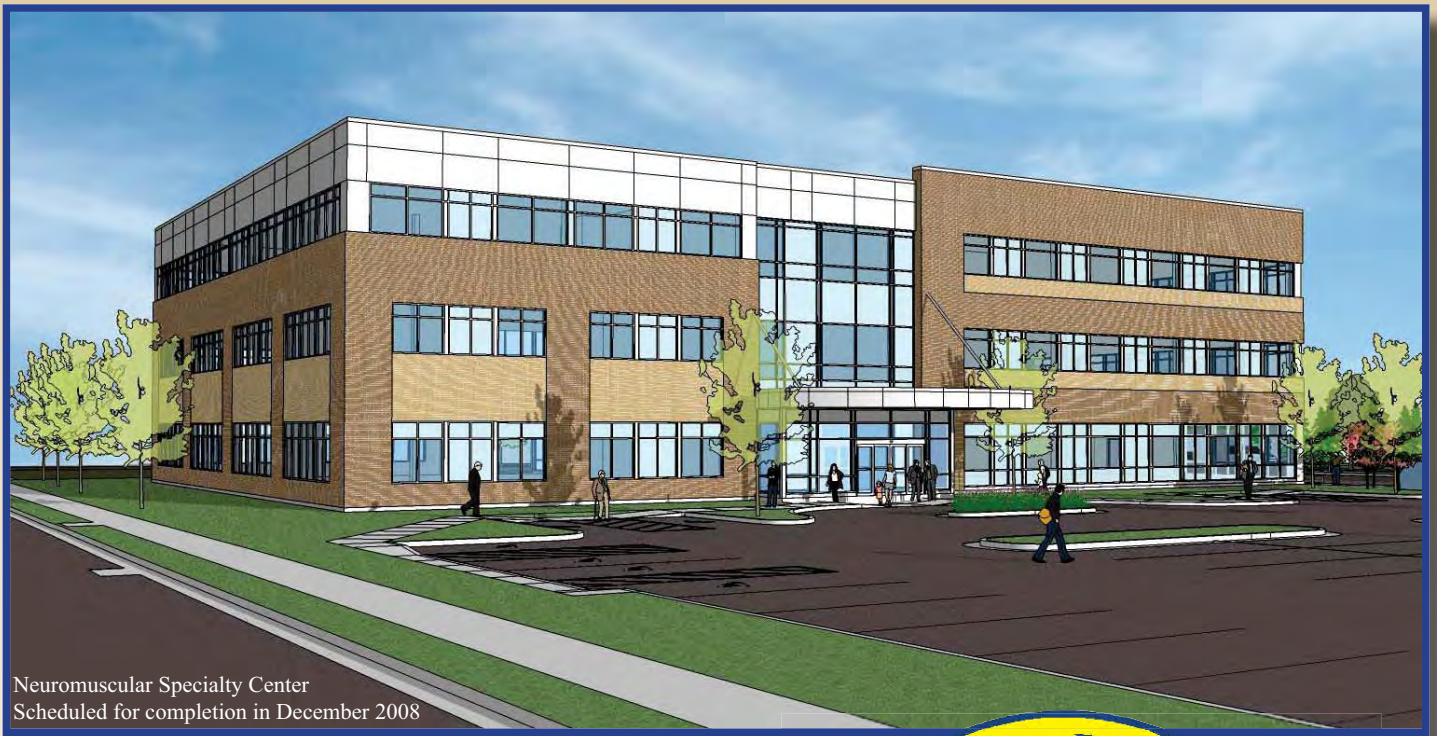


CITY OF JACKSON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008



Neuromuscular Specialty Center
Scheduled for completion in December 2008

2008



CITY OF JACKSON, MICHIGAN

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2008

**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, 2008

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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION



CITY MANAGER

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

November 24, 2008

**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, 2008.

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, P.C., 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, 2008 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, 2008 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 2007 and into 2008 despite the overall sluggishness of the State's economy. Overall successes show that the area created 367 new jobs, retained 987 jobs and made \$34 million in new investment. Within the City, EPA Brownfield funds continue to be used to assist businesses expand. In addition to receiving the second of two EPA assessment grants – both for \$400,000 - the City was recently awarded a \$1 million revolving loan fund by the EPA that will be utilized in the coming months to further assist business in the cost of cleanup activities for environmentally contaminated properties that would otherwise be left undeveloped.

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

Long-term financial planning. The City's ad valorem taxable value has grown 1.9% annually, on average, since fiscal year 2005 to over \$768 million, while state equalized values (50% of estimated true market values) have shown smaller gains, increasing only .91% on average, in the same time frame, to \$936 million. Market values, especially in the residential sector, can be expected to show minimal gains, and even slight losses, in the future as the housing markets continue to suffer from the nation-wide mortgage crisis.

There are several important economic development projects that are either under construction or in the final approval stage that will have a major impact on the economy of the community.

The Armory Arts project opened in 2008 with 62 apartments, studio space for artists, display areas and national recognition. The second phase of the project is applying to the State of Michigan for funding assistance to create additional housing and retail space beginning in the summer of 2009. The first phase of the Armory Arts project attracted artists to Jackson from all over the United States.

Allegiance Health Service (formerly Foote Hospital) is constructing a neuromuscular specialty center on its campus (see cover). The new building will be three stories in height and about 60,000 square feet in area. The cost of the facility is estimated at \$20,000,000. The project is a partnership between Allegiance Health Service and Frauenshuh Healthcare Real Estate Services. The building will house rehabilitation, lab and diagnostic services as well as offices for numerous medical specialists.

The City and a private developer entered into a development agreement for the redevelopment of the Hayes Hotel that is currently owned by the City. The developer plans to create a multi-tenant, multi-use building that would include retail, office, research and development and living space. The renovation work on the building is planned to start early in 2009 with the first occupants moving in late in 2009.

Production Engineering moved its operation from Summit Township into the City of Jackson in 2008. Production Engineering purchased the former Goodyear Tire warehouse and is completing renovation of the building for manufacturing use. Production Engineering has 112 current employees and is committed to an expansion of employment of an additional 68 employees by 2013.

Great Lakes Home Health Services is planning an expansion of its existing facility with an estimated cost of \$5,000,000. Great Lakes also sold a portion of its property to allow the construction of a new medical building that will open in early 2009 at a cost of \$1,800,000.

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, the State's 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 and also self- insures the deductible portion of certain health insurance providers as well as prescription coverage.

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, 2007, the date of the latest actuary reports, in funding 89.9 percent, 54.8 percent and 58.8 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 postretirement health care benefits for retirees and their dependents. As of the end of the current fiscal year, there were approximately 106 retired employees who have not reached age 65 receiving these benefits, which are funded as incurred. GAAP does 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-D in the notes to the financial statements.

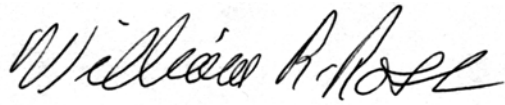
Awards and Acknowledgements

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, 2007. This was the seventeenth 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.

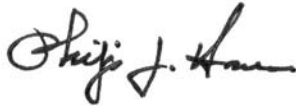
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, reading "William R. Ross". The signature is written in a cursive style with a large, stylized "W" and "R".

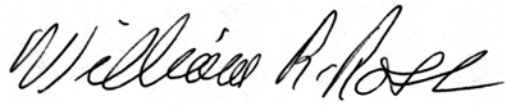
William R. Ross, City Manager

A handwritten signature in black ink, reading "Philip J. Hones". The signature is written in a cursive style with a large, stylized "P" and "H".

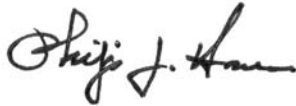
Philip J. Hones, City Finance Director

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Respectfully submitted,

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William R. Ross, City Manager

A handwritten signature in black ink, reading "Philip J. Hones". The signature is written in a cursive style with a large, stylized "P" and "H".

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, 2007

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.



Charles S. Cox

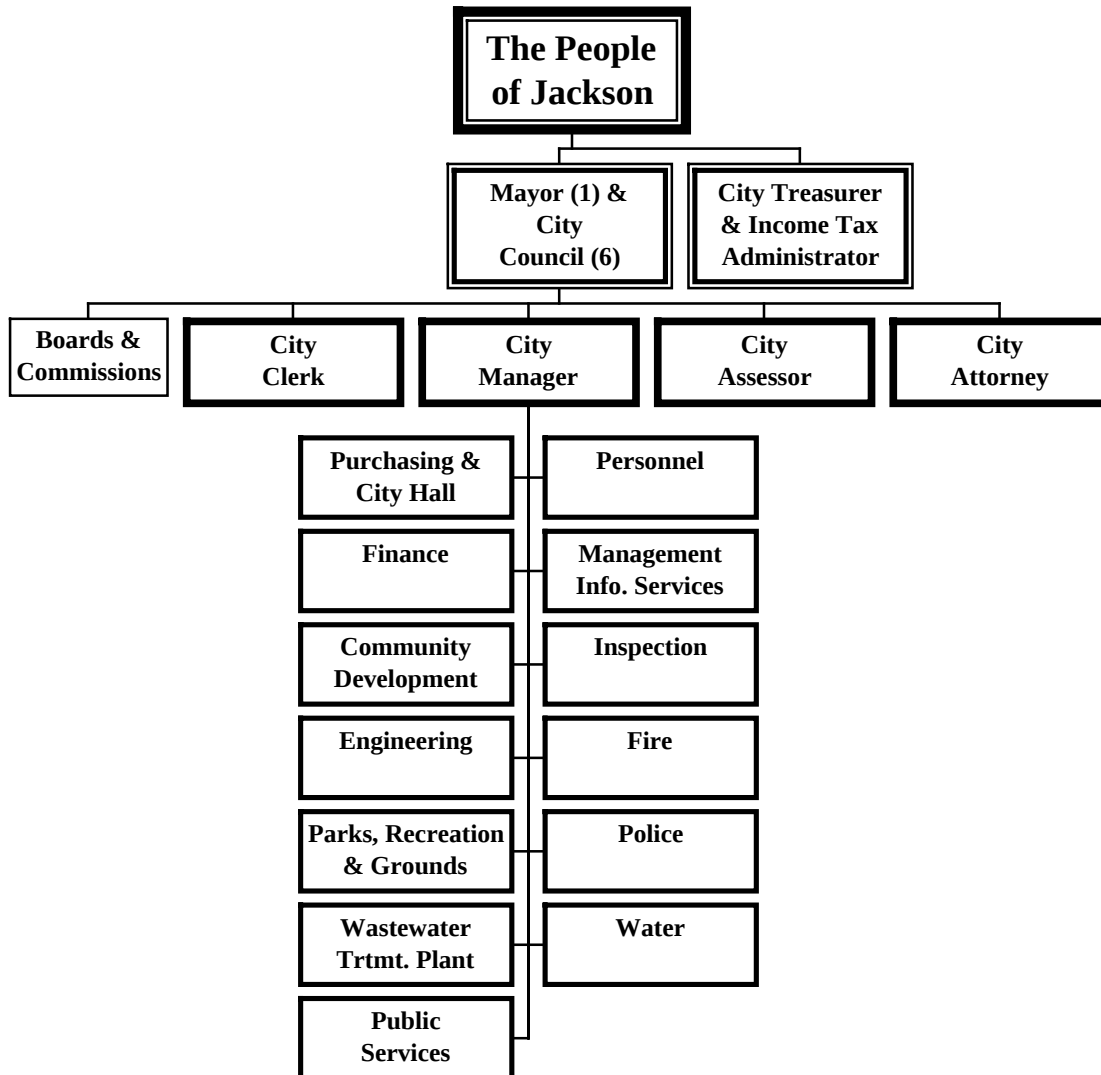
President

Jeffrey R. Enen

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
Robert B. Howe
Daniel P. Greer
Kenneth E. Gaiser
Andrew R. Frounfelker
John R. Polaczyk

1st Ward
2nd Ward
3rd Ward
4th Ward
5th Ward
6th Ward

CITY OFFICIALS

William R. Ross, City Manager

Catherine M. Brechtelsbauer
Larry Bosell
Glenn Chinavare
Jon Dowling
Lynn Fessel
Julius Giglio
Philip J. Hones
Carol Konieczki
C. Jan Markowski
James Parrott
Matthew Heins
Paul Vermaaten
Andrew J. Wrozek, Jr.

