9197  | 1.9197  | 1.9197  | 1.9197  |
| Parking Garage/Sewer Debt        | 2.1100  | ---     | ---     | ---     | ---     | ---     | ---     | ---     | ---     | ---     |
| City Hall Debt                   | ---     | ---     | ---     | ---     | ---     | ---     | ---     | 0.7400  | 0.7500  | 0.7500  |
| Act 345 Pension                  | 5.4670  | 5.3000  | 4.5800  | 4.2000  | 3.8500  | 3.7000  | 4.1500  | 4.5000  | 4.1200  | 5.1900  |
| Total direct rate                | 16.3070 | 14.3000 | 13.5134 | 13.0225 | 12.6001 | 12.3389 | 12.7889 | 13.8789 | 13.5089 | 14.5789 |
| <b>Overlapping rates</b>         |         |         |         |         |         |         |         |         |         |         |
| Jackson County:                  |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 5.5883  | 5.5626  | 5.4819  | 5.4194  | 5.3559  | 5.2734  | 5.2022  | 5.1709  | 5.1471  | 5.1259  |
| Jail Debt                        | ---     | ---     | ---     | ---     | ---     | 0.5000  | 0.4932  | 0.4902  | 0.4879  | 0.4858  |
| MCF                              | 0.1492  | 0.1485  | 0.1500  | 0.1482  | 0.1465  | 0.1442  | 0.1422  | 0.1413  | 0.1406  | 0.1400  |
| Senior Services                  | ---     | ---     | ---     | ---     | ---     | ---     | ---     | 0.2500  | 0.2488  | 0.2477  |
| District Library                 | 0.9445  | 0.9349  | 0.9208  | 0.9102  | 0.8995  | 0.8856  | 0.8736  | 0.8682  | 0.8642  | 0.8606  |
|                                  | 6.6820  | 6.6460  | 6.5527  | 6.4778  | 6.4019  | 6.8032  | 6.7112  | 6.9206  | 6.8886  | 6.8600  |
| Intermediate School District:    |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 0.3747  | 0.3730  | 0.3677  | 0.3610  | 0.3580  | 0.3525  | 0.3477  | 0.3455  | 0.3439  | 0.3429  |
| Special & Vocational Education   | 8.5107  | 8.4715  | 8.3519  | 8.2014  | 8.1348  | 7.0693  | 7.8730  | 7.8249  | 7.7895  | 7.7682  |
|                                  | 8.8854  | 8.8445  | 8.7196  | 8.5624  | 8.4928  | 7.4218  | 8.2207  | 8.1704  | 8.1334  | 8.1111  |
| Jackson Community College:       |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 1.2490  | 1.2446  | 1.2266  | 1.2131  | 1.1980  | 1.1798  | 1.1638  | 1.1565  | 1.1511  | 1.1463  |
| Debt Service                     | 0.1100  | 0.0500  | ---     | ---     | ---     | ---     | ---     | ---     | ---     | ---     |
|                                  | 1.3590  | 1.2946  | 1.2266  | 1.2131  | 1.1980  | 1.1798  | 1.1638  | 1.1565  | 1.1511  | 1.1463  |
| Jackson Transit Auth.- Operating | 1.0000  | 0.5000  | 0.9926  | 0.9802  | 0.9721  | 0.9597  | 0.9597  | 0.9597  | 0.9597  | 0.9597  |
| Downtown Dev. Auth.-Operating    | 2.0000  | 2.0000  | 2.0000  | 1.9996  | 1.9996  | 1.9996  | 1.9996  | 1.9996  | 1.9996  | 1.9996  |
| Jackson Public Schools:          |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 18.0000 | 17.9298 | 17.9298 | 17.8114 | 17.6047 | 17.8820 | 17.8820 | 17.8820 | 17.8820 | 18.0000 |
| State Education Tax (SET)        | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 5.0000  | 6.0000  | 6.0000  | 6.0000  |
| Debt                             | ---     | ---     | 1.1300  | 1.9500  | 1.9500  | 1.9500  | 1.9500  | 2.4500  | 2.4000  | 2.4000  |
| Recreation                       | ---     | ---     | ---     | ---     | ---     | ---     | ---     | ---     | 0.2000  | 0.2000  |
|                                  | 24.0000 | 23.9298 | 25.0598 | 25.7614 | 25.5547 | 25.8320 | 24.8320 | 26.3320 | 26.4820 | 26.6000 |
| East Jackson Public Schools:     |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 18.0000 | 18.0000 | 18.0000 | 17.8218 | 17.8146 | 17.1857 | 17.1530 | 17.1530 | 18.0000 | 18.0000 |
| State Education Tax (SET)        | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 5.0000  | 6.0000  | 6.0000  | 6.0000  |
| Debt                             | 7.5000  | 7.5000  | 7.5000  | 7.5000  | 7.5000  | 7.5000  | 7.4000  | 7.0000  | 6.2400  | 6.2000  |
| Exta voted                       | ---     | ---     | ---     | ---     | 0.1854  | 0.8143  | 0.8470  | 0.8470  | ---     | ---     |
|                                  | 31.5000 | 31.5000 | 31.5000 | 31.3218 | 31.5000 | 31.5000 | 30.4000 | 31.0000 | 30.2400 | 30.2000 |
| Michigan Center Public Schools:  |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 18.0000 | 18.0000 | 18.0000 | 17.7282 | 17.7282 | 17.8002 | 17.4068 | 17.3318 | 18.0000 | 17.3999 |
| State Education Tax (SET)        | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 5.0000  | 6.0000  | 6.0000  | 6.0000  |
| Exta Voted/Sinking Fund          | ---     | ---     | ---     | ---     | ---     | ---     | 3.5000  | 3.4604  | 3.4604  | 4.0015  |
|                                  | 24.0000 | 24.0000 | 24.0000 | 23.7282 | 17.7282 | 23.8002 | 25.9068 | 26.7922 | 27.4604 | 27.4014 |
| Northwest Public Schools:        |         |         |         |         |         |         |         |         |         |         |
| Operating                        | 18.0000 | 18.0000 | 18.0000 | 17.6490 | 17.6490 | 17.4024 | 17.2893 | 17.2893 | 16.9487 | 16.9487 |
| State Education Tax (SET)        | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 5.0000  | 6.0000  | 6.0000  | 6.0000  |
| Debt                             | 0.9716  | 0.6794  | 0.4855  | 0.4718  | 0.4285  | 0.3994  | 0.3776  | 0.3003  | 0.1165  | 1.0513  |
|                                  | 24.9716 | 24.6794 | 24.4855 | 24.1208 | 24.0775 | 23.8018 | 22.6669 | 23.5896 | 23.0652 | 24.0000 |

**Note:** Levy shown is as of July 1. The July 1, 2006 levy is for the current fiscal year ending June 30, 2007.

Source: City of Jackson Finance Department

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

Schedule 8  
**UNAUDITED**

| Taxpayer                              | 2007                  |      |  | 1998                 |      |  |
|---------------------------------------|-----------------------|------|--|----------------------|------|--|
|                                       | Taxable Value         | Rank | Percentage of Total City Taxable Value | Taxable Value        | Rank | Percentage of Total City Taxable Value |
| Kinder Morgan Michigan/Alphagen (1)   | \$ 98,741,650         | 1    | 12.90%                                 | \$ -                 | -    | -                                      |
| Consumers Energy                      | 52,292,911            | 2    | 6.83%                                  | 23,777,750           | 1    | 5.55%                                  |
| Ramco (Jackson Crossing/Jackson West) | 8,268,354             | 3    | 1.08%                                  | 6,434,000            | 2    | 1.50%                                  |
| Wolverine Technologies, Inc.          | 6,170,800             | 4    | 0.81%                                  | 5,654,400            | 3    | 1.32%                                  |
| Home Depot                            | 6,068,100             | 5    | 0.79%                                  | -                    | -    | -                                      |
| Alro Steel Corporation                | 5,946,740             | 6    | 0.78%                                  | 3,081,700            | 6    | 0.72%                                  |
| Edscha Jackson Group (2)              | 5,189,416             | 7    | 0.68%                                  | -                    | -    | -                                      |
| Foote Hospital/Health Center          | 3,930,886             | 8    | 0.51%                                  | -                    | -    | -                                      |
| Merchant's Crossing (Kroger Complex)  | 3,745,350             | 9    | 0.49%                                  | -                    | -    | -                                      |
| Alpine Lake Apartments, LLC           | 3,332,058             | 10   | 0.44%                                  | 2,914,900            | 8    | 0.68%                                  |
| Aeroquip (Eaton Corp.)                | -                     | -    | -                                      | 3,737,100            | 4    | 0.87%                                  |
| Goodyear                              | -                     | -    | -                                      | 3,363,800            | 5    | 0.78%                                  |
| Sears                                 | -                     | -    | -                                      | 2,959,650            | 7    | 0.69%                                  |
| Target/Dayton Hudson                  | -                     | -    | -                                      | 2,643,900            | 9    | 0.62%                                  |
| Flagstar Bank                         | -                     | -    | -                                      | 2,600,450            | 10   | 0.61%                                  |
|                                       | <u>\$ 193,686,265</u> |      | <u>25.31%</u>                          | <u>\$ 57,167,650</u> |      | <u>13.34%</u>                          |

(1) Total Ad Valorem Taxable Valuation as of June 30, 2007 = \$ 765,295,971 (valuation for fiscal year 2008).