Director of Personnel
Fire Chief
Director of Public Services
City Engineer
City Clerk
City Attorney
Finance Director
Community Development Director
City Assessor
Director of Parks, Recreation & Grounds
Police Chief
Director of Sewage Treatment Services & Facilities
City Treasurer/Income Tax Administrator

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

November 24, 2008

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, 2008, 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, 2008, 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 November 24, 2008, 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 fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

As management of the **City of Jackson, Michigan**, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. 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 \$108,866,651 (*net assets*). Of this amount, \$21,517,730 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,359,958.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,399,327, a decrease of \$643,345 in comparison with the prior year. Approximately 59% of this total amount, or \$4,903,617, 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 \$2,078,521, or 8.8 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$885,000 during the current fiscal year; the City refunded \$9,185,000 in existing Brownfield Redevelopment Authority Bonds by issuing \$9,905,000 in new Brownfield Redevelopment Authority Refunding Bonds, increasing the overall bonded debt by \$ 720,000. Existing debt totaling \$1,605,000 was retired.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 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 35 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 and Special Assessment Capital Projects funds, each of which are considered to be major funds. Data from the other 32 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 18-24 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses three major enterprise funds to account for its sanitary sewer, water purification and distribution and parking deck operations while the operations of the City's golf practice center 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 and health care deductible self-insurance programs, the motor pool and garage operations, public works and engineering administration and for the Brownfield Redevelopment Authority's local site remediation activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. All of the City's internal service funds have individual fund data provided in the form of *combining statements* elsewhere in this report.

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

The basic proprietary fund financial statements can be found on pages 25-27 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 28-29 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 30-58 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 59-61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62-111 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 \$108,866,651 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (73 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 of Jackson's Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 16,224,914	\$ 18,721,707	\$ 19,252,840	\$ 18,930,896	\$ 35,477,754	\$ 37,652,603
Capital assets	72,014,919	72,885,451	58,318,398	57,479,620	130,333,317	130,365,071
Total assets	88,239,833	91,607,158	77,571,238	76,410,516	165,811,071	168,017,674
Long-term liabilities outstanding	49,917,087	51,108,489	3,359,421	3,865,687	53,276,508	54,974,176
Other liabilities	2,440,044	4,665,768	1,227,868	871,037	3,667,912	5,536,805
Total liabilities	52,357,131	55,774,257	4,587,289	4,736,724	56,944,420	60,510,981
Net assets:						
Invested in capital assets, net						
of related debt	24,422,805	23,412,904	55,288,398	53,809,620	79,711,203	77,222,524
Restricted	6,190,709	5,261,929	1,447,009	1,447,009	7,637,718	6,708,938
Unrestricted	5,269,188	7,158,068	16,248,542	16,417,163	21,517,730	23,575,231
Total net assets	\$ 35,882,702	\$ 35,832,901	\$ 72,983,949	\$ 71,673,792	\$ 108,866,651	\$ 107,506,693

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 \$1,359,958 during the current fiscal year. The majority of this growth largely reflects the degree to which ongoing revenues exceeded ongoing expenses, specifically in the business-type activities, which accounted for 96% of this increase.

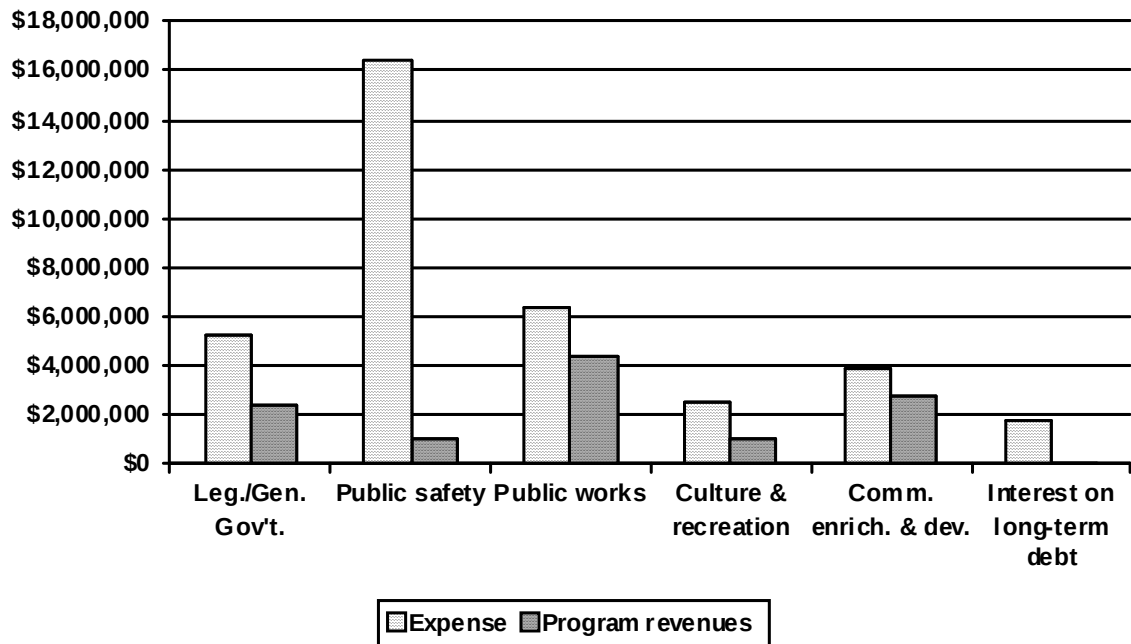
City of Jackson's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue:						
Program revenue:						
Charges for services	\$ 4,576,960	\$ 4,928,945	\$ 11,987,813	\$ 12,004,796	\$ 16,564,773	\$ 16,933,741
Operating grants and contributions	5,954,457	5,929,661	-	-	5,954,457	5,929,661
Capital grants and contributions	1,119,751	2,591,674	-	-	1,119,751	2,591,674
General revenue:						
Property taxes	10,710,438	11,062,066	-	-	10,710,438	11,062,066
Income taxes	7,946,837	7,822,180	-	-	7,946,837	7,822,180
Grants and contributions not restricted to specific programs	5,390,450	5,538,943	527,454	268,077	5,917,904	5,807,020
Other	613,778	626,456	781,190	703,383	1,394,968	1,329,839
Total revenue	36,312,671	38,499,925	13,296,457	12,976,256	49,609,128	51,476,181
Expenses:						
Legislative	100,856	79,944	-	-	100,856	79,944
General government	5,106,778	5,227,643	-	-	5,106,778	5,227,643
Public safety	16,474,297	16,865,859	-	-	16,474,297	16,865,859
Public works	6,363,857	6,112,674	-	-	6,363,857	6,112,674
Culture and recreation	2,484,262	2,746,767	-	-	2,484,262	2,746,767
Community enrichment	3,836,177	3,951,962	-	-	3,836,177	3,951,962
Interest on long-term debt	1,767,307	1,995,657	-	-	1,767,307	1,995,657
Sewer	-	-	5,405,194	5,257,605	5,405,194	5,257,605
Water	-	-	5,896,097	5,448,272	5,896,097	5,448,272
Parking system	-	-	743,253	627,579	743,253	627,579
Golf practice center	-	-	71,092	68,705	71,092	68,705
Total expenses	36,133,534	36,980,506	12,115,636	11,402,161	48,249,170	48,382,667
Increase in net assets before transfers	179,137	1,519,419	1,180,821	1,574,095	1,359,958	3,093,514
Transfers	(129,336)	(123,126)	129,336	123,126	-	-
Increase in net assets	49,801	1,396,293	1,310,157	1,697,221	1,359,958	3,093,514
Net assets, beginning of year	35,832,901	34,436,608	71,673,792	69,976,571	107,506,693	104,413,179
Net assets, end of year	\$ 35,882,702	\$ 35,832,901	\$ 72,983,949	\$ 71,673,792	\$ 108,866,651	\$ 107,506,693

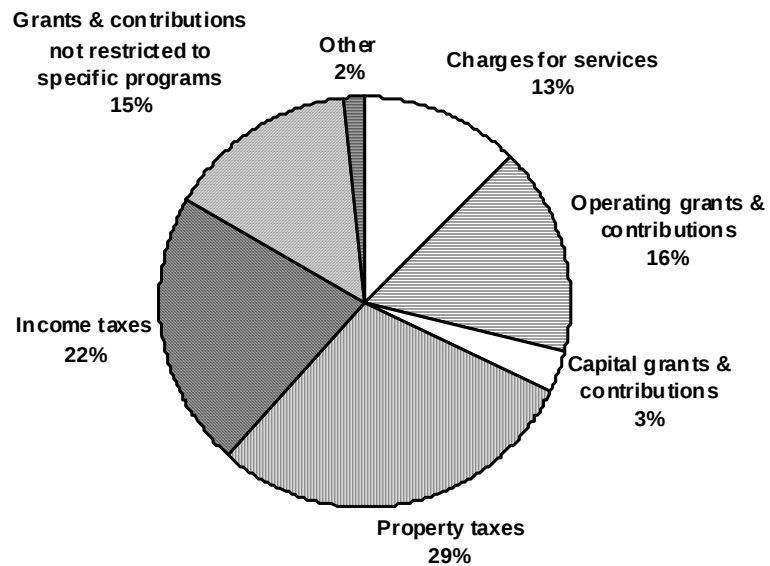
Governmental activities. Governmental activities increased the City's net assets by \$49,801 during fiscal year 2008. This increase is substantially lower than the previous fiscal year's increase as overall revenues decreased at a rate greater than expenditures. Key elements of this increase are as follows:

- Charges for services decreased \$351,985 (8%) with declines occurring in the building inspection department as a result of the downturn in construction activity as well as charges for recreation activities reflecting an overall decline in participation in softball and senior citizen activities.
- Capital grants and contributions declined nearly \$1.5 million largely reflective of decreases in federal highway grant funds utilized in the major streets special revenue fund.
- Property taxes decreased over \$350,000 from the prior fiscal year, largely the combination of the following factors:
 - An increase of approximately \$169,000 in the City's Act 345 police and fire pension tax levy, as required by the City's actuary; and
 - The cessation of the additional levy of approximately \$566,000 in the City's Renaissance Zones for the Act 345 levy; this levy had been directed by the State Treasury and has been successfully challenged in court. This City levied this amount over that amount needed to fund the pension system for fiscal year 2007 in anticipation of the State Treasury's directive being overturned by the Michigan Tax Tribunal and has refunded this additional levy as directed.
- Income taxes increased only 1.6% following a fiscal year (2007) that saw a nearly 8% increase. This decline in growth is viewed as symbolic of the State's economic trend as a whole; however, the City is optimistic that income tax will again rise at a healthy rate with recent news of jobs growth within the City that should occur during the next few years.
- Other revenue and expenditure categories reflected smaller total changes from the prior fiscal year and were due to a wider variety of factors.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

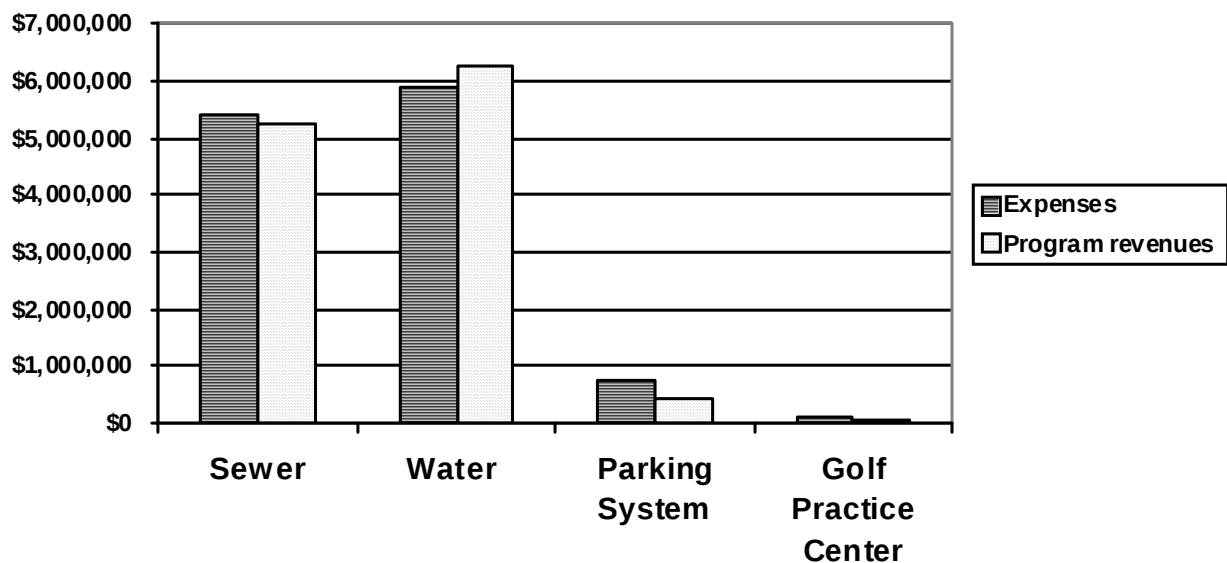


Business-type activities. Business-type activities increased the City's net assets by \$1,310,157, comprising, as indicated previously, 96 % of the total increase in net assets of \$1,359,958.

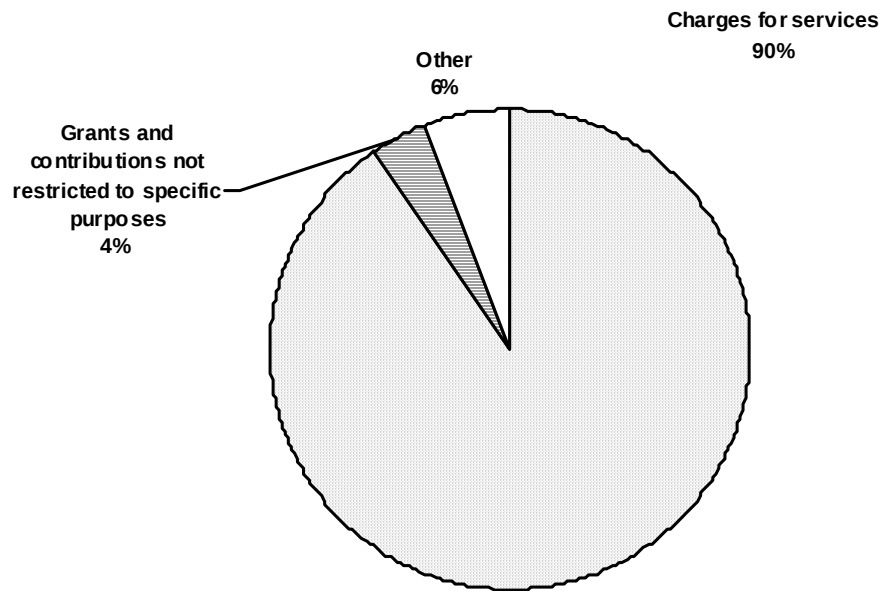
Key elements of this increase are as follows:

- During the fiscal year sewer rates were increased an average of 7% while there were no water rate increases. Sewer fund charges for services decreased over \$195,000 (3.6%) from the previous fiscal year due largely to decreases in concentration/strength of the billable flow treated, which is somewhat attributable to the wetter weather experienced in the area in comparison with the prior fiscal year.
- Water rates remained unchanged from the prior fiscal year; however, charges for services increased 2.4% largely as a result of increased water usage associated with the recent contract with the State of Michigan.
- Other income, which represents revenues not related to investment income or charges for services, increased nearly \$203,000 as a result of a state grant utilized for the well abandonment project.

Expenses and Program Revenues - Business-type Activities



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 \$8,399,327, a decrease of \$643,345 in comparison with the prior year. Approximately 59% of this total amount, or \$4,903,617, 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: to generate income for cemetery perpetual care and endowments related to Ella Sharp Park and facilities (\$2,675,408); for residential property rehabilitation programs (\$306,382); for funds advanced on a long term basis (\$220,000); and for inventory and prepaid expenditures (\$91,984 and \$202,026, 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 \$2,078,521, while total fund balance was \$2,457,734. 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 8.8 percent of total general fund expenditures while total fund balance represents 10.4 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$511,199 during the current fiscal year. Decreases in property tax and intergovernmental revenues were somewhat offset by decreases in certain expenditure categories, namely general government and public safety. The decline in property taxes has been explained in a previous section regarding governmental activities while the decline in intergovernmental revenues reflects the reduction in sales tax distributions received from the State of Michigan.

The community development block grant special revenue fund had a small increase of \$55,802 in fund balance for the current year resulting in an ending total of \$306,382. This entire ending fund balance is reserved for the City's residential property rehabilitation programs.

The special assessment capital projects fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, increased the amount of its fund deficit by \$67,559. This fund, which has a deficit by its nature, recorded \$535,540 in new assessment rolls receivable during the fiscal year while receiving collections on those receivables totaling \$467,981.

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 and water funds at the end of the year amounted to \$8,481,790 and \$6,678,621, respectively. The sewage fund had an increase in net assets for the year of \$361,015, whereas the water fund had an increase of \$1,125,844. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues were largely attributable to the unexpected decrease in income taxes over that projected. Income tax revenues fell short of projections by \$ 378,163, or 4.5%. Most of this decrease had occurred in the final quarter of the fiscal year and appears to be largely associated with a larger number of tax refunds than anticipated. This unfavorable variance was further increased by the decline in intergovernmental revenues - the majority of which represents sales tax distribution from the State of Michigan, as indicated previously - as well as the anticipation of the collection of \$ 140,000 in fees related to an urban cooperation agreement to provide sewer services with a neighboring township. This latter shortfall is expected to be made up in the current budgetary cycle.

Expenditures were favorable when compared to budget by \$ 340,326. Those general fund activity budgets that were exceeded were, in most instances, due to unanticipated year-end expenditures. The actual decrease in fund balance of \$ 511,199 exceeded the anticipated budgeted decrease of \$143,374 by \$367,285, or 1.6% of expenditures.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounted to \$130,333,317 (net of accumulated depreciation). This investment in capital assets includes land, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net decrease in the City's investment in capital assets for the current fiscal year was \$ 31,754 or .02 percent (a 1.21 percent decrease for governmental activities and a 1.5 percent increase for business type activities).

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

- Infrastructure improvements of approximately \$1.9 million comprised largely of street and bridge construction.
- Various water and sewer improvements totaling approximately \$3.1 million, including construction in progress of \$ 1.42 million for wastewater treatment plant improvements estimated to total \$ 3.2 million at completion.

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

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,440,383	\$ 2,440,383	\$ 8,956,886	\$ 8,956,886	\$ 11,397,269	\$ 11,397,269
Systems	-	-	32,681,070	32,814,906	32,681,070	32,814,906
Land improvements	14,504,218	14,819,482	1,754,294	1,838,394	16,258,512	16,657,876
Infrastructure	35,998,871	36,350,058	-	-	35,998,871	36,350,058
Buildings and improvements	12,421,006	12,686,876	10,807,037	11,079,050	23,228,043	23,765,926
Park and recreation facilities	3,996,027	3,718,375	-	-	3,996,027	3,718,375
Machinery and equipment	2,654,414	2,870,277	2,686,593	2,790,384	5,341,007	5,660,661
Construction in process	-	-	1,432,518	-	1,432,518	-
Total	<u>\$ 72,014,919</u>	<u>\$ 72,885,451</u>	<u>\$ 58,318,398</u>	<u>\$ 57,479,620</u>	<u>\$ 130,333,317</u>	<u>\$ 130,365,071</u>

Additional information on the City's capital assets can be found in note 3-C on pages 44-46 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$49,653,577. Of this amount, \$46,898,577 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 46,898,577	\$ 47,348,577	\$ -	\$ -	\$ 46,898,577	\$ 47,348,577
Revenue bonds	-	-	2,755,000	3,190,000	2,755,000	3,190,000
Total	\$ 46,898,577	\$ 47,348,577	\$ 2,755,000	\$ 3,190,000	\$ 49,653,577	\$ 50,538,577

The City's total bonded debt decreased by \$885,000 (1.8 percent) during the current fiscal year. The City refunded \$9,185,000 in existing Brownfield Redevelopment Authority Bonds by issuing \$9,905,000 in new Brownfield Redevelopment Authority Refunding Bonds, increasing the overall bonded debt by \$720,000. This refunding will save the Brownfield Redevelopment Authority an average of approximately \$39,000 in annual debt service payments over their remaining maturities. Existing bonded debt maturities that were retired during the fiscal year totaled \$1,605,000.

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 \$93,622,301, 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 48-51 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2008/09 fiscal year:

- The unemployment rate for the City is currently 11.6 percent (9/08), which is an increase from a rate of 10.6 percent a year ago (9/07). This compares unfavorably to the state's average unemployment rate of 8.7 percent and the national average rate of 6.1 percent.
- Property tax revenues have decreased 1.0 percent over the prior fiscal year, which is the result of both the allowable inflationary increase in taxable values of 3.7 percent as well as a decline in equalized property values of 2.8 percent.
- Inflationary trends in the region compare favorably to national indices.

During the 2008 fiscal year, unreserved fund balance in the General Fund decreased to approximately \$2.08 million. The City has appropriated approximately \$531,021 of this amount for spending in the 2008/09 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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Assets					
Pooled cash and investments	\$ 6,949,049	\$ 14,988,451	\$ 21,937,500	\$ 2,789,970	\$ 256,822
Pooled cash and investments - restricted	2,700,467	1,447,009	4,147,476	-	-
Receivables, net	5,899,565	2,695,235	8,594,800	-	-
Interfund balances	120,000	(120,000)	-	-	-
Prepays and other assets	555,833	242,145	797,978	-	-
Capital assets not being depreciated	2,440,383	10,389,404	12,829,787	-	-
Capital assets being depreciated, net	69,574,536	47,928,994	117,503,530	-	-
Total assets	88,239,833	77,571,238	165,811,071	2,789,970	256,822
Liabilities					
Accounts payable and accrued liabilities	2,142,004	1,102,868	3,244,872	34	4,315
Accrued interest payable	266,404	-	266,404	-	-
Unearned revenue	31,636	125,000	156,636	-	5,000
Long-term debt:					
Due within one year	2,824,000	400,951	3,224,951	-	-
Due in more than one year	47,093,087	2,958,470	50,051,557	-	-
Total liabilities	52,357,131	4,587,289	56,944,420	34	9,315
Net assets					
Invested in capital assets, net of related debt	24,422,805	55,288,398	79,711,203	-	-
Restricted for:					
Debt service	54,908	1,447,009	1,501,917	-	-
Capital projects	996,594	-	996,594	-	-
Endowments	2,795,408	-	2,795,408	-	-
Budget stabilization	1,603,500	-	1,603,500	-	-
Public improvement and recreation	433,917	-	433,917	-	-
Rehabilitation programs	306,382	-	306,382	-	-
Unrestricted	5,269,188	16,248,542	21,517,730	2,789,936	247,507
Total net assets	\$ 35,882,702	\$ 72,983,949	\$ 108,866,651	\$ 2,789,936	\$ 247,507

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, 2008

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 100,856	\$ -	\$ -	\$ -	\$ (100,856)
General government	5,106,778	2,326,935	42,987	-	(2,736,856)
Public safety	16,474,297	773,441	314,162	-	(15,386,694)
Public works	6,363,857	315,492	2,960,260	1,107,454	(1,980,651)
Culture and recreation	2,484,262	984,996	1,112	-	(1,498,154)
Community enrichment and development	3,836,177	111,096	2,635,936	12,297	(1,076,848)
Interest on long-term debt	1,767,307	65,000	-	-	(1,702,307)
Total governmental activities	36,133,534	4,576,960	5,954,457	1,119,751	(24,482,366)
Business-type activities:					
Sewer	5,405,194	5,256,002	-	-	(149,192)
Water	5,896,097	6,283,110	-	-	387,013
Parking system	743,253	398,192	-	-	(345,061)
Golf practice center	71,092	50,509	-	-	(20,583)
Total business-type activities	12,115,636	11,987,813	-	-	(127,823)
Total primary government	\$ 48,249,170	\$ 16,564,773	\$ 5,954,457	\$ 1,119,751	\$ (24,610,189)
Component units					
Brownfield redevelopment	\$ 1,193,470	\$ -	\$ -	\$ -	\$ (1,193,470)
Downtown development	143,054	34,181	25,000	-	(83,873)
Total component units	\$ 1,336,524	\$ 34,181	\$ 25,000	\$ -	\$ (1,277,343)

continued....