Total Ad Valorem Taxable Valuation as of June 30, 1998 = \$ 428,639,332 (valuation for fiscal year 1999).

(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of \$ 98,741,650, or 12.90% of the 2007 ad valorem taxable value. KME is located in a Renaissance Zone and is not subject to millage levies with the exception of those levied for bonded indebtedness. The City anticipates the KME taxable value to be subject to all millage levies effective July 1, 2012.

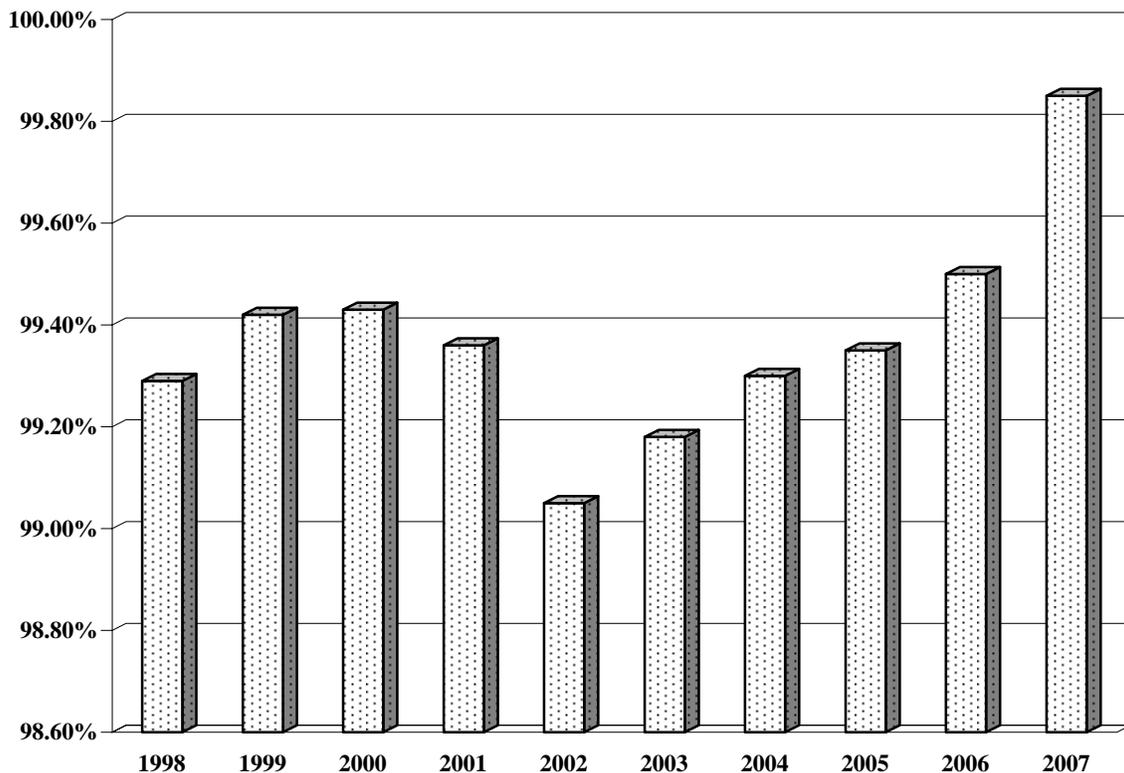
Source: City of Jackson Assessor Department.

**City of Jackson, Michigan**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Schedule 9  
**UNAUDITED**

| <b>Fiscal Year</b> | <b>Year of Levy</b> | <b>Total Tax Levy</b> | <b>Current Tax Collections</b> | <b>Percent of Current Taxes Collected</b> | <b>Delinquent Tax Collections</b> | <b>Total Tax Collections</b> | <b>Ratio of Total Tax Collections to Total Tax Levy</b> |
|--------------------|---------------------|-----------------------|--------------------------------|---|-----------------------------------|------------------------------|---|
| 1998               | 1997                | \$ 7,007,246          | \$ 6,478,730                   | 92.46%                                    | \$ 479,062                        | \$ 6,957,792                 | 99.29%  |
| 1999               | 1998                | 6,468,370             | 5,993,199                      | 92.65%                                    | 437,451                           | 6,430,650                    | 99.42%  |
| 2000               | 1999                | 6,403,803             | 5,920,634                      | 92.45%                                    | 446,418                           | 6,367,052                    | 99.43%  |
| 2001               | 2000                | 6,411,359             | 5,939,660                      | 92.64%                                    | 430,663                           | 6,370,323                    | 99.36%  |
| 2002               | 2001                | 6,519,371             | 6,016,302                      | 92.28%                                    | 440,904                           | 6,457,206                    | 99.05%  |
| 2003               | 2002                | 6,699,761             | 6,195,766                      | 92.48%                                    | 448,880                           | 6,644,646                    | 99.18%  |
| 2004               | 2003                | 7,760,751             | 7,239,082                      | 93.28%                                    | 467,710                           | 7,706,792                    | 99.30%  |
| 2005               | 2004                | 8,042,591             | 7,457,299                      | 92.72%                                    | 533,197                           | 7,990,496                    | 99.35%  |
| 2006               | 2005                | 8,906,874             | 8,247,529                      | 92.60%                                    | 614,468                           | 8,861,997                    | 99.50%  |
| 2007               | 2006                | 10,074,157            | 9,251,721                      | 91.84%                                    | 807,029                           | 10,058,750                   | 99.85%  |

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



Source: City of Jackson Finance Department

## **Debt Capacity**

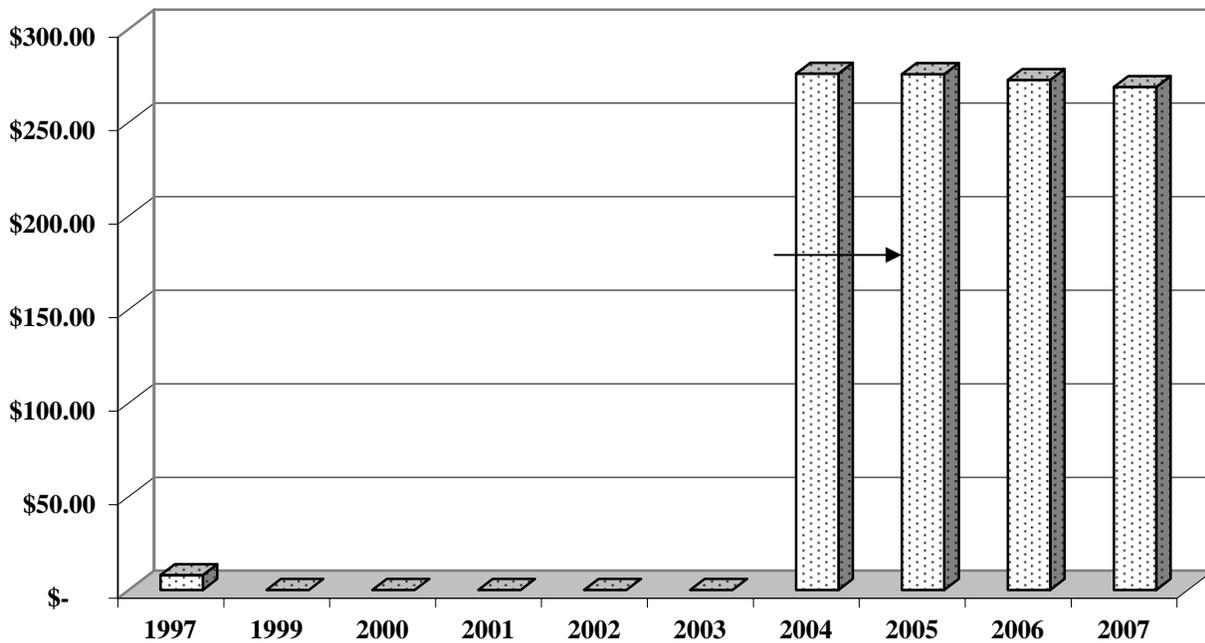
**City of Jackson, Michigan**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

Schedule 10  
 UNAUDITED

| Fiscal Year | General Bonded Debt Outstanding |  |            | % of Actual Taxable Value of Property | Per Capita |
|-------------|---------------------------------|--|------------|---------------------------------------|------------|
|             | General Obligation Bonds        | Less: Amounts Restricted to Repaying Principal | Total      |                                       |            |
| 1998        | \$ 295,000                      | \$ -   | \$ 295,000 | 0.03%                                 | \$ 7.88    |
| 1999        | -                               | -  | -          | 0.00%                                 | -          |
| 2000        | -                               | -  | -          | 0.00%                                 | -          |
| 2001        | -                               | -  | -          | 0.00%                                 | -          |
| 2002        | -                               | -  | -          | 0.00%                                 | -          |
| 2003        | -                               | -  | -          | 0.00%                                 | -          |
| 2004        | 10,000,000                      | -  | 10,000,000 | 0.58%                                 | 276.11     |
| 2005        | 9,990,000                       | -  | 9,990,000  | 0.56%                                 | 275.83     |
| 2006        | 9,875,000                       | -  | 9,875,000  | 0.55%                                 | 272.65     |
| 2007        | 9,740,000                       | -  | 9,740,000  | 0.52%                                 | 268.93     |

Source: City of Jackson Finance Department

**General Bonded Debt Per Capita**



**City of Jackson, Michigan**  
**Computation of Net Direct and Overlapping Debt**  
**As of June 30, 2007**

**Schedule 11**  
**UNAUDITED**

|   | <u>Gross<br/>Amount<br/>Outstanding</u> | <u>Self-Supporting<br/>or Paid by<br/>Benefited Entity</u> | <u>Net<br/>Amount<br/>Outstanding</u> |
|---|---|--|---------------------------------------|
| <b>Direct debt</b>  |   |  |                                       |
| Unlimited Tax General Obligation Debt:  |   |  |                                       |
| City Hall Bonds   | \$ 9,740,000                            | \$ -   | \$ 9,740,000                          |
| Limited Tax General Obligation Debt:  |   |  |                                       |
| Downtown Development Authority Bonds  | 16,728,577                              | 16,728,577   | -                                     |
| Brownfield Redevelopment Authority Bonds  | 18,475,000                              | 18,475,000   | -                                     |
| Building Authority Bonds  | 860,000                                 | -  | 860,000                               |
| Michigan Transportation Fund Bonds  | 1,545,000                               | 1,545,000  | -                                     |
| Installment Purchase Contracts  | 600,000                                 | -  | 600,000                               |
| Revenue Bonds:  |   |  |                                       |
| Water Revenue Bonds   | 2,265,000                               | 2,265,000  | -                                     |
| Sewer Revenue Bonds   | 925,000                                 | 925,000  | -                                     |
| Other:  |   |  |                                       |
| Michigan Urban Land Assembly Loan   | 484,000                                 | 484,000  | -                                     |
| Section 108 Loan (HUD)  | 895,000                                 | 960,000  | -                                     |
| Net direct debt   | <u>\$ 52,517,577</u>                    | <u>\$ 41,382,577</u>                                       | <u>11,200,000</u>                     |
|   | <u>Gross</u>                            | <u>City Share</u>  |                                       |
| <b>Overlapping debt</b>   |   |  |                                       |
| School Districts:   |   |  |                                       |
| Jackson School District   | \$ 40,085,000                           | 55.04%   | 22,062,784                            |
| East Jackson School District  | 15,855,000                              | 0.13%  | 20,612                                |
| Northwest School District   | 1,485,000                               | 0.19%  | 2,822                                 |
| Michigan Center School District   | -                                       | 2.40%  | -                                     |
|   |   |  | <u>22,086,218</u>                     |
| Jackson County at Large   | 34,405,000                              | 17.56%   | 6,041,518                             |
| Jackson Community College   | 19,215,000                              | 17.56%   | 3,374,154                             |
| Jackson County Intermediate School District   | -                                       | 17.78%   | -                                     |
| Net overlapping debt  |   |  | <u>31,501,890</u>                     |
| <b>Net direct and overlapping debt</b>  |   |  | <u>\$ 42,701,890</u>                  |
| <b>Per Capita Debt:</b> (36,218 population):  |   |  |                                       |
|   | Net Direct Debt                         |  | \$ 309.24                             |
|   | Net Overlapping Debt                    |  | <u>869.79</u>                         |
|   | Total Net Debt                          |  | <u>\$ 1,179.03</u>                    |
| <b>Percent of Taxable Valuation:</b> (\$ 765,295,971 Taxable Valuation at 6/30/07): |   |  |                                       |
|   | Net Direct Debt                         |  | 1.46%                                 |
|   | Net Overlapping Debt                    |  | <u>4.12%</u>                          |
|   | Total Net Debt                          |  | <u>5.58%</u>                          |

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

**City of Jackson, Michigan**  
**Legal Debt Margin**  
**Last Ten Years**

**Schedule 12**  
**UNAUDITED**

**Legal Debt Margin - 2007**

State Equalized Value as of December 31, 2006 (for taxes levied by the City on July 1, 2007) \$ 958,413,052

Debt limit (10% of state equalized value) \$ 95,841,305

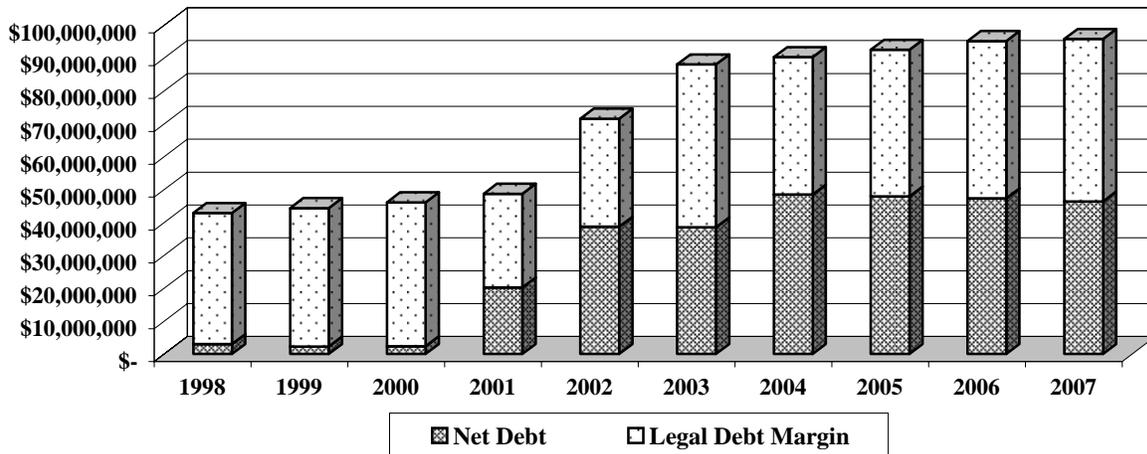
Total Net Debt applicable to limit - general obligation bonds 46,403,577

**Legal debt margin** \$ 49,437,728

| For Taxes Levied July 1 | Debt Limit    | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to Limit As % of Debt Limit |
|-------------------------|---------------|------------------------------------|-------------------|---|
| 1998                    | \$ 42,863,933 | \$ 3,036,034                       | \$ 39,827,899     | 7.08%   |
| 1999                    | 44,401,550    | 2,305,108                          | 42,096,442        | 5.19%   |
| 2000                    | 46,117,422    | 2,380,000                          | 43,737,422        | 5.16%   |
| 2001                    | 48,749,492    | 20,228,577                         | 28,520,915        | 41.49%  |
| 2002                    | 71,590,103    | 38,738,577                         | 32,851,526        | 54.11%  |
| 2003                    | 88,064,883    | 38,543,577                         | 49,521,306        | 43.77%  |
| 2004                    | 90,322,370    | 48,498,577                         | 41,823,793        | 53.69%  |
| 2005                    | 92,551,455    | 47,918,577                         | 44,632,878        | 51.78%  |
| 2006                    | 95,180,701    | 47,323,577                         | 47,857,124        | 49.72%  |
| 2007                    | 95,841,305    | 46,403,577                         | 49,437,728        | 48.42%  |