City of Jackson, Michigan
Statement of Activities (Concluded)
For the Fiscal Year Ended June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenue (expense)	\$ (24,482,366)	\$ (127,823)	\$ (24,610,189)	\$ (1,193,470)	\$ (83,873)
General revenues					
Property taxes	10,710,438	-	10,710,438	1,401,398	93,081
Income taxes	7,946,837	-	7,946,837	-	-
Grants and contributions not restricted to specific purposes	5,390,450	527,454	5,917,904	-	6,347
Unrestricted interest earnings	613,778	781,190	1,394,968	104,759	8,307
Transfers - internal activities	<u>(129,336)</u>	<u>129,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>24,532,167</u>	<u>1,437,980</u>	<u>25,970,147</u>	<u>1,506,157</u>	<u>107,735</u>
Change in net assets	49,801	1,310,157	1,359,958	312,687	23,862
Net assets					
Beginning 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>
End of year	<u><u>\$ 35,882,702</u></u>	<u><u>\$ 72,983,949</u></u>	<u><u>\$ 108,866,651</u></u>	<u><u>\$ 2,789,936</u></u>	<u><u>\$ 247,507</u></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, 2008

	<u>General</u>	<u>Community Development Block Grant</u>	<u>Special Assessment Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<u>ASSETS</u>					
Assets					
Pooled cash and investments	\$ 385,100	\$ 290,194	\$ -	\$ 6,126,750	\$ 6,802,044
Accounts receivables, net	161,619	-	-	103,667	265,286
Taxes receivable	1,870,033	-	-	-	1,870,033
Other receivables	-	-	1,019,588	18,879	1,038,467
Due from other governments	651,592	-	-	567,026	1,218,618
Due from other funds	38,790	10	-	7,689	46,489
Interfund receivable	-	-	-	168,343	168,343
Inventories	77,187	-	-	14,707	91,894
Prepaid expenditures	202,026	-	-	-	202,026
Restricted assets - cash and cash equivalents	-	186,055	-	-	186,055
Loans receivable	-	1,291,875	-	-	1,291,875
Long-term advances to other funds	100,000	-	-	120,000	220,000
Total assets	\$ 3,486,347	\$ 1,768,134	\$ 1,019,588	\$ 7,127,061	\$ 13,401,130
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 299,577	\$ 27,807	\$ -	\$ 152,596	\$ 479,980
Accrued payroll	531,443	30,665	-	92,949	655,057
Other liabilities	195,052	-	-	-	195,052
Due to other funds	2,541	-	-	43,948	46,489
Interfund payable	-	-	-	168,343	168,343
Deferred revenue	-	1,303,280	1,019,588	20,231	2,343,099
Long-term advances from other funds	-	100,000	1,013,783	-	1,113,783
Total liabilities	1,028,613	1,461,752	2,033,371	478,067	5,001,803
Fund balances					
Reserved for:					
Residential property rehabilitation programs	-	306,382	-	-	306,382
Inventories	77,187	-	-	14,707	91,894
Prepaid expenditures	202,026	-	-	-	202,026
Perpetual care and endowment	-	-	-	2,675,408	2,675,408
Advances	100,000	-	-	120,000	220,000
Unreserved:					
Designated:					
For subsequent year's expenditures	531,021	-	-	-	531,021
Reported in nonmajor special revenue funds	-	-	-	288,211	288,211
Undesignated (deficit)	1,547,500	-	(1,013,783)	-	533,717
Undesignated, reported in nonmajor :					
Special revenue funds	-	-	-	2,499,166	2,499,166
Debt service funds	-	-	-	54,908	54,908
Capital projects funds	-	-	-	996,594	996,594
Total fund balances (deficit)	2,457,734	306,382	(1,013,783)	6,648,994	8,399,327
Total liabilities and fund balances	\$ 3,486,347	\$ 1,768,134	\$ 1,019,588	\$ 7,127,061	\$ 13,401,130

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, 2008

Fund balances - total governmental funds	\$ 8,399,327
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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	167,481,807
Subtract: accumulated depreciation	(96,768,396)

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	1,291,875
Add: deferred special assessments	1,019,588

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	4,426,079
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.

Add: unamortized bond discount	211,677
Add: unamortized bond issuance costs	215,913
Subtract: bonds, contracts and loans payable	(47,803,791)
Subtract: compensated absences	(2,324,973)
Subtract: accrued interest on long-term liabilities	(266,404)

Net assets of governmental activities	<u><u>\$ 35,882,702</u></u>
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The accompanying notes are an integral part of these financial statements.

City of Jackson, Michigan
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Community Development Block Grant	Special Assessment Capital Projects	Nonmajor Funds	Totals
Revenues					
Property taxes	\$ 7,847,791	\$ -	\$ -	\$ 2,795,088	\$ 10,642,879
Income taxes	7,946,837	-	-	-	7,946,837
Licenses and permits	228,671	-	-	-	228,671
Intergovernmental	5,204,759	1,533,540	-	4,536,371	11,274,670
Charges for services	1,305,095	-	-	2,543,587	3,848,682
Fines and forfeits	221,869	-	-	-	221,869
Special assessments	-	-	467,981	-	467,981
Investment income	307,193	6,960	-	453,773	767,926
Miscellaneous	151,284	203,900	-	430,116	785,300
Total revenues	23,213,499	1,744,400	467,981	10,758,935	36,184,815
Expenditures					
Current:					
Legislative	100,856	-	-	-	100,856
General government	4,687,386	-	-	-	4,687,386
Public safety	15,745,929	481,354	-	717,749	16,945,032
Public works	1,498,147	-	-	4,456,266	5,954,413
Culture and recreation	1,466,462	-	-	1,202,486	2,668,948
Community enrichment and development	198,589	1,207,244	-	1,184,165	2,589,998
Capital outlay	-	-	-	506,321	506,321
Debt service:					
Principal retirement	-	-	-	1,479,000	1,479,000
Interest and fiscal charges	-	-	-	1,773,561	1,773,561
Bond issuance costs	-	-	-	215,913	215,913
Total expenditures	23,697,369	1,688,598	-	11,535,461	36,921,428
Revenues over (under) expenditures	(483,870)	55,802	467,981	(776,526)	(736,613)
Other financing sources (uses)					
Proceeds from sale of capital assets	11,452	-	-	-	11,452
Proceeds from issuance of debt	-	-	-	9,905,000	9,905,000
Discount on bonds	-	-	-	(94,062)	(94,062)
Payment to escrow agent	-	-	-	(9,599,786)	(9,599,786)
Transfers in	319,680	-	-	3,284,399	3,604,079
Transfers out	(358,461)	-	(535,540)	(2,839,414)	(3,733,415)
Total other financing sources (uses)	(27,329)	-	(535,540)	656,137	93,268
Net change in fund balances	(511,199)	55,802	(67,559)	(120,389)	(643,345)
Fund balances (deficit), beginning of year	2,968,933	250,580	(946,224)	6,769,383	9,042,672
Fund balances (deficit), end of year	\$ 2,457,734	\$ 306,382	\$ (1,013,783)	\$ 6,648,994	\$ 8,399,327

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, 2008

Net change in fund balances - total governmental funds \$ (643,345)

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	2,386,046
Subtract: loss on sale of capital assets	(4,370)
Subtract: proceeds from sale of capital assets	(11,452)
Subtract: depreciation expense	(3,290,188)

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	67,559
Subtract: current year loan receivable receipts	(105,750)

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

Add: principal payments on long-term liabilities	1,479,000
Subtract: proceeds from issuance of long-term liabilities	(9,905,000)
Add: bond discount	94,062
Add: bond issuance costs	215,913
Add: payment to refunding bond escrow agent	9,599,786

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	17,122
Subtract: amortization of bond discount	(10,868)
Subtract: increase in the accrual of compensated absences	(194,061)

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	166,048
Add: net operating income from governmental activities accounted for in internal service funds	189,299

Change in net assets of governmental activities	\$ 49,801
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The accompanying notes are an integral part of these financial statements.

City of Jackson, Michigan
Statement of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008				2007 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Property taxes	\$ 8,388,622	\$ 7,851,422	\$ 7,847,791	\$ (3,631)	\$ 8,194,207
Income taxes	7,400,000	8,325,000	7,946,837	(378,163)	7,822,180
Licenses and permits	244,200	235,860	228,671	(7,189)	231,486
Intergovernmental	5,432,358	5,298,663	5,204,759	(93,904)	5,572,841
Charges for services	1,309,290	1,348,969	1,305,095	(43,874)	1,306,639
Fines and forfeits	205,479	219,077	221,869	2,792	203,086
Investment income	340,000	336,000	307,193	(28,807)	288,413
Miscellaneous	257,701	258,907	151,284	(107,623)	130,031
Total revenues	23,577,650	23,873,898	23,213,499	(660,399)	23,748,883
Expenditures					
Current:					
Legislative - City Council	83,938	99,688	100,856	1,168	79,944
General government:					
City Manager	360,942	252,274	267,400	15,126	346,297
City Clerk - Elections	131,439	141,590	135,321	(6,269)	120,509
Finance	418,208	408,241	405,986	(2,255)	405,401
City Assessor	403,324	406,847	404,633	(2,214)	370,384
City Attorney	503,776	518,853	503,466	(15,387)	471,814
City Clerk	201,012	209,604	207,531	(2,073)	185,362
Charter Review Committee	-	10,000	214	(9,786)	-
Personnel	391,143	386,300	339,336	(46,964)	330,103
Purchasing	164,560	163,884	160,648	(3,236)	156,520
City Treasurer	321,624	324,222	314,541	(9,681)	301,550
City Income Tax Administration	265,674	268,306	236,949	(31,357)	236,093
Management Information Services	255,440	335,557	335,265	(292)	252,208
City Hall and Grounds	311,865	319,827	346,391	26,564	302,367
Cemeteries	440,081	454,314	456,858	2,544	423,573
Hearing Bureau	30,990	28,292	27,819	(473)	26,662
Unallocated	566,216	601,011	545,028	(55,983)	886,053
Total general government	4,766,294	4,829,122	4,687,386	(141,736)	4,814,896
Public safety:					
Police:					
General	8,798,244	8,614,918	8,492,888	(122,030)	8,449,775
Youth Services Unit	293,806	307,662	302,222	(5,440)	250,687
NFBP Grant	-	-	-	-	15,005
STEP Grant	-	20,733	20,733	-	21,827
JCCAE Grant	-	16,216	8,416	(7,800)	7,900
MCOLES Training	-	49,087	34,617	(14,470)	11,162
In-Service Training	14,761	15,776	15,772	(4)	15,274
Consortium Training	30,044	46,164	33,333	(12,831)	21,422
Fire:					
Administration	278,946	277,027	273,729	(3,298)	267,764
Suppression	4,999,383	4,850,206	4,928,031	77,825	4,786,284
Prevention	13,500	10,279	10,119	(160)	12,095
Training	235,947	236,403	188,369	(48,034)	223,118
Police and Fire - Unallocated	1,821,325	1,373,845	1,378,864	5,019	2,143,595
Emergency Measures	66,809	61,031	58,836	(2,195)	66,378
Total public safety	16,552,765	15,879,347	15,745,929	(133,418)	16,292,286