Source: City of Jackson Finance Department

**Components of Debt Limit**



## **Demographic and Economic Information**

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

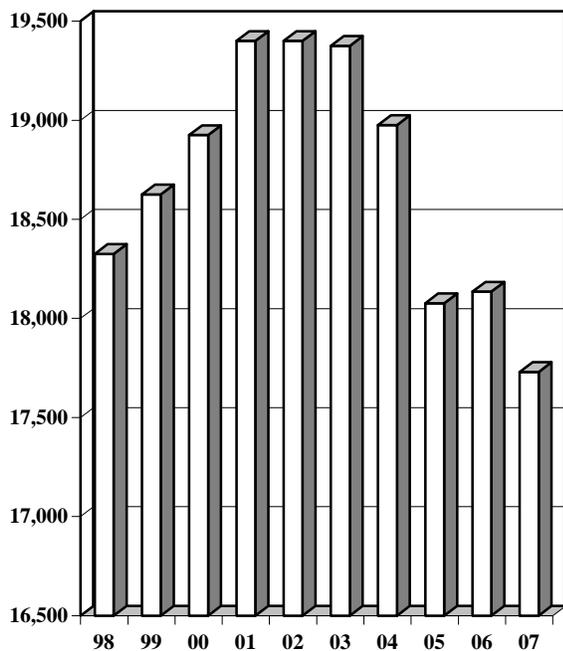
Schedule 13  
 UNAUDITED

| Fiscal Year | (1)<br>Population | (2)<br>Labor Force | (2)<br>Employment | (2)<br>Unemployment | (2)<br>Unemployment Rate | (3)<br>Per Capita Income |
|-------------|-------------------|--------------------|-------------------|---------------------|--------------------------|--------------------------|
| 1998        | 37,425            | 18,325             | 17,350            | 975                 | 5.3 %                    | -                        |
| 1999        | 37,425            | 18,625             | 17,600            | 1,025               | 5.5 %                    | \$ 15,230                |
| 2000        | 36,218            | 18,925             | 17,975            | 950                 | 5.0 %                    | -                        |
| 2001        | 36,218            | 19,400             | 17,850            | 1,550               | 8.0 %                    | -                        |
| 2002        | 36,218            | 19,400             | 17,550            | 1,850               | 9.5 %                    | -                        |
| 2003        | 36,218            | 19,375             | 17,075            | 2,300               | 11.9 %                   | -                        |
| 2004        | 36,218            | 18,975             | 17,100            | 1,875               | 9.9 %                    | -                        |
| 2005        | 36,218            | 18,076             | 16,323            | 1,753               | 9.7 %                    | -                        |
| 2006        | 36,218            | 18,135             | 16,361            | 1,774               | 9.8 %                    | -                        |
| 2007        | 36,218            | 17,729             | 15,673            | 2,056               | 11.6 %                   | -                        |

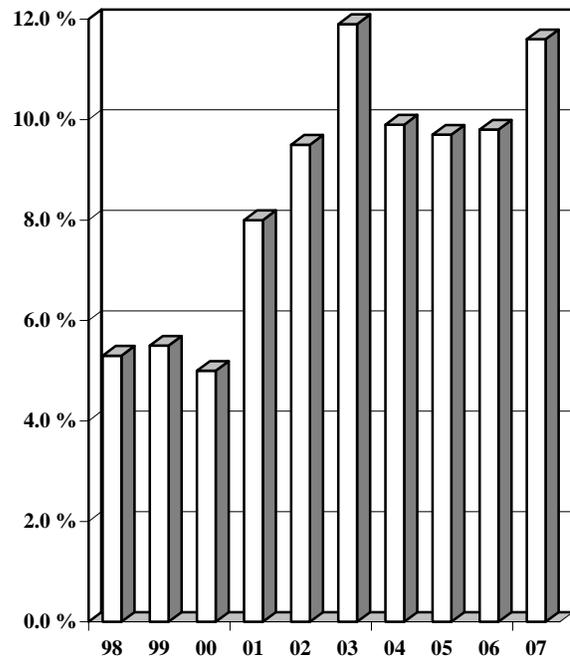
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2006 represents June, 2006.

- (1) Population shown is based on the most recent preceding year's actual.
- (2) Source: Michigan Department of Labor and Economic Growth, Bureau of Labor Market Information
- (3) Per Capita Income Information available for the City of Jackson only for 1999 (2000 US Census).

**Labor Force**



**Unemployment Rate**



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

Schedule 14  
**UNAUDITED**

| <b>Employer</b>                     | <b>2007</b>                    |             |   | <b>2001</b>                    |             |   |
|-------------------------------------|--------------------------------|-------------|---|--------------------------------|-------------|---|
|                                     | <b>Total (2)<br/>Employees</b> | <b>Rank</b> | <b>% of<br/>Total City<br/>Employment</b> | <b>Total (2)<br/>Employees</b> | <b>Rank</b> | <b>% of<br/>Total City<br/>Employment</b> |
| Foote Health System                 | 3,146 (a)                      | 1           | 16.54%                                    | 2,590 (a)                      | 1           | 12.89%                                    |
| Consumers Energy                    | 2,000 (b)                      | 2           | 7.17%                                     | 2,025 (b)                      | 2           | 6.70%                                     |
| Local Government                    | 870                            | 3           | 4.80%                                     | 955                            | 3           | 4.92%                                     |
| Jackson Public Schools              | 782                            | 4           | 4.31%                                     | 790                            | 4           | 4.07%                                     |
| Eaton Corporation                   | 598 (c)                        | 5           | 1.65%                                     | 585 (c)                        | 5           | 1.55%                                     |
| Great Lakes Home Health & Hospice   | 400                            | 6           | 2.21%                                     | -                              | -           | -   |
| Alro Steel Corporation              | 325                            | 7           | 1.79%                                     | 196                            | 10          | 1.01%                                     |
| Anesthesia Business Consultants     | 284                            | 8           | 1.57%                                     | -                              | -           | -   |
| Certainteed /Wolverine Vinyl Siding | 250                            | 9           | 1.38%                                     | 350                            | 7           | 1.80%                                     |
| Edscha (Jackson Automotive Group)   | 250                            | 10          | 1.38%                                     | 450                            | 6           | 2.32%                                     |
| Worthington Steel / Specialties     | -                              | -           | -   | 258                            | 8           | 1.33%                                     |
| Way Bakeries                        | -                              | -           | -   | 230                            | 9           | 1.19%                                     |
|                                     | <b>8,905</b>                   |             | <b>42.80%</b>                             | <b>8,429</b>                   |             | <b>37.78%</b>                             |

(1) Data for 1998 (nine years ago) not available; used most recent comparable data available (2001).

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

(a) Approximately 3,000 in 2006 and 2,500 in 2001 of total shown work in the City...percentage adjusted to reflect.

(b) Approximately 1,300 of total shown work in the City...percentage adjusted to reflect.

(c) Approximately 300 of total shown work in the City...percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

**City of Jackson, Michigan**  
**Full-Time Equivalent City Government Employees**  
**By Function/Program**  
**Last Ten Years**

Schedule 15  
 UNAUDITED

| Function/Program                                      | Full-time Equivalent Employees as of June 30 |            |            |            |            |            |            |            |            |            |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|   | 1998   | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       |
| General Government:                                   |  |            |            |            |            |            |            |            |            |            |
| City Manager  | 5  | 5          | 4          | 5          | 5          | 5          | 4          | 3          | 4          | 4          |
| Finance   | 5  | 5          | 5          | 5          | 5          | 5          | 5          | 5          | 5          | 5          |
| City Assessor   | 5  | 4          | 5          | 4          | 5          | 5          | 5          | 5          | 4          | 5          |
| City Attorney   | 4  | 5          | 5          | 5          | 4          | 5          | 5          | 5          | 5          | 5          |
| City Clerk/Elections                                  | 3  | 3          | 3          | 2          | 3          | 4          | 4          | 4          | 4          | 4          |
| Personnel   | 3  | 4          | 4          | 4          | 4          | 4          | 3          | 4          | 4          | 4          |
| Purchasing/City Hall                                  | 3  | 3          | 3          | 3          | 3          | 3          | 3          | 3          | 3          | 3          |
| City Treasurer / Income Tax                           | 7  | 6          | 6          | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| Mgt. Information Services                             | 4  | 2          | 3          | 3          | 3          | 3          | 3          | 1          | 2          | 2          |
| Public Safety:  |  |            |            |            |            |            |            |            |            |            |
| Police-Civilian                                       | 21   | 21         | 23         | 24         | 25         | 24         | 24         | 23         | 22         | 20         |
| Police-Enforcement                                    | 65   | 67         | 68         | 67         | 70         | 70         | 70         | 68         | 66         | 64         |
| Fire-Civilian   | 3  | 3          | 3          | 4          | 2          | 3          | 2          | 2          | 2          | 2          |
| Fire-Protection                                       | 53   | 49         | 47         | 46         | 45         | 46         | 43         | 43         | 43         | 43         |
| Building Inspection                                   | 7  | 8          | 8          | 7          | 7          | 6          | 7          | 6          | 7          | 5          |
| Emergency Measures                                    | 1  | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Public Works:   |  |            |            |            |            |            |            |            |            |            |
| Public Works  | 36   | 36         | 34         | 32         | 34         | 35         | 33         | 29         | 31         | 29         |
| Engineering   | 6  | 6          | 7          | 14         | 14         | 14         | 14         | 13         | 13         | 13         |
| Culture & Recreation:                                 |  |            |            |            |            |            |            |            |            |            |
| Parks, Recreation & Grounds                           | 21   | 23         | 22         | 23         | 25         | 25         | 24         | 24         | 25         | 24         |
| Community Development:                                |  |            |            |            |            |            |            |            |            |            |
| Public Safety / Community<br>Enrichment & Development | 14   | 11         | 13         | 14         | 13         | 12         | 10         | 10         | 10         | 11         |
| Enterprise Funds:                                     |  |            |            |            |            |            |            |            |            |            |
| Sewer   | 18   | 16         | 17         | 17         | 18         | 18         | 18         | 18         | 19         | 19         |
| Water   | 30   | 34         | 35         | 35         | 35         | 34         | 35         | 34         | 34         | 33         |
| <b>Total</b>  | <b>314</b>                                   | <b>312</b> | <b>316</b> | <b>321</b> | <b>327</b> | <b>328</b> | <b>319</b> | <b>307</b> | <b>310</b> | <b>302</b> |

Source: City of Jackson Personnel Department

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

**Schedule 16**  
**UNAUDITED**

| <b>Function/Program</b>          | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Public safety</b>             |             |             |             |             |             |             |             |             |             |             |
| Police:                          |             |             |             |             |             |             |             |             |             |             |
| Physical arrests                 | 3,244       | 4,463       | 4,357       | 4,013       | 3,651       | 3,511       | 3,513       | 3,628       | 3,562       | 3,206       |
| Traffic violations               | 11,678      | 12,164      | 16,544      | 16,705      | 17,388      | 15,567      | 15,812      | 14,165      | 11,003      | 9,796       |
| Parking violations               | 4,437       | 4,088       | 3,457       | 2,500       | 2,254       | 4,572       | 5,782       | 4,741       | 3,722       | 3,668       |
| Fire:                            |             |             |             |             |             |             |             |             |             |             |
| Calls answered                   | 3,488       | 3,441       | 4,026       | 4,458       | 4,438       | 4,158       | 4,105       | 4,072       | 4,419       | 4,521       |
| Inspections conducted            | 1,800       | 665         | 274         | 225         | 225         | 325         | 325         | 594         | 762         | 341         |
| <b>Sewer system</b>              |             |             |             |             |             |             |             |             |             |             |
| Service connections              | 12,684      | 12,920      | 12,935      | 12,838      | 12,843      | 12,609      | 12,426      | 12,802      | 12,755      | 12,758      |
| Daily average treatment (mg)     | 13.9        | 13.5        | 13.6        | 14.0        | 13.6        | 12.6        | 12.9        | 13.2        | 12.5        | 13.6        |
| Maximum daily capacity (mg)      | 19          | 19          | 19          | 19          | 19          | 19          | 19          | 19          | 19          | 19          |
| Township service (bulk metering) | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |
| <b>Water system</b>              |             |             |             |             |             |             |             |             |             |             |
| Service connections              | 13,854      | 14,554      | 14,568      | 14,987      | 15,255      | 15,327      | 15,352      | 15,327      | 15,324      | 15,509      |
| Daily average consumption (mg)   | 6.27        | 6.15        | 6.11        | 5.73        | 5.61        | 6.91        | 5.53        | 5.41        | 5.49        | 5.43        |
| Maximum daily capacity (mg)      | 24          | 24          | 24          | 24          | 24          | 24          | 24          | 24          | 24          | 24          |

mg = million gallons

Source: Various City Department

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

Schedule 17  
**UNAUDITED**

| <b>Function/Program</b>       | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Public Safety</b>          |             |             |             |             |             |             |             |             |             |             |
| Police:                       |             |             |             |             |             |             |             |             |             |             |
| Stations                      | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Patrol units                  | 36          | 39          | 39          | 39          | 39          | 40          | 41          | 41          | 39          | 38          |
| Fire:                         |             |             |             |             |             |             |             |             |             |             |
| Stations                      | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Response vehicles             | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 10          | 10          |
| <b>Culture and recreation</b> |             |             |             |             |             |             |             |             |             |             |
| Parks:                        |             |             |             |             |             |             |             |             |             |             |
| Number                        | 19          | 19          | 22          | 23          | 23          | 23          | 23          | 23          | 24          | 26          |
| Acreage                       | 603         | 634         | 635         | 636         | 636         | 636         | 636         | 636         | 636         | 637         |
| Community centers             | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Golf courses:                 |             |             |             |             |             |             |             |             |             |             |
| 18 hole                       | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Mini                          | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Inline skate rink             |             |             |             |             |             |             | 1           | 1           | 1           | 1           |
| Swimming pools                | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Tennis courts                 | 14          | 14          | 14          | 14          | 14          | 14          | 14          | 14          | 14          | 14          |
| <b>Public works</b>           |             |             |             |             |             |             |             |             |             |             |
| Miles of streets              | 171         | 171         | 171         | 165         | 165         | 165         | 165         | 165         | 165         | 171         |
| Street lights                 | 2,235       | 2,279       | 2,279       | 2,335       | 2,335       | 2,335       | 2,335       | 2,365       | 2,440       | 2,458       |
| <b>Sewer system</b>           |             |             |             |             |             |             |             |             |             |             |
| Miles of sanitary sewers      | 164         | 164         | 164         | 161         | 161         | 160         | 160         | 160         | 160         | 160         |
| Miles of storm sewers         | 105         | 105         | 105         | 109         | 109         | 108         | 108         | 108         | 108         | 108         |
| Treatment plants              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Water system</b>           |             |             |             |             |             |             |             |             |             |             |
| Miles of water mains          | 193         | 214         | 214         | 218         | 234         | 231         | 232         | 232         | 244         | 244         |
| Treatment plants              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Fire hydrants                 | 1,845       | 1,858       | 1,858       | 1,918       | 2,026       | 2,029       | 2,030       | 2,030       | 2,064       | 2,064       |

Source: City of Jackson Finance Department

**City of Jackson, Michigan**  
**Schedule of Insurance**  
**As of June 30, 2007**

**Schedule 18**  
**UNAUDITED**

| <u>Type of Coverage</u><br><u>Name of Company</u>  | <u>Policy Period</u>              | <u>Premium</u>         | <u>Description</u>  |
|--|-----------------------------------|------------------------|---|
| <b><u>Building and Contents</u></b><br><i>Michigan Municipal Liability<br/>and Property Pool</i> | 7/1/06-6/30/07                    | \$ 125,022             | All risk coverage on buildings and contents. \$155,360,701 limit with \$2,500 deductible per occurrence.  |
| <b><u>Automobile</u></b><br><i>Michigan Municipal Liability<br/>and Property Pool</i>            | 7/1/06-6/30/07                    | \$ 102,249             | \$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.  |
| <b><u>Liability</u></b><br><i>Michigan Municipal Liability<br/>and Property Pool</i>             | 7/1/06-6/30/07                    | \$ 241,670             | Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$5,000 deductible.  |
| <b><u>Crime/Bonds</u></b><br><i>Michigan Municipal Liability<br/>and Property Pool</i>           | 7/1/06-6/30/07                    | Included               | Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.  |
| <b><u>Workers Compensation</u></b><br><i>Midwest Employers Casualty<br/>Broadspire Services</i>  | 9/1/06-9/01/07<br>1/1/07-12/31/07 | \$ 27,638<br>\$ 21,194 | Excess insurance above \$350,000 retention.<br>TPA for claims service.  |
| <b><u>Community Blue-PPO</u></b><br><i>Blue Cross/Blue Shield</i>                                | Monthly                           | Varies                 | PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and retired City personnel. |
| <b><u>PHP-HMO</u></b><br><i>Physicians Health Plan</i>   | Monthly                           | Varies                 | HMO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular HMO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time City employees.             |
| <b><u>Prescription Drug Coverage</u></b><br><i>ScriptGuide</i>                                   | Monthly<br>(Effective 5/1/06)     |                        | City's self insured prescription drug plan available to all full-time and retired personnel. Third party administrator processes claims with a contracted fee schedule.   |
| <b><u>Life</u></b><br><i>Life Insurance Company<br/>of North America</i>                         | Monthly                           | Varies                 | Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary up to \$50,000 with a minimum of \$30,000. All full-time employees are covered.  |
| <b><u>Long-term Disability</u></b><br><i>Life Insurance Company<br/>of North America</i>         | Monthly                           | Varies                 | 60% of monthly salary with various elimination periods. All full-time employees are covered.  |

Source: City of Jackson Finance Department

## **Operating Information**

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**State Equalized Valuation/Taxable Valuation**  
**Fiscal Years Ended June 30, 2004 Through 2008**

**Schedule 19**  
**UNAUDITED**

| Assessed<br>Value as of<br>December 31 | Year of State<br>Equalization<br>and Tax Levy | Fiscal Year<br>Ended<br>June 30 | State<br>Equalized<br>Valuation (1) | Ad Valorem<br>Taxable<br>Value | Total<br>Taxable<br>Valuation (1) |
|--|---|---------------------------------|-------------------------------------|--------------------------------|-----------------------------------|
| 2002                                   | 2003  | 2004                            | \$ 880,648,825                      | \$ 690,498,107                 | \$ 706,453,182                    |
| 2003                                   | 2004  | 2005                            | 903,223,700                         | 714,612,127                    | 728,145,677                       |
| 2004                                   | 2005  | 2006                            | 925,514,550                         | 730,737,196                    | 756,918,096                       |
| 2005                                   | 2006  | 2007                            | 951,807,013                         | 741,982,298                    | 768,149,011                       |
| 2006                                   | 2007  | 2008                            | 958,413,052                         | 765,295,971                    | 795,257,326                       |

Per Capita 2007 Ad Valorem Taxable Valuation is \$ 21,130 and Per Capita 2007 Total Taxable Valuation is \$ 21,958 based on the City's 2000 U. S. Census population of 36,218.