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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax Property Maintenance	\$ -	\$ 10,000	\$ 7,101	\$ (2,899)	\$ 24,440
Civic Affairs	70,000	70,246	50,266	(19,980)	69,578
Drains at Large	73,689	73,759	71,536	(2,223)	57,344
Storm Drain Construction	97,000	96,462	89,223	(7,239)	66,825
Grounds Maintenance	170,198	181,477	158,924	(22,553)	162,149
Sidewalk Construction	130,000	129,777	123,252	(6,525)	114,145
Street Lighting	380,873	406,249	405,782	(467)	401,863
Forestry	557,954	560,954	572,998	12,044	583,296
Weed Control	27,615	22,905	19,065	(3,840)	18,892
Total public works	1,507,329	1,551,829	1,498,147	(53,682)	1,498,532
Culture and recreation:					
Parks and Recreation Administration	720,996	725,896	734,756	8,860	713,698
Parks and Facilities Maintenance	513,442	505,174	508,385	3,211	529,021
Lt. Nixon Memorial Pool	159,995	156,500	139,247	(17,253)	144,000
Sharp Park Swimming Pool	126,691	126,992	109,074	(17,918)	109,181
Reimbursements	(25,000)	(25,000)	(25,000)	-	(30,000)
Total culture and recreation	1,496,124	1,489,562	1,466,462	(23,100)	1,465,900
Community enrichment/development:					
Planning	109,522	87,948	92,323	4,375	109,050
DDA and Equity Grants	25,000	25,000	25,000	-	25,000
Historical District	42,817	27,583	36,909	9,326	15,742
Human Relations	61,543	47,616	44,357	(3,259)	52,358
Total community enrichment and development	238,882	188,147	198,589	10,442	202,150
Total expenditures	24,645,332	24,037,695	23,697,369	(340,326)	24,353,708
Revenues over (under) expenditures	(1,067,682)	(163,797)	(483,870)	(320,073)	(604,825)
Other financing sources (uses)					
Proceeds from sale of capital assets	16,600	16,600	11,452	(5,148)	20,984
Transfers in	334,000	314,462	319,680	5,218	274,603
Transfers out	(292,361)	(310,639)	(358,461)	(47,822)	(325,855)
Total other financing uses	58,239	20,423	(27,329)	(47,752)	(30,268)
Net change in fund balances	(1,009,443)	(143,374)	(511,199)	(367,825)	(635,093)
Fund balance, beginning of year	2,968,933	2,968,933	2,968,933	-	3,604,026
Fund balance, end of year	\$ 1,959,490	\$ 2,825,559	\$ 2,457,734	\$ (367,825)	\$ 2,968,933

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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues					
Intergovernmental	\$ 2,773,411	\$ 2,773,411	\$ 1,533,540	\$ (1,239,871)	\$ 1,916,892
Investment income	(6,337)	(6,337)	6,960	13,297	7,171
Miscellaneous	93,729	93,729	203,900	110,171	157,826
Total revenues	2,860,803	2,860,803	1,744,400	(1,116,403)	2,081,889
Expenditures					
Current:					
Public safety:					
Code enforcement	595,799	595,799	481,354	(114,445)	453,230
Community enrichment and development:					
Rehabilitation	1,010,808	1,010,808	382,525	(628,283)	478,554
Rehabilitation loans	1,506	1,506	841	(665)	(2,128)
Public services	229,908	229,908	183,027	(46,881)	264,590
Administration	435,243	435,243	291,769	(143,474)	310,472
Economic development	37,500	37,500	-	(37,500)	22,000
Street construction - special assessments	477,050	477,050	343,475	(133,575)	471,877
Sidewalks and drives	-	-	-	-	3,000
Public improvement	59,201	59,201	5,607	(53,594)	15,228
Public facility demolition	91,597	91,597	-	(91,597)	29,486
Jackson Affordable Housing	-	-	-	-	4,598
Total expenditures	2,938,612	2,938,612	1,688,598	(1,250,014)	2,050,907
Net change in fund balances	(77,809)	(77,809)	55,802	133,611	30,982
Fund balance, beginning of year	250,580	250,580	250,580	-	219,598
Fund balance, end of year	\$ 172,771	\$ 172,771	\$ 306,382	\$ 133,611	\$ 250,580

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

City of Jackson, Michigan
Statement of Net Assets - Proprietary Funds
June 30, 2008

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Assets						
Current assets						
Pooled cash and investments	\$ 8,161,321	\$ 5,485,970	\$ 902,748	\$ 438,412	\$ 14,988,451	\$ 2,661,417
Accounts receivable, net	1,083,526	1,610,884	-	825	2,695,235	215,286
Inventories	-	242,145	-	-	242,145	-
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>9,711,747</u>	<u>8,319,108</u>	<u>902,748</u>	<u>439,237</u>	<u>19,372,840</u>	<u>2,922,703</u>
Noncurrent assets						
Long-term advances	-	-	-	-	-	1,118,893
Capital assets not being depreciated	1,587,465	58,369	7,060,843	1,682,727	10,389,404	-
Capital assets being depreciated, net	<u>15,544,290</u>	<u>20,211,621</u>	<u>11,832,431</u>	<u>340,652</u>	<u>47,928,994</u>	<u>1,301,508</u>
Total noncurrent assets	<u>17,131,755</u>	<u>20,269,990</u>	<u>18,893,274</u>	<u>2,023,379</u>	<u>58,318,398</u>	<u>2,420,401</u>
Total assets	<u>26,843,502</u>	<u>28,589,098</u>	<u>19,796,022</u>	<u>2,462,616</u>	<u>77,691,238</u>	<u>5,343,104</u>
Liabilities						
Current liabilities						
Accounts payable	581,034	257,182	627	594	839,437	116,488
Accrued payroll	63,433	77,326	988	6,645	148,392	32,109
Accrued compensated absences	11,645	19,306	-	-	30,951	-
Customer deposits	-	115,039	-	-	115,039	-
Unearned revenue	-	-	125,000	-	125,000	-
Current portion of long-term debt	<u>75,000</u>	<u>220,000</u>	<u>-</u>	<u>75,000</u>	<u>370,000</u>	<u>-</u>
Total current liabilities	<u>731,112</u>	<u>688,853</u>	<u>126,615</u>	<u>82,239</u>	<u>1,628,819</u>	<u>148,597</u>
Noncurrent liabilities						
Long term advance from other funds	-	-	-	120,000	120,000	105,110
Estimated claims payable	-	-	-	-	-	663,318
Revenue bonds payable	625,000	1,835,000	-	-	2,460,000	-
Installment purchase contract payable	-	-	-	200,000	200,000	-
Accrued compensated absences	<u>106,945</u>	<u>191,525</u>	<u>-</u>	<u>-</u>	<u>298,470</u>	<u>-</u>
Total noncurrent liabilities	<u>731,945</u>	<u>2,026,525</u>	<u>-</u>	<u>320,000</u>	<u>3,078,470</u>	<u>768,428</u>
Total liabilities	<u>1,463,057</u>	<u>2,715,378</u>	<u>126,615</u>	<u>402,239</u>	<u>4,707,289</u>	<u>917,025</u>
Net assets						
Invested in capital assets, net of related debt	16,431,755	18,214,990	18,893,274	1,748,379	55,288,398	1,301,508
Restricted for:						
Bond reserve	199,000	492,000	-	-	691,000	-
Bond and interest redemption	<u>267,900</u>	<u>488,109</u>	<u>-</u>	<u>-</u>	<u>756,009</u>	<u>-</u>
Unrestricted	<u>8,481,790</u>	<u>6,678,621</u>	<u>776,133</u>	<u>311,998</u>	<u>16,248,542</u>	<u>3,124,571</u>
Total net assets	<u>\$ 25,380,445</u>	<u>\$ 25,873,720</u>	<u>\$ 19,669,407</u>	<u>\$ 2,060,377</u>	<u>\$ 72,983,949</u>	<u>\$ 4,426,079</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, 2008

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Operating revenues						
Charges for sales and services	\$ 5,256,002	\$ 6,054,437	\$ 250,233	\$ 198,468	\$ 11,759,140	\$ 2,928,305
Administrative fees	-	220,418	-	-	220,418	-
Other	89,792	445,917	-	-	535,709	1,137,556
Total operating revenues	5,345,794	6,720,772	250,233	198,468	12,515,267	4,065,861
Operating expenses						
Personal services	1,513,553	2,398,149	29,859	118,998	4,060,559	1,307,068
Administration	-	-	-	-	-	175,272
Materials and supplies	353,282	659,778	-	6,791	1,019,851	392,309
Contractual and other services	2,333,650	1,986,965	117,168	197,433	4,635,216	1,339,667
Benefit payments	-	-	-	-	-	308,402
Equipment	-	-	-	-	-	7,068
Depreciation	1,162,646	747,882	262,943	63,256	2,236,727	346,776
Total operating expenses	5,363,131	5,792,774	409,970	386,478	11,952,353	3,876,562
Operating income (loss)	(17,337)	927,998	(159,737)	(188,010)	562,914	189,299
Nonoperating revenues (expenses)						
Investment income	420,415	301,169	38,560	21,046	781,190	166,048
Interest and fiscal charges	(42,063)	(103,323)	-	(17,897)	(163,283)	-
Total nonoperating revenues (expenses)	378,352	197,846	38,560	3,149	617,907	166,048
Income (loss) before transfers	361,015	1,125,844	(121,177)	(184,861)	1,180,821	355,347
Transfers in	-	-	-	129,336	129,336	-
Change in net assets	361,015	1,125,844	(121,177)	(55,525)	1,310,157	355,347
Net assets, beginning of year	25,019,430	24,747,876	19,790,584	2,115,902	71,673,792	4,070,732
Net assets, end of year	<u>\$ 25,380,445</u>	<u>\$ 25,873,720</u>	<u>\$ 19,669,407</u>	<u>\$ 2,060,377</u>	<u>\$ 72,983,949</u>	<u>\$ 4,426,079</u>

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

City of Jackson, Michigan
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities						
Payments to employees	\$ (1,473,955)	\$ (2,400,693)	\$ (29,818)	\$ (118,998)	\$ (4,023,464)	\$ (1,303,963)
Payments to vendors and claimants	(2,329,404)	(2,684,427)	(121,418)	(212,376)	(5,347,625)	(2,320,734)
Receipts from customers and users	5,485,963	6,815,422	250,233	197,643	12,749,261	-
Receipts for interfund services provided	-	-	-	-	-	4,102,071
Net cash provided by (used in) operating activities	1,682,604	1,730,302	98,997	(133,731)	3,378,172	477,374
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,920,945)	(1,154,560)	-	-	(3,075,505)	(396,209)
Issuance of interfund advances	-	-	-	-	-	(8,259)
Principal and interest paid on long-term debt	(267,063)	(313,323)	-	(92,897)	(673,283)	-
Principal and interest paid on advance	-	-	-	-	-	(59,300)
Net cash used in capital and related financing activities	(2,188,008)	(1,467,883)	-	(92,897)	(3,748,788)	(463,768)
Cash flows from non-capital financing activities						
Transfers in	-	-	-	129,336	129,336	-
Cash flows from investing activities						
Interest received on investments	420,415	301,169	38,560	21,046	781,190	166,048
Net increase (decrease) in cash and cash equivalents	(84,989)	563,588	137,557	(76,246)	539,910	179,654
Cash and cash equivalents, beginning of year	8,713,210	5,902,491	765,191	514,658	15,895,550	2,481,763
Cash and cash equivalents, end of year	<u>\$ 8,628,221</u>	<u>\$ 6,466,079</u>	<u>902,748</u>	<u>\$ 438,412</u>	<u>\$ 16,435,460</u>	<u>\$ 2,661,417</u>
Statement of net assets classification of cash						
Cash and cash equivalents	\$ 8,161,321	\$ 5,485,970	902,748	\$ 438,412	\$ 14,988,451	\$ 2,661,417
Restricted cash and cash equivalents	466,900	980,109	-	-	1,447,009	-
	<u>\$ 8,628,221</u>	<u>\$ 6,466,079</u>	<u>902,748</u>	<u>\$ 438,412</u>	<u>\$ 16,435,460</u>	<u>\$ 2,661,417</u>
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	\$ (17,337)	\$ 927,998	(159,737)	\$ (188,010)	\$ 562,914	\$ 189,299
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,162,646	747,882	262,943	63,256	2,236,727	346,776
(Increase) decrease in:						
Accounts receivable	140,169	87,099	-	-	227,268	36,210
Interfund receivable	-	-	-	(825)	(825)	-
Inventories	-	1,523	-	-	1,523	-
Increase (decrease) in:						
Accounts payable	357,528	(39,207)	(4,250)	(341)	313,730	2,201
Accrued payroll	22,188	11,132	41	2,189	35,550	3,105
Accrued compensated absences	17,410	(13,676)	-	-	3,734	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Customer deposits	-	7,551	-	-	7,551	-
Estimated claims payable	-	-	-	-	-	(100,217)
Net cash provided by (used in) operating activities	<u>\$ 1,682,604</u>	<u>\$ 1,730,302</u>	<u>98,997</u>	<u>\$ (133,731)</u>	<u>\$ 3,378,172</u>	<u>\$ 477,374</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, 2008

	Pension Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ -	\$ 217,048
Investments, at fair value:		
U.S. treasuries	2,172,837	-
U.S. agencies	1,489,615	-
Corporate bonds:		
Domestic	6,949,851	-
Domestic mutual funds	13,492,218	-
International	358,811	-
Equities:		
Domestic stocks	21,878,171	-
Domestic mutual funds	12,521,594	-
International stocks	5,940,236	-
International mutual funds	4,244,047	-
Money market accounts	3,045,509	-
Receivables:		
Interest and dividends	111,888	-
Other	50,699	-
	<u>72,255,476</u>	<u>\$ 217,048</u>
Liabilities		
Accounts payable	-	\$ 19,176
Due to other governments	-	175,116
Refunds payable and other liabilities	253,494	22,756
	<u>253,494</u>	<u>\$ 217,048</u>
Net assets		
Held in trust for pension benefits	<u>\$ 72,714,570</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, 2008

Additions

Contributions:

Employer	\$ 4,637,515
Plan members	<u>1,330,070</u>

Total contributions	<u>5,967,585</u>
---------------------	------------------

Investment income (loss):

Net depreciation in fair value of investments	(4,446,491)
Interest	559,229
Dividends	<u>586,015</u>
Total investment loss	(3,301,247)

Less investment expense	<u>84,188</u>
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Net investment loss	<u>(3,385,435)</u>
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Total additions	<u>2,582,150</u>
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Deductions

Benefits	6,386,084
Refunds of contributions	28,747
Administrative expense	<u>405,397</u>

Total deductions	<u>6,820,228</u>
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Net decrease in net assets	(4,238,078)
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Net assets held in trust for pension benefits

Beginning of year	<u>76,952,648</u>
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End of year	<u><u>\$ 72,714,570</u></u>
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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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A. Reporting Entity

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

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

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

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

Discretely Presented Component Units:

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

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

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

City of Jackson, Michigan

Notes To Financial Statements

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.