(1) Includes Tax Abatements under Act 198 and Renaissance Zones.

**Breakdown of Taxable Value by Use and Class**

|               | Year of State Equalization and Tax Levy |         |         |         |         |
|---------------|---|---------|---------|---------|---------|
|               | 2003                                    | 2004    | 2005    | 2006    | 2007    |
| <b>Use:</b>   |   |         |         |         |         |
| Commercial    | 27.30%                                  | 27.18%  | 27.43%  | 28.63%  | 27.57%  |
| Industrial    | 31.50%                                  | 30.72%  | 29.10%  | 25.77%  | 27.12%  |
| Residential   | 41.20%                                  | 42.10%  | 43.47%  | 45.60%  | 45.31%  |
|               | 100.00%                                 | 100.00% | 100.00% | 100.00% | 100.00% |
| <b>Class:</b> |   |         |         |         |         |
| Real          | 87.20%                                  | 87.56%  | 88.60%  | 88.54%  | 89.36%  |
| Personal      | 12.80%                                  | 12.44%  | 11.40%  | 11.46%  | 10.64%  |
|               | 100.00%                                 | 100.00% | 100.00% | 100.00% | 100.00% |

Source: City of Jackson Assessor Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Revenue Bond Coverage - Sewer Fund**  
**Last Ten Fiscal Years**

Schedule 20  
**UNAUDITED**

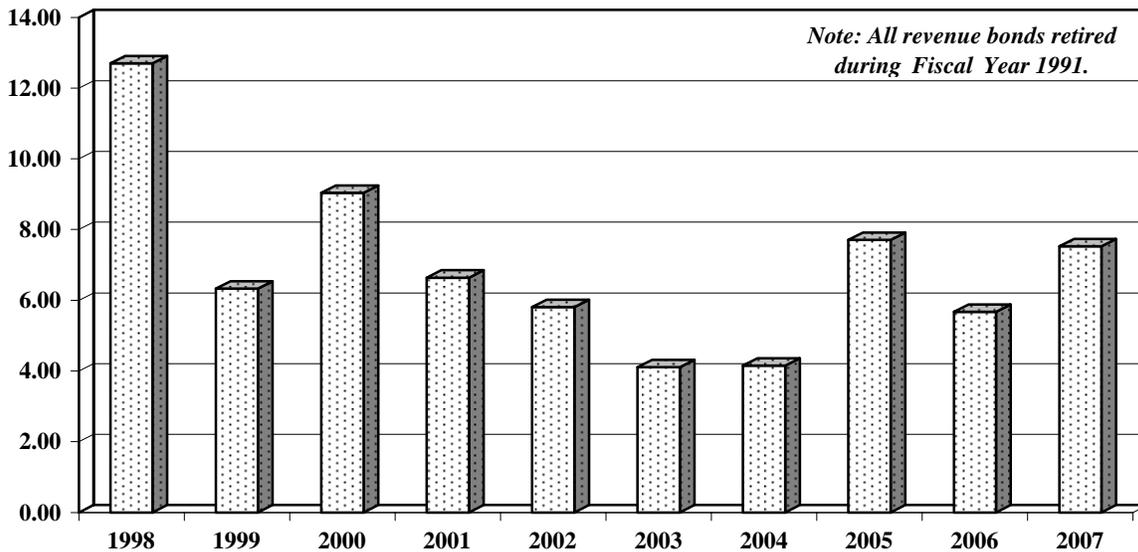
| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements (3) |                             |            | Coverage |
|-------------|--------------------|------------------------|--|-------------------------------|-----------------------------|------------|----------|
|             |                    |                        |  | Principal                     | Interest and Fiscal Charges | Total      |          |
| 1998        | \$ 5,415,049       | \$ 2,815,498           | \$ 2,599,551                           | \$ 120,000                    | \$ 84,650                   | \$ 204,650 | 12.70    |
| 1999        | 4,460,571          | 3,012,590              | 1,447,981                              | 150,000                       | 78,625                      | 228,625    | 6.33     |
| 2000        | 4,533,600          | 2,526,972              | 2,006,628                              | 150,000                       | 72,050                      | 222,050    | 9.04     |
| 2001        | 4,737,832          | 2,814,061              | 1,923,771                              | 200,000                       | 89,853                      | 289,853    | 6.64     |
| 2002        | 4,957,422          | 3,072,897              | 1,884,525                              | 220,000                       | 104,537                     | 324,537    | 5.81     |
| 2003        | 4,799,168          | 3,389,795              | 1,409,373                              | 250,000                       | 93,256                      | 343,256    | 4.11     |
| 2004        | 4,594,024          | 3,121,609              | 1,472,415                              | 275,000                       | 80,131                      | 355,131    | 4.15     |
| 2005        | 5,037,590          | 3,344,441              | 1,693,149                              | 150,000                       | 69,500                      | 219,500    | 7.71     |
| 2006        | 4,933,612          | 3,591,992              | 1,341,620                              | 175,000                       | 61,775                      | 236,775    | 5.67     |
| 2007        | 5,934,576          | 4,031,622              | 1,902,954                              | 200,000                       | 52,725                      | 252,725    | 7.53     |

(1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

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



**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Revenue Bond Coverage - Water Fund**  
**Last Ten Fiscal Years**

Schedule 21  
 UNAUDITED

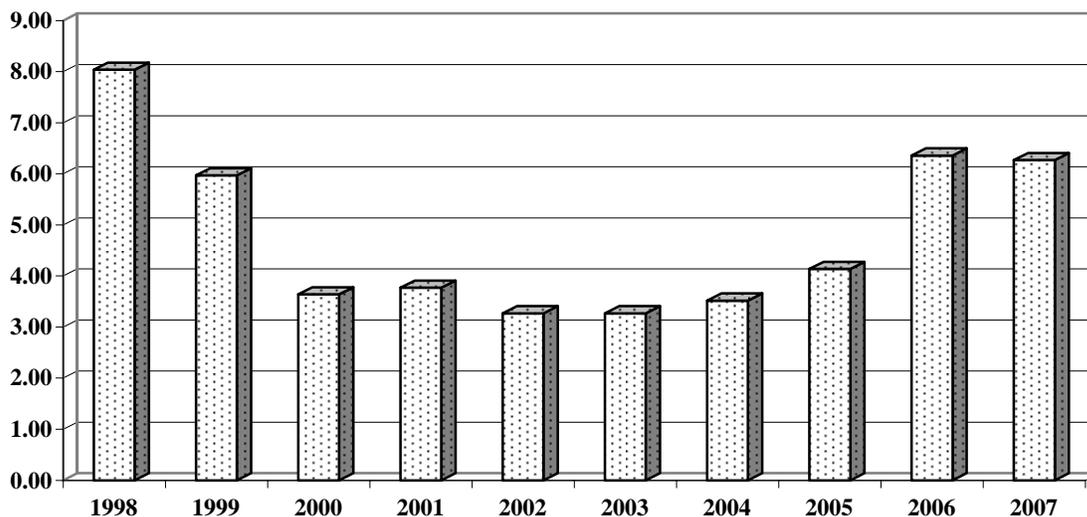
| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements (3) |                             |            | Coverage |
|-------------|--------------------|------------------------|--|-------------------------------|-----------------------------|------------|----------|
|             |                    |                        |  | Principal                     | Interest and Fiscal Charges | Total      |          |
| 1998        | \$ 5,784,694       | \$ 3,694,653           | \$ 2,090,041                           | \$ 150,000                    | \$ 110,062                  | \$ 260,062 | 8.04     |
| 1999        | 5,607,614          | 3,501,750              | 2,105,864                              | 175,000                       | 177,650                     | 352,650    | 5.97     |
| 2000        | 5,965,031          | 3,950,553              | 2,014,478                              | 325,000                       | 228,789                     | 553,789    | 3.64     |
| 2001        | 5,937,137          | 3,793,227              | 2,143,910                              | 375,000                       | 194,055                     | 569,055    | 3.77     |
| 2002        | 5,998,507          | 4,196,649              | 1,801,858                              | 370,000                       | 180,392                     | 550,392    | 3.27     |
| 2003        | 6,242,449          | 4,487,148              | 1,755,301                              | 370,000                       | 166,403                     | 536,403    | 3.27     |
| 2004        | 6,230,681          | 4,288,334              | 1,942,347                              | 400,000                       | 152,343                     | 552,343    | 3.52     |
| 2005        | 6,517,972          | 4,212,878              | 2,305,094                              | 420,000                       | 137,343                     | 557,343    | 4.14     |
| 2006        | 6,602,311          | 4,601,362              | 2,000,949                              | 195,000                       | 119,718                     | 314,718    | 6.36     |
| 2007        | 6,547,302          | 4,593,068              | 1,954,234                              | 200,000                       | 111,723                     | 311,723    | 6.27     |

(1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

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



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

Schedule 22  
 UNAUDITED

|  | Fiscal Year Ended June 30 |              |              |              |              |
|--|---------------------------|--------------|--------------|--------------|--------------|
|  | 2003                      | 2004         | 2005         | 2006         | 2007         |
| <b><u>Water Pumped vs. Water Sold: (in million gallons)</u></b>  |                           |              |              |              |              |
| Pumped   | 2,521.7                   | 2,389.0      | 2,324.3      | 2,399.6      | 2,388.2      |
| Sold   | 2,203.7                   | 2,018.2      | 1,973.6      | 2,002.6      | 1,982.2      |
| Sold as a % of Pumped  | 87.39%                    | 84.48%       | 84.91%       | 83.46%       | 83.00%       |
| <b><u>Number of Customers:</u></b>   |                           |              |              |              |              |
| Residential  | 12,573                    | 12,545       | 12,521       | 13,172       | 13,234       |
| Commercial   | 1,771                     | 1,814        | 1,814        | 1,948        | 2,065        |
| Industrial   | 202                       | 191          | 189          | 204          | 210          |
| Total  | 14,546                    | 14,550       | 14,524       | 15,324       | 15,509       |
| <b><u>Percent of Water Consumption by Category:</u></b>  |                           |              |              |              |              |
| Residential  | 37.23%                    | 39.76%       | 36.66%       | 36.82%       | 36.25%       |
| Commercial   | 38.15%                    | 40.54%       | 42.33%       | 41.31%       | 38.44%       |
| Industrial   | 24.62%                    | 19.70%       | 21.01%       | 21.87%       | 25.31%       |
| Total  | 100.00%                   | 100.00%      | 100.00%      | 100.00%      | 100.00%      |
| <b><u>History of Water Rates</u></b><br><i>(average consumption - 22 HCF / average 5/8 inch meter)</i> |                           |              |              |              |              |
| Metered per quarter  | \$ 54.90                  | \$ 56.37     | \$ 57.85     | \$ 57.85     | \$ 57.85     |
| % Change (in average consumption)  | 2.96%                     | 2.68%        | 2.63%        | 0.00%        | 0.00%        |
| <b><u>Water Supply System Annual Revenues:</u></b>   |                           |              |              |              |              |
| Metered revenue  | \$ 5,806,234              | \$ 5,900,474 | \$ 6,018,706 | \$ 6,058,562 | \$ 5,973,946 |
| % Increase (Decrease)  | 5.68%                     | 1.62%        | 2.00%        | 0.66%        | -1.40%       |
| <b><u>Water Supply System Revenues By User Class:</u></b>  |                           |              |              |              |              |
| Residential  | \$ 2,813,808              | \$ 2,993,171 | \$ 2,967,222 | \$ 2,879,595 | \$ 2,883,727 |
| Commercial   | 2,202,976                 | 2,224,591    | 2,365,953    | 2,444,043    | 2,328,429    |
| Industrial   | 789,450                   | 682,712      | 685,531      | 716,448      | 761,790      |
| Sewer - Billing & Collection Charges   | 180,828                   | 197,516      | 196,936      | 192,184      | 204,129      |
| Total  | \$ 5,987,062              | \$ 6,097,990 | \$ 6,215,642 | \$ 6,232,270 | \$ 6,178,075 |
| <b><u>Water Supply Revenues By User Class as a % of Total Revenues:</u></b>                            |                           |              |              |              |              |
| Residential  | 47.00%                    | 49.08%       | 47.74%       | 46.20%       | 46.68%       |
| Commercial   | 36.80%                    | 36.48%       | 38.06%       | 39.22%       | 37.69%       |
| Industrial   | 13.19%                    | 11.20%       | 11.03%       | 11.50%       | 12.33%       |
| Sewer - Billing & Collection Charges   | 3.01%                     | 3.24%        | 3.17%        | 3.08%        | 3.30%        |
| Total  | 100.00%                   | 100.00%      | 100.00%      | 100.00%      | 100.00%      |

Source: City Water Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Water Supply System**  
**Ten Largest Water Customers - By Usage**  
**For the Fiscal Year Ended June 30, 2007**

Schedule 23  
UNAUDITED

| <u>Customer</u>              | <u>(1)</u><br><u>Usage</u> | <u>(2)</u><br><u>% of</u><br><u>Total</u> | <u>Revenue</u> | <u>(3)</u><br><u>% of</u><br><u>Total</u> |
|------------------------------|----------------------------|---|----------------|---|
| Kinder Morgan Energy         | 283,600                    | 10.70%                                    | \$ 222,542     | 3.60%                                     |
| Foote Hospital, Inc.         | 81,060                     | 3.06%                                     | 76,980         | 1.25%                                     |
| Elm Plating                  | 50,547                     | 1.91%                                     | 59,247         | 0.96%                                     |
| ** Eaton Aeroquip Corp.      | 47,925                     | 1.81%                                     | 60,773         | 0.98%                                     |
| Wolverine Technologies       | 42,520                     | 1.60%                                     | 42,163         | 0.68%                                     |
| ** Consumers Energy          | 36,407                     | 1.37%                                     | 57,205         | 0.93%                                     |
| * Kaneka Texas Corp.         | 32,114                     | 1.21%                                     | 39,351         | 0.64%                                     |
| Jackson Tumble Finish        | 28,843                     | 1.09%                                     | 32,108         | 0.52%                                     |
| Industrial Steel Treating    | 28,166                     | 1.06%                                     | 35,121         | 0.57%                                     |
| Commonwealth Commerce Center | 26,905                     | 1.02%                                     | 31,172         | 0.50%                                     |

(1) Unit = Hundred Cubic Feet (HCF)

(2) Based on June 30, 2007 total water consumption of 2,649,978 HCF.

(3) Based on June 30, 2007 Water Supply System Revenues By User Class (Schedule 22) of \$ 6,178,075.

\* Located outside of City limits.

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

Source: City Water Department

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

Schedule 24  
 UNAUDITED

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| <b>Year of Transfer<br/>To Ad Valorem<br/>Tax Roll</b> | <b>(1)<br/>I.F.T.<br/>S.E.V.<br/>Amount</b> |
|--|---|
| 2008   | \$ 3,093,350                                |
| 2009   | 1,315,250                                   |
| 2010   | 2,390,200                                   |
| 2011   | 938,450                                     |
| 2012   | 2,230,050                                   |
| 2013   | 689,250                                     |
| 2014   | 1,832,700                                   |
| 2015   | 110,600                                     |
| 2016   | 3,244,400                                   |
| 2017   | 3,196,300                                   |
| 2018   | 1,166,750                                   |
|  | <u>\$ 20,207,300</u>                        |

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

Source: City Assessor Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**

Schedule 25  
**UNAUDITED**

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

**Downtown Development Authority Bonds**

| Fiscal Year | Tax Increment Revenues | Debt Service | (1)<br>Capitalized Interest | (2)<br>DDA Budgetary Commitments | Excess Tax Increment Revenues | Debt Service Coverage |
|-------------|------------------------|--------------|-----------------------------|----------------------------------|-------------------------------|-----------------------|
| 2002        | \$ 139,394             | \$ 562,866   | \$ 562,866                  | \$ 26,922                        | \$ 112,472                    | -                     |
| 2003        | 250,603                | 477,905      | 477,905                     | 27,595                           | 223,008                       | -                     |
| 2004        | 847,306                | 672,905      | -                           | 28,285                           | 146,116                       | 1.26                  |
| 2005        | 869,006                | 746,790      | -                           | 28,992                           | 93,224                        | 1.16                  |
| 2006        | 872,740                | 815,790      | -                           | 29,717                           | 27,233                        | 1.07                  |
| 2007        | 972,179                | 891,945      | -                           | 30,460                           | 49,774                        | 1.09                  |

(1) Capitalized interest was used to pay debt service in both fiscal year 2002 and 2003.

(2) DDA budgetary commitments were existing prior to the sale of the Bonds and are subordinate to the Bonds.

**Brownfield Redevelopment Authority Bonds**

| Fiscal Year | Tax Increment Revenues (2) | Debt Service | (3)<br>Capitalized Interest | Excess Tax Increment Revenues | Debt Service Coverage |
|-------------|----------------------------|--------------|-----------------------------|-------------------------------|-----------------------|
| 2002        | \$ -                       | \$ -         | \$ -                        | \$ -                          | -                     |
| 2003        | 119,689                    | 1,087,889    | 1,087,889                   | 119,689                       | -                     |
| 2004        | 845,825                    | 955,220      | 955,220                     | 845,825                       | -                     |
| 2005        | 1,063,299                  | 955,721      | 79,602                      | 107,578                       | -                     |
| 2006        | 1,074,376                  | 955,469      | -                           | 118,907                       | 1.12                  |
| 2007        | 1,113,451                  | 980,470      | -                           | 132,981                       | 1.14                  |

(1) The Bonds were sold in March, 2002; there was no debt service in fiscal year 2002.

(2) Includes only those amounts captured for the Bonds.