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

The City reports the following major enterprise funds:

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

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

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

City of Jackson, Michigan

Notes To Financial Statements

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

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

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

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

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

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.

City of Jackson, Michigan

Notes To Financial Statements

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

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

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

Receivables and Payables

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

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

Inventories, Prepaid Items and Other Assets

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

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

Capital Assets

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

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

City of Jackson, Michigan

Notes To Financial Statements

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

Fund Equity

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

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, 2008.

City of Jackson, Michigan

Notes To Financial Statements

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>
General fund			
Legislative - City Council	\$ 99,688	\$ 100,856	\$ 1,168
General government:			
City Manager	252,274	267,400	15,126
City Hall and Grounds	319,827	346,391	26,564
Cemeteries	454,314	456,858	2,544
Public safety:			
Fire Suppression	4,850,206	4,928,031	77,825
Police and Fire - Unallocated	1,373,845	1,378,864	5,019
Public Works - Forestry	560,954	572,998	12,044
Culture and recreation:			
Parks and Recreation Administration	725,896	734,756	8,860
Parks and Facilities Maintenance	505,174	508,385	3,211
Community Enrichment:			
Planning	87,948	92,323	4,375
Historical District	27,583	36,909	9,326
Transfers out	310,639	358,461	47,822
Nonmajor special revenue funds			
Ella W. Sharp Park Operating fund	706,032	712,921	6,889
Land Acquisition fund	50,000	54,592	4,592
Housing Initiative fund	24,690	24,799	109
Lead Hazard Control fund	406,818	601,532	194,714

2-C. Fund Deficit

At June 30, 2008, the special assessment capital projects fund had a fund deficit of \$1,013,783. This deficit will be eliminated as deferred special assessments become due. Also, the Sharp Park golf practice center enterprise fund and the equipment revolving internal service fund had deficits of \$119,881 and \$105,110, respectively, in unrestricted net assets at year end.

City of Jackson, Michigan

Notes To Financial Statements

NOTE 3 – DETAILED NOTES ON ALL FUNDS

3-A. Deposits and Investments

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of June 30, 2008:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of net assets:			
Pooled cash and investments	\$ 21,937,500	\$ 3,046,792	\$ 24,984,292
Pooled cash and investments - restricted	4,147,476	-	4,147,476
Statement of fiduciary net assets:			
Pooled cash and investments	217,048	-	217,048
Investments – pension	<u>72,805,477</u>	<u>-</u>	<u>72,805,477</u>
Total	<u>\$ 99,107,501</u>	<u>\$ 3,046,792</u>	<u>\$ 102,154,293</u>
Deposits and Investments:			
Bank deposits (checking accounts, savings accounts and certificates of deposit)			\$ 16,072,584
Investments in securities and mutual funds:			
Cash and investment pool			13,259,737
Pension trust funds			72,805,477
Cash on hand			<u>16,495</u>
Total			<u>\$ 102,154,293</u>

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, 2008, \$15,547,518 of the City's total bank balance of \$17,323,270 (total book balance was \$16,072,584) 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, 2008:

U.S. treasuries	\$ 698,519
U.S. agencies	955,132
Domestic equities	14,600
Money markets	<u>11,591,486</u>
Total	<u>\$ 13,259,737</u>

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2008, 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, 2008, 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, 2008, 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, 2008, maturities of the City's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
US treasuries	\$ 698,519	\$ -	\$ 242,841	\$ 455,678	\$ -
U.S. agencies	955,132	-	759,861	195,271	-
	<u>\$ 1,653,651</u>	<u>\$ -</u>	<u>\$ 1,002,702</u>	<u>\$ 650,949</u>	<u>\$ -</u>

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

City of Jackson, Michigan

Notes To Financial Statements

Deposits and Investments – Pension 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 pension trust funds do not maintain any checking or other demand/time deposit accounts.

Investments - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension 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 trusts. Following is a summary of the funds' investments as of June 30, 2008:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 2,172,837
U.S. agencies	1,489,615
Mortgage backed securities	712,588
Corporate bonds:	
Domestic	6,949,851
Domestic mutual funds	13,492,218
International	358,811
Equities:	
Domestic stocks	21,878,171
Domestic mutual funds	12,521,594
International stocks	5,940,236
International mutual funds	4,244,047
Money market accounts	<u>3,045,509</u>
Total investments	<u>\$ 72,805,477</u>

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, 2008, the System's investments in securities of U.S. agencies were all rated AAA by Standard & Poor's.

City of Jackson, Michigan

Notes To Financial Statements

The System's investments in corporate bonds (domestic and international) and mortgage backed securities were rated by Standard & Poor's as follows:

AAA	\$ 146,392
AA	669,637
A	2,456,165
BBB	2,349,585
BB	463,656
Not rated	<u>1,935,815</u>
	<u>\$ 8,021,250</u>

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, 2008, 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, 2008, maturities of debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 2,172,837	\$ -	\$ 1,160,181	\$ 700,964	\$ 311,692
U.S. agencies	1,489,615	200,686	696,505	516,494	75,930
Mortgage backed securities	712,588	-	100,974	142,847	468,767
Domestic corporate bonds:					
Callable	3,067,981	-	-	-	3,067,981
Non-callable	3,881,870	40,288	2,273,239	1,067,565	500,778
International debt securities	<u>358,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,811</u>
	<u>\$ 11,683,702</u>	<u>\$ 240,974</u>	<u>\$ 4,230,899</u>	<u>\$ 2,427,870</u>	<u>\$ 4,783,959</u>

The City assumes that its callable bonds totaling \$3,067,981 will not be called. The pension trust funds' investment policies do not address interest rate risk.

City of Jackson, Michigan

Notes To Financial Statements

3-B. Receivables

Receivables in the governmental activities are 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. Loans receivable consists of \$1,291,875 in long-term loans due from local businesses related to economic development projects, of which \$1,156,125 in loans are not expected to be collected within one year. Business-type activities receivables are 100 percent due from customers.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds 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 (capital projects fund)	\$ 1,019,588	\$ -	\$ 1,019,588
Grant/agreement drawdowns prior to meeting all eligibility requirements	-	31,636	31,636
Long-term loan receivable	1,291,875	-	1,291,875
	<u>\$ 2,311,463</u>	<u>\$ 31,636</u>	<u>\$ 2,343,099</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, 2008, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated				
Land	\$ 2,440,383	\$ -	\$ -	\$ 2,440,383
Capital assets being depreciated				
Infrastructure	114,926,343	1,900,153	-	116,826,496
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,659,418	-	-	16,659,418
Park and recreation facilities	8,118,701	390,514	-	8,509,215
Machinery and equipment	11,682,781	491,588	104,526	12,069,843
Total capital assets being depreciated	167,150,424	2,782,255	104,526	169,828,153
Accumulated depreciation				
Infrastructure	78,576,285	2,251,340	-	80,827,625
Land improvements	943,699	315,264	-	1,258,963
Buildings and improvements	3,972,542	265,870	-	4,238,412
Park and recreation facilities	4,400,326	112,862	-	4,513,188
Machinery and equipment	8,812,504	691,629	88,704	9,415,429
Total accumulated depreciation	96,705,356	3,636,965	88,704	100,253,617
Total capital assets being depreciated, net	70,445,068	(854,710)	15,822	69,574,536
Governmental activities capital assets, net	<u>\$ 72,885,451</u>	<u>\$ (854,710)</u>	<u>\$ 15,822</u>	<u>\$ 72,014,919</u>

City of Jackson, Michigan

Notes To Financial Statements

<u>Business-type Activities</u>	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 8,956,886	\$ -	\$ -	\$ 8,956,886
Construction in progress	-	1,432,518	-	1,432,518
Total capital assets not being depreciated	8,956,886	1,432,518	-	10,389,404
Capital assets being depreciated				
Systems	65,194,317	1,378,157	-	66,572,474
Land improvements	2,503,669	-	-	2,503,669
Buildings and improvements	12,855,854	-	-	12,855,854
Machinery and equipment	10,434,485	264,829	154,668	10,544,646
Total capital assets being depreciated	90,988,325	1,642,986	154,668	92,476,643
Accumulated depreciation				
Systems	32,379,411	1,511,993	-	33,891,404
Land improvements	665,275	84,100	-	749,375
Buildings and improvements	1,776,804	272,013	-	2,048,817
Machinery and equipment	7,644,101	368,620	154,668	7,858,053
Total accumulated depreciation	42,465,591	2,236,726	154,668	44,547,649
Total capital assets being depreciated, net	48,522,734	(593,740)	-	47,928,994
Business-type activities capital assets, net	\$ 57,479,620	\$ 838,778	\$ -	\$ 58,318,398

City of Jackson, Michigan

Notes To Financial Statements

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

Governmental activities:

General government	\$ 253,544
Public safety	184,246
Public works, including depreciation of general infrastructure assets	2,336,393
Culture and recreation	227,947
Community enrichment and development	288,059
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>346,776</u>

Total depreciation expense - governmental activities **\$ 3,636,965**

Business-type activities:

Sewage	\$ 1,162,645
Water	747,882
Parking system	308,363
Golf practice center	<u>17,836</u>

Total depreciation expense - business-type activities **\$ 2,236,726**

3-D. Payables

Payables in the governmental activities are 28 percent vendors, 30 percent claims, 31 percent accrued payroll, and 11 percent other. Business-type activities payables are 76 percent vendors, 10 percent deposits and 14 percent accrued payroll.

3-E. Interfund Receivables, Payables and Transfers

At June 30, 2008, amounts due from and due to other funds were as follows:

Receivable Fund	Payable Fund(s)		Total
	General Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 38,790	\$ 38,790
CDBG special revenue fund	-	10	10
Nonmajor governmental funds	<u>2,541</u>	<u>5,148</u>	<u>7,689</u>
	<u>\$ 2,541</u>	<u>\$ 43,948</u>	<u>\$ 46,489</u>

In addition, interfund receivables and payables (representing negative cash balances) of \$168,343 were reported in the nonmajor governmental funds.

City of Jackson, Michigan

Notes To Financial Statements

At June 30, 2008, interfund advances were as follows:

Receivable Fund(s)	Payable Fund(s)				Total
	Community Development Block Grant	Special Assessment Capital Projects	Nonmajor Enterprise Funds	Internal Service Funds	
General fund	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Nonmajor governmental funds	-	-	120,000	-	120,000
Internal service funds	-	1,013,783	-	105,110	1,118,893
	\$ 100,000	\$ 1,013,783	\$ 120,000	\$ 105,110	\$ 1,338,893

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, 2008, interfund transfers consisted of the following:

Transfer Out	Transfer In			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General fund	\$ -	\$ 358,461	\$ -	\$ 358,461
Special assessment capital projects fund	-	469,477	66,063	535,540
Nonmajor governmental funds	319,680	2,456,461	63,273	2,839,414
	\$ 319,680	\$ 3,284,399	\$ 129,336	\$ 3,733,415

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

City of Jackson, Michigan

Notes To Financial Statements

3-F. Long-term Debt

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years for the items listed below was \$50,613,577. During the year, \$9,905,000 of general obligation refunding 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 Matures</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities			
1998 building authority limited tax	2013	4.50%	\$ 350,000
1999 building authority limited tax	2019	5.25%	425,000
2001 downtown development	2026	3.70%-5.75%	16,188,577
2002 brownfield redevelopment	2030	4.00%-5.38%	9,230,000
2003 general obligation unlimited tax	2027	2.00%-5.25%	7,910,000
2003 general obligation unlimited tax (B)	2027	3.00%-4.70%	1,675,000
2003 transportation fund	2013	2.00%-3.20%	1,305,000
2007 brownfield refunding	2030	4.00%-4.375%	9,815,000
			<u><u>\$ 46,898,577</u></u>

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

	<u>Governmental Activities</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,290,000	\$ 1,783,681
2010	1,470,000	1,729,624
2011	1,690,000	1,664,651
2012	1,890,000	1,587,773
2013	2,150,000	1,494,972
2014-2018	10,263,657	9,485,283
2019-2023	12,619,822	12,557,042
2024-2028	13,120,098	8,718,861
2029-2030	2,405,000	126,875
	<u><u>\$ 46,898,577</u></u>	<u><u>\$ 39,148,762</u></u>

City of Jackson, Michigan

Notes To Financial Statements

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

<u>Purpose</u>	<u>Fiscal Year Matures</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities			
1999 water refunding	2016	3.50%-4.60%	\$ 2,055,000
2000 sewer system	2015	4.75%-5.35%	700,000
			<u><u>\$ 2,755,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 295,000	\$ 128,248
2010	305,000	115,076
2011	315,000	101,302
2012	325,000	86,336
2013	360,000	70,223
2014-2016	<u>1,155,000</u>	<u>104,760</u>
	<u><u>\$ 2,755,000</u></u>	<u><u>\$ 605,945</u></u>

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

<u>Purpose</u>	<u>Fiscal Year Matures</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities			
Michigan Urbanland Assembly Loan – economic development	2011	0.00%	\$ 340,000
Section 108 loan – economic development	2021	3.66% - 6.62%	830,000
2004 installment purchase contract – building and parking lot	2009	3.75%	80,000
Municipal service contract – Nixon Park recreational improvements	2011	5.25%	<u>70,000</u>
			<u><u>\$ 1,320,000</u></u>
Business activities			
1997 installment purchase contract – purchase of parking lots	2011	4.69%	<u><u>\$ 275,000</u></u>

City of Jackson, Michigan

Notes To Financial Statements

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

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	65,000	-	-	-
2014-2018	325,000	-	-	-
2019-2021	180,000	-	-	-
	<u><u>\$ 1,320,000</u></u>	<u><u>\$ 10,351</u></u>	<u><u>\$ 275,000</u></u>	<u><u>\$ 20,519</u></u>

Advance Refunding.

During the year, the City issued \$9,905,000 of general obligation limited tax refunding bonds to provide resources to purchase U. S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$9,290,000 in bonds. As a result, the \$9,290,000 bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$414,786. This amount is being netted against the new debt and amortized over the refunded debt's life. The advance refunding resulted in an economic gain of \$566,378 and a reduction of \$895,273 in future debt service payments.

City of Jackson, Michigan

Notes To Financial Statements

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Primary Government</u>					
Governmental activities					
General obligation bonds	\$ 47,348,577	\$ 9,905,000	\$ 10,355,000	\$ 46,898,577	\$ 1,290,000
Installment obligations	1,629,000	-	309,000	1,320,000	314,000
Compensated absences	2,130,912	1,414,851	1,220,790	2,324,973	1,220,000
Less deferred amounts for:					
Issuance discounts	(128,483)	(94,062)	(10,868)	(211,677)	-
Refunding loss	-	(414,786)	-	(414,786)	-
	<u>\$ 50,980,006</u>	<u>\$ 10,811,003</u>	<u>\$ 11,873,922</u>	<u>\$ 49,917,087</u>	<u>\$ 2,824,000</u>
Business-type activities					
Revenue bonds	\$ 3,190,000	\$ -	\$ 435,000	\$ 2,755,000	\$ 295,000
Installment obligations	350,000	-	75,000	275,000	75,000
Compensated absences	325,687	145,961	142,227	329,421	30,951
	<u>\$ 3,865,687</u>	<u>\$ 145,961</u>	<u>\$ 652,227</u>	<u>\$ 3,359,421</u>	<u>\$ 400,951</u>

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, 2008, the net depreciation on investments of donor-restricted endowments was \$30,658. 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 \$1,086,810.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2008, the net appreciation on investments of donor-restricted endowments was \$75,469. 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 \$1,708,598.

City of Jackson, Michigan

Notes To Financial Statements

NOTE 4 – OTHER INFORMATION

4-A. Risk Management

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

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

The claims liability of \$663,318 reported in the workers' compensation internal service fund at June 30, 2008 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>2008</u>	<u>2007</u>
Claims liability at beginning of fiscal year	\$ 763,535	\$ 785,852
Claims and changes in estimates	270,041	317,389
Claims payments	<u>(370,258)</u>	<u>(339,706)</u>
Claims liability at June 30	<u>\$ 663,318</u>	<u>\$ 763,535</u>

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

City of Jackson, Michigan

Notes To Financial Statements

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, 2007 levy was assessed and valued at approximately \$765 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

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 \$118,978 for governmental activities and \$205,353 for proprietary activities for the year ended June 30, 2008.

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, 2007, the date of the latest actuarial valuation:

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Retirees and beneficiaries receiving benefits	150	44	138
Terminated plan members entitled to, but not yet receiving benefits	13	-	1
Active plan members	213	-	104
TOTAL	376	44	243

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, 2007 actuarial valuation using the entry age method. The actuarial assumptions included an 8% rate of return on investments, projected salary increases of 4.25% to 8.25% including inflation at 2.7%, 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, 2007 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, 2007 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 10.25%, including inflation at 4.25%, and no cost of living adjustments.

Other information for these plans is as follows:

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

City of Jackson, Michigan

Notes To Financial Statements

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>
<u>Employees' Retirement System</u>				
6/30/06	\$ 605,771	\$ 605,771	100%	\$ -0-
6/30/07	721,955	721,955	100%	-0-
6/30/08	832,376	832,376	100%	-0-
<u>Policemen's and Firemen's Pension</u>				
6/30/06	806,276	806,276	100%	-0-
6/30/07	934,667	934,667	100%	-0-
6/30/08	612,545	612,545	100%	-0-
<u>Policemen's and Firemen's Pension – Act 345</u>				
6/30/06	2,327,991	2,337,991	100%	-0-
6/30/07	3,098,776	3,098,776	100%	-0-
6/30/08	3,289,972	3,289,972	100%	-0-

The funded status of each plan as of June 30, 2007, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
ERS	\$ 34,236	\$ 38,091	\$ 3,855	89.9%	\$ 10,119	38.1%
PFP	5,848	10,682	4,834	54.8%	n/a	n/a
Act 345	33,250	56,554	23,304	58.8%	6,421	363.0%

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

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, 2008

	Employees' Retirement System	Policemen's and Firemen's Pension	Policemen's and Firemen's Pension - Act 345	Total
Assets				
Investments, at fair value:				
U.S. treasuries	\$ -	\$ 152,637	\$ 2,020,200	\$ 2,172,837
U.S. agencies	-	170,954	1,318,661	1,489,615
Mortgage backed securities	-	-	712,588	712,588
Corporate bonds:				
Domestic	-	1,218,969	5,730,882	6,949,851
Domestic mutual funds	13,492,218	-	-	13,492,218
International	-	55,230	303,581	358,811
Equities:				
Domestic stocks	2,670,030	2,773,474	16,434,667	21,878,171
Domestic mutual funds	12,521,594	-	-	12,521,594
International stocks	-	745,939	5,194,297	5,940,236
International mutual funds	4,244,047	-	-	4,244,047
Money market accounts	499,288	114,763	2,431,458	3,045,509
Total investments	33,427,177	5,231,966	34,146,334	72,805,477
Receivables:				
Interest and dividends	3,778	14,245	93,865	111,888
Other	(11,354)	-	62,053	50,699
Total assets	33,419,601	5,246,211	34,302,252	72,968,064
Liabilities				
Refunds payable and other	-	-	253,494	253,494
Net assets held in trust for pension benefits	\$ 33,419,601	\$ 5,246,211	\$ 34,048,758	\$ 72,714,570

City of Jackson, Michigan

Notes To Financial Statements

Statement of Changes in Plan Net Assets - Year Ended June 30, 2008

	Employees' Retirement System	Policemen's and Firemen's Pension	and Firemen's Pension - Act 345	Totals
Additions				
Contributions:				
Employer	\$ 734,998	\$ 612,545	\$ 3,289,972	\$ 4,637,515
Plan member	567,016	-	763,054	1,330,070
Total contributions	1,302,014	612,545	4,053,026	5,967,585
Investment income (loss):				
Net depreciation in fair value of investments	(1,768,171)	(391,923)	(2,286,397)	(4,446,491)
Interest	14,075	72,168	472,986	559,229
Dividends	102,539	56,561	426,915	586,015
Total investment loss	(1,651,557)	(263,194)	(1,386,496)	(3,301,247)
Less investment expense	47,948	7,665	28,575	84,188
Net investment loss	(1,699,505)	(270,859)	(1,415,071)	(3,385,435)
Total additions (deductions)	(397,491)	341,686	2,637,955	2,582,150
Deductions				
Benefits	1,914,212	1,238,840	3,233,032	6,386,084
Refunds of contributions	28,747	-	-	28,747
Administrative expense	104,501	46,239	254,657	405,397
Total deductions	2,047,460	1,285,079	3,487,689	6,820,228
Net decrease	(2,444,951)	(943,393)	(849,734)	(4,238,078)
Net assets held in trust for pension benefits				
Beginning of year	35,864,552	6,189,604	34,898,492	76,952,648
End of year	<u>\$ 33,419,601</u>	<u>\$ 5,246,211</u>	<u>\$ 34,048,758</u>	<u>\$ 72,714,570</u>

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**GASB REQUIRED
SUPPLEMENTARY INFORMATION**

City of Jackson, Michigan

GASB Statement 25 Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date June 30	(In Thousands)			Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)			
<u>Employees' Retirement System (entry age valuation method)</u>						
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%
2007	34,236	38,091	3,855	89.9%	10,119,228	38.1%
<u>Policemen's and Firemen's Pension (attained age valuation method)</u>						
1998	\$ 8,997	\$ 13,879	\$ 4,882	64.8%	\$ 49,813	9799.6%
1999	9,845	13,537	3,692	72.7%	51,016	7237.6%
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	10,931	5,371	50.9%	n/a	n/a
2007	5,848	10,682	4,834	54.8%	n/a	n/a
<u>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</u>						
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%
2007	33,250	56,554	23,304	58.8%	6,420,709	363.0%

City of Jackson, Michigan

GASB Statement 25 Required Supplementary Information

Schedule of Employer Contributions

Fiscal Year Ended June 30	Contribution Rates as Percents of Valuation Payroll	Annual Required Computed Dollar Contribution <u>Projected Payroll</u>	Actual Annual Contributions	Percent Contribution
<u>Employees' Retirement System</u>				
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%	383,883	383,883	100%
2005	3.9%	388,706	388,706	100%
2006	5.6%	572,520	572,520	100%
2007	6.9%	722,422	722,422	100%
2008	7.6%	832,376	832,376	100%
<u>Policemen's and Firemen's Pension</u>				
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%
2008	n/a	612,545	612,545	100%
<u>Policemen's and Firemen's Pension - Act 345</u>				
1999	38.4%	\$ 2,270,386	\$ 2,270,386	100%
2000	33.6%	2,051,490	2,051,490	100%
2001	32.7%	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	44.9%	3,098,776	3,098,776	100%
2008	45.7%	3,289,972	3,289,972	100%

City of Jackson, Michigan

GASB Statement 25 Required Supplementary Information

Additional Information

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

	<u>Employees' Retirement System</u>	<u>Policemen's and Firemen's Pension</u>	<u>Policemen's and Firemen's Pension Act 345</u>
Valuation date	June 30, 2007	June 30, 2007	June 30, 2007
Actuarial Cost Method	Entry Age	Attained Age	Entry Age
Amortization Method	Level percent	Level percent	Level percent
Remaining amortization period (All closed periods)	10 years full funding credit 30 years unfunded liability 3 years early retirement window	10 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% - 8.25%	N/A	4.5% -10.25%
Includes inflation at	2.7%	N/A	4.25%
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, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Totals</u>
<u>ASSETS</u>					
Assets					
Pooled cash and investments	\$ 2,375,581	\$ 52,367	\$ 998,335	2,700,467	\$ 6,126,750
Receivables:					
Accounts, net	103,667	-	-	-	103,667
Interest	-	-	-	18,879	18,879
Due from other governments	567,026	-	-	-	567,026
Due from other funds	5,148	2,541	-	-	7,689
Interfund receivables	168,343	-	-	-	168,343
Inventories	14,707	-	-	-	14,707
Long-term advance to other funds	-	-	-	120,000	120,000
Total assets	<u>\$ 3,234,472</u>	<u>\$ 54,908</u>	<u>\$ 998,335</u>	<u>\$ 2,839,346</u>	<u>\$ 7,127,061</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 151,419	\$ -	\$ 1,177	\$ -	\$ 152,596
Accrued payroll	92,949	-	-	-	92,949
Due to other funds	10	-	-	43,938	43,948
Interfund payables	168,343	-	-	-	168,343
Deferred revenue	19,667	-	564	-	20,231
Total liabilities	<u>432,388</u>	<u>-</u>	<u>1,741</u>	<u>43,938</u>	<u>478,067</u>
Fund balances					
Reserved for:					
Inventories	14,707	-	-	-	14,707
Perpetual care	-	-	-	1,708,598	1,708,598
Endowment	-	-	-	966,810	966,810
Advances	-	-	-	120,000	120,000
Unreserved :					
Designated for subsequent years expenditures	288,211	-	-	-	288,211
Undesignated	2,499,166	54,908	996,594	-	3,550,668
Total fund balances	<u>2,802,084</u>	<u>54,908</u>	<u>996,594</u>	<u>2,795,408</u>	<u>6,648,994</u>
Total liabilities and fund balances	<u>\$ 3,234,472</u>	<u>\$ 54,908</u>	<u>\$ 998,335</u>	<u>\$ 2,839,346</u>	<u>\$ 7,127,061</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, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Totals</u>
Revenues					
Property taxes	\$ 1,196,668	\$ 584,081	\$ 1,014,339	\$ -	\$ 2,795,088
Intergovernmental	4,536,371	-	-	-	4,536,371
Charges for services	1,340,185	1,177,273	-	26,129	2,543,587
Investment income	222,766	8,289	49,838	172,880	453,773
Miscellaneous	417,819	-	12,297	-	430,116
Total revenues	<u>7,713,809</u>	<u>1,769,643</u>	<u>1,076,474</u>	<u>199,009</u>	<u>10,758,935</u>
Expenditures					
Current:					
Public safety	717,749	-	-	-	717,749
Public works	4,456,266	-	-	-	4,456,266
Culture and recreation	1,202,486	-	-	-	1,202,486
Community enrichment and development	1,175,804	-	-	8,361	1,184,165
Capital outlay	54,592	-	451,729	-	506,321
Debt service:					
Principal retirement	100,000	1,379,000	-	-	1,479,000
Interest and fiscal charges	4,724	1,768,837	-	-	1,773,561
Bond issuance costs	-	215,913	-	-	215,913
Total expenditures	<u>7,711,621</u>	<u>3,363,750</u>	<u>451,729</u>	<u>8,361</u>	<u>11,535,461</u>
Revenues over (under) expenditures	<u>2,188</u>	<u>(1,594,107)</u>	<u>624,745</u>	<u>190,648</u>	<u>(776,526)</u>
Other financing sources (uses)					
Proceeds from issuance of debt	-	9,905,000	-	-	9,905,000
Discount on bonds	-	(94,062)	-	-	(94,062)
Payment to escrow agent	-	(9,599,786)	-	-	(9,599,786)
Transfers in	1,551,080	1,394,502	338,817	-	3,284,399
Transfers out	<u>(1,575,562)</u>	<u>-</u>	<u>(1,144,145)</u>	<u>(119,707)</u>	<u>(2,839,414)</u>
Total other financing sources (uses)	<u>(24,482)</u>	<u>1,605,654</u>	<u>(805,328)</u>	<u>(119,707)</u>	<u>656,137</u>
Net change in fund balances	(22,294)	11,547	(180,583)	70,941	(120,389)
Fund balances, beginning of year	<u>2,824,378</u>	<u>43,361</u>	<u>1,177,177</u>	<u>2,724,467</u>	<u>6,769,383</u>
Fund balances, end of year	<u>\$ 2,802,084</u>	<u>\$ 54,908</u>	<u>\$ 996,594</u>	<u>\$ 2,795,408</u>	<u>\$ 6,648,994</u>

City of Jackson, Michigan
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	<u>Major Street</u>	<u>Local Street</u>	<u>Ella W. Sharp Park Operating</u>	<u>Land Acquisition</u>	<u>Housing Initiative</u>	<u>Public Improvement</u>
<u>ASSETS</u>						
Assets						
Pooled cash and investments	\$ 5,428	\$ -	\$ 32,478	\$ 24,194	\$ 352	\$ 266,024
Accounts receivables, net	32,833	-	-	-	-	-
Due from other governments	314,350	95,795	-	-	-	-
Due from other funds	-	-	5,148	-	-	-
Interfund receivables	-	-	-	-	-	168,343
Inventories	-	-	14,707	-	-	-
Total assets	<u>\$ 352,611</u>	<u>\$ 95,795</u>	<u>\$ 52,333</u>	<u>\$ 24,194</u>	<u>\$ 352</u>	<u>\$ 434,367</u>
<u>LIABILITIES</u>						
<u>AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 22,254	\$ 8,276	\$ 11,433	\$ 6,000	\$ 115	\$ 450
Accrued payroll	10,803	7,487	25,726	-	-	-
Due to other funds	-	-	-	-	-	-
Interfund payables	-	21,233	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>33,057</u>	<u>36,996</u>	<u>37,159</u>	<u>6,000</u>	<u>115</u>	<u>450</u>
Fund balances						
Reserved for inventories	-	-	14,707	-	-	-
Unreserved:						
Designated for subsequent year's expenditures	159,628	-	-	-	-	128,583
Undesignated	159,926	58,799	467	18,194	237	305,334
Total fund balances	<u>319,554</u>	<u>58,799</u>	<u>15,174</u>	<u>18,194</u>	<u>237</u>	<u>433,917</u>
Total liabilities and fund balances	<u>\$ 352,611</u>	<u>\$ 95,795</u>	<u>\$ 52,333</u>	<u>\$ 24,194</u>	<u>\$ 352</u>	<u>\$ 434,367</u>

<u>Building Department</u>	<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Project Safe Neighborhood</u>	<u>LAWNET Grant</u>	<u>Recreation Activity</u>	<u>Community Development Home Grant</u>
\$ 14,787	\$ 1,603,500	\$ 27,700	\$ -	\$ -	\$ 46,628	\$ 41,490
7,390	-	-	-	-	20	-
-	-	-	23,054	7,351	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 22,177</u>	<u>\$ 1,603,500</u>	<u>\$ 27,700</u>	<u>\$ 23,054</u>	<u>\$ 7,351</u>	<u>\$ 46,648</u>	<u>\$ 41,490</u>
\$ 3,596	\$ -	\$ 230	\$ 1,603	\$ -	\$ 3,042	\$ 21,813
17,966	-	-	-	-	10,433	-
-	-	-	-	-	-	10
-	-	-	21,451	6,207	-	-
-	-	-	-	-	-	19,667
<u>21,562</u>	<u>-</u>	<u>230</u>	<u>23,054</u>	<u>6,207</u>	<u>13,475</u>	<u>41,490</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
615	1,603,500	27,470	-	1,144	33,173	-
615	1,603,500	27,470	-	1,144	33,173	-
<u>\$ 22,177</u>	<u>\$ 1,603,500</u>	<u>\$ 27,700</u>	<u>\$ 23,054</u>	<u>\$ 7,351</u>	<u>\$ 46,648</u>	<u>\$ 41,490</u>

Continued...

City of Jackson, Michigan
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
June 30, 2008

	Lead Hazard Control	Employee Health Care	Brownfield Assessment Grant - 2004	Brownfield Assessment Grant - 2008	Byrne / JAG Program Grants
<u>ASSETS</u>					
Assets					
Pooled cash and investments	\$ -	\$ 288,690	\$ -	\$ -	\$ -
Accounts receivables, net	-	-	-	-	-
Due from other governments	123,942	-	-	2,534	-
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventories, at cost	-	-	-	-	-
Total assets	\$ 123,942	\$ 288,690	\$ -	\$ 2,534	\$ -
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 61,168	\$ -	\$ -	\$ 1,512	\$ -
Accrued payroll	2,176	-	-	-	-
Due to other funds	-	-	-	-	-
Interfund payables	60,598	-	-	1,022	-
Deferred revenue	-	-	-	-	-
Total liabilities	123,942	-	-	2,534	-
Fund balances					
Reserved for inventories	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	-	-
Undesignated	-	288,690	-	-	-
Total fund balances	-	288,690	-	-	-
Total liabilities and fund balances	\$ 123,942	\$ 288,690	\$ -	\$ 2,534	\$ -

Waterfront Redevelopment	Recreation Millage	Totals
\$ -	\$ 24,310	\$ 2,375,581
63,424	-	103,667
-	-	567,026
-	-	5,148
-	-	168,343
-	-	14,707
<u>\$ 63,424</u>	<u>\$ 24,310</u>	<u>\$ 3,234,472</u>

\$ 5,572	\$ 4,355	\$ 151,419
-	18,358	92,949
-	-	10
57,832	-	168,343
-	-	19,667
<u>63,404</u>	<u>22,713</u>	<u>432,388</u>

-	-	14,707
-	-	288,211
<u>20</u>	<u>1,597</u>	<u>2,499,166</u>
<u>20</u>	<u>1,597</u>	<u>2,802,084</u>
<u>\$ 63,424</u>	<u>\$ 24,310</u>	<u>\$ 3,234,472</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, 2008

	<u>Major Street</u>	<u>Local Street</u>	<u>Ella W. Sharp Park Operating</u>	<u>Land Acquisition</u>	<u>Housing Initiative</u>	<u>Public Improvement</u>
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,196,668
Intergovernmental	2,717,397	584,605	-	-	-	-
Charges for services	-	-	566,595	-	-	-
Investment income	-	-	302	72,776	-	58,381
Miscellaneous	<u>201,015</u>	<u>56,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,918,412</u>	<u>641,415</u>	<u>566,897</u>	<u>72,776</u>	<u>-</u>	<u>1,255,049</u>
Expenditures						
Current:						
Public safety	-	-	-	-	-	-
Public works	3,122,144	1,185,946	-	-	-	-
Culture and recreation	-	-	712,921	-	-	-
Community enrichment and development	-	-	-	-	24,799	137,830
Capital outlay	-	-	-	54,592	-	-
Debt service:						
Principal retirement	-	-	-	-	-	100,000
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,724</u>
Total expenditures	<u>3,122,144</u>	<u>1,185,946</u>	<u>712,921</u>	<u>54,592</u>	<u>24,799</u>	<u>242,554</u>
Revenues over (under) expenditures	<u>(203,732)</u>	<u>(544,531)</u>	<u>(146,024)</u>	<u>18,184</u>	<u>(24,799)</u>	<u>1,012,495</u>
Other financing sources (uses)						
Transfers in	772,733	410,865	146,482	-	21,000	-
Transfers out	<u>(444,304)</u>	<u>(12,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,043,354)</u>
Total other financing sources (uses)	<u>328,429</u>	<u>398,590</u>	<u>146,482</u>	<u>-</u>	<u>21,000</u>	<u>(1,043,354)</u>
Net change in fund balances	124,697	(145,941)	458	18,184	(3,799)	(30,859)
Fund balances, beginning of year	<u>194,857</u>	<u>204,740</u>	<u>14,716</u>	<u>10</u>	<u>4,036</u>	<u>464,776</u>
Fund balances, end of year	<u>\$ 319,554</u>	<u>\$ 58,799</u>	<u>\$ 15,174</u>	<u>\$ 