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

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Gas & Weight Tax Revenues, Maximum Annual Debt Service and**  
**Historical Debt Service Coverage**

Schedule 26  
**UNAUDITED**

| <u>Fiscal<br/>Year</u> | <u>Gas &amp;<br/>Weight Tax<br/>Revenues</u> | <u>(1)<br/>Maximum<br/>Annual<br/>Debt Service</u> | <u>Historical<br/>Debt Service<br/>Coverage</u> |
|------------------------|--|--|---|
| 1998                   | \$ 2,300,293                                 | \$ 350,721   | 6.56  |
| 1999                   | 2,409,138                                    | 350,721  | 6.87  |
| 2000                   | 2,527,133                                    | 350,721  | 7.21  |
| 2001                   | 2,515,255                                    | 350,721  | 7.17  |
| 2002                   | 2,494,306                                    | 350,721  | 7.11  |
| 2003                   | 2,509,073                                    | 350,721  | 7.15  |
| 2004                   | 2,561,830                                    | 350,721  | 7.30  |
| 2005                   | 2,604,990                                    | 284,480  | 9.16  |
| 2006                   | 2,569,413                                    | 284,480  | 9.03  |
| 2007                   | 2,538,724                                    | 284,480  | 8.92  |

(1) Includes maximum debt service on all debt payable from Major and Local Street Funds.

**INFORMATION ON SINGLE AUDIT**

**(Compliance Section)**

**City of Jackson, Michigan**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title   | Grant/<br>Agreement/<br>Account Number | Federal<br>CFDA<br>Number | Accrued (Deferred)<br>Revenue<br>July 1, 2006 | Current Year<br>Expenditures | Current Year<br>Receipts<br>(Cash Basis) | Accrued (Deferred)<br>Revenue<br>June 30, 2007 |
|--|--|---------------------------|---|------------------------------|--|--|
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>   |  |                           |   |                              |  |  |
| Direct Programs:   |  |                           |   |                              |  |  |
| Community Development Block Grant-Entitlement  | B03MC260021                            | 14.218                    | \$ -  | 34,136                       | \$ -                                     | -  |
| Community Development Block Grant-Entitlement  | B04MC260021                            | 14.218                    | -   | 890,337                      | -  | -  |
| Community Development Block Grant-Entitlement  | B05MC260021                            | 14.218                    | (12,855)                                      | 353,981                      | 341,126                                  | -  |
| Community Development Block Grant-Entitlement  | B06MC260021                            | 14.218                    | -   | 638,438                      | 465,414                                  | 173,024  |
| Home Investment Partnership Programs   | M98MC260214                            | 14.239                    | -   | 23,377                       | -  | -  |
| Home Investment Partnership Programs   | M99MC260214                            | 14.239                    | -   | 152,736                      | -  | -  |
| Home Investment Partnership Programs   | M00MC260214                            | 14.239                    | (83,414)                                      | 105,294                      | 40,769                                   | (18,889)                                       |
| Lead Based Paint Hazard Prevention   | MILHB0286-04                           | 14.900                    | -   | 162,452                      | -  | 369  |
| Total U.S. Department of Housing and Urban Development   |  |                           | (96,269)                                      | 2,361,120                    | 2,110,347                                | 154,504  |
| <b>U.S. DEPARTMENT OF THE INTERIOR:</b>  |  |                           |   |                              |  |  |
| Passed-Through Michigan Department of History, Arts and Libraries:                                     |  |                           |   |                              |  |  |
| Historic Preservation - Michigan Theatre Rehabilitation  |  | 15.904                    | -   | 25,000                       | 25,000                                   | -  |
| <b>U.S. DEPARTMENT OF JUSTICE:</b>   |  |                           |   |                              |  |  |
| Passed-Through Michigan Department of Human Services:<br>Administered by United Way of Jackson County: |  |                           |   |                              |  |  |
| Juvenile Justice and Delinquency Prevention  |  | 16.540                    | -   | 75,787                       | 75,787                                   | -  |
| Passed-Through Michigan Community Health Department:   |  |                           |   |                              |  |  |
| Byrne Formula grant-LAWNET Enhancement Project   |  | 16.580                    | 12,005  | 15,585                       | 27,590                                   | -  |
| Byrne Formula grant-LAWNET Enhancement Project   |  | 16.580                    | -   | 49,726                       | 32,446                                   | 17,280   |
| Direct Program:  |  |                           |   |                              |  |  |
| Bulletproof Vest Partnership   |  | 16.607                    | 2,722   | 2,958                        | 4,313                                    | 1,367  |
| Byrne Justice Assistance Grant-Communications Equipment  |  | 16.738                    | 66,896  | 28,426                       | 66,896                                   | 28,426   |
| Total U.S. Department of Justice   |  |                           | 81,623  | 172,482                      | 207,032                                  | 47,073   |

**City of Jackson, Michigan**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                  | Grant/<br>Agreement/<br>Account Number | Federal<br>CFDA<br>Number | Accrued (Deferred)<br>Revenue<br>July 1, 2006 | Current Year<br>Expenditures | Current Year<br>Receipts<br>(Cash Basis) | Accrued (Deferred)<br>Revenue<br>June 30, 2007 |
|---|--|---------------------------|---|------------------------------|--|--|
| <b>U.S. DEPARTMENT OF TRANSPORTATION:</b>                                   |  |                           |   |                              |  |  |
| Passed-Through Jackson Traffic Safety Program:                              |  |                           |   |                              |  |  |
| Occupant Protection - Drive Michigan Safety                                 |  | 20.602                    | \$ 2,672                                      | \$ 3,861                     | \$ 6,533                                 | -  |
| Occupant Protection - Drive Michigan Safety                                 |  | 20.602                    | -   | 4,038                        | 1,722                                    | 2,316  |
| Total U.S. Department of Transportation                                     |  |                           | 2,672   | 7,899                        | 8,255                                    | 2,316  |
| <b>ENVIRONMENTAL PROTECTION AGENCY:</b>                                     |  |                           |   |                              |  |  |
| Direct Program:   |  |                           |   |                              |  |  |
| Brownfield Assessment   |  | 66.818                    | 5,580   | 110,106                      | 95,075                                   | 20,611   |
| Total Environmental Protection Agency                                       |  |                           | 5,580   | 110,106                      | 95,075                                   | 20,611   |
| <b>TOTAL FEDERAL ASSISTANCE-</b>  |  |                           | <b>\$ (6,394)</b>                             | <b>\$ 2,676,607</b>          | <b>\$ 2,445,709</b>                      | <b>\$ 224,504</b>                              |
| <b>Reconciliation to Financial Statements:</b>                              |  |                           |   |                              |  |  |
| Current year expenditures-SEFA, per above                                   |  |                           | \$  | 2,676,607                    |  |  |
| Federal Highway Funds Administered by Michigan Department of Transportation |  |                           |   | 2,254,607                    |  |  |
| <b>Federal Revenue per Financial Statements</b>                             |  |                           | <b>\$</b>                                     | <b>4,931,214</b>             |  |  |

## City of Jackson, Michigan

### Note to Schedule Of Expenditures of Federal Awards

For the Year Ended June 30, 2007

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**Note 1      Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jackson, Michigan, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2      Outstanding loans**

The City has a HUD Section 108 loan with an outstanding balance of \$895,000 at June 30, 2007.

**Note 3      Subrecipients**

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

| <u>Program Title</u> | <u>Federal CFDA<br/>Number</u> | <u>Amount Provided<br/>to Subrecipients</u> |
|----------------------|--------------------------------|---|
| HOME                 | 14.239                         | \$209,000                                   |



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

December 11, 2007

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the *City of Jackson*, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Jackson's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

### **Compliance and other Matters**

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

We noted certain matters that we reported to management of the City of Jackson, in a separate letter dated December 11, 2007.

This report is intended solely for the information and use of the audit committee, the governing board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lehmann Johnson". The signature is written in black ink and is positioned on the right side of the page.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

December 11, 2007

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

**Compliance**

We have audited the compliance of the *City of Jackson* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 11, 2007. The City of Jackson's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Jackson's management. Our responsibility is to express an opinion on the City of Jackson's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jackson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Jackson's compliance with those requirements.

In our opinion, the City of Jackson complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

**Internal Control Over Compliance**

The management of the City of Jackson is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Jackson’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson’s internal control over compliance.

A control deficiency in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Jackson’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Jackson’s internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



# City of Jackson

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2007

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

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

Significant deficiency(ies) identified  
not considered to be material weaknesses?

\_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements  
noted?

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

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

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

Significant deficiency(ies) identified  
not considered to be material weaknesses?

\_\_\_\_\_ yes  X  none reported

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

Unqualified

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

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

# City of Jackson

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2007

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.218                | Community Development Block Grant         |

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

Auditee qualified as low-risk auditee?      \_\_\_ yes  X  no

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

### SECTION IV – PRIOR YEAR FINDINGS

#### 2006-1 Community Development Block Grant (CDBG) – Accounting and Reporting

The Community Development Department has implemented procedures to provide a reconciliation of the amounts reported on financial status reports to the underlying financial accounting system records. The procedures include reconciliations of entitlement revenue, program revenue and expenditures.

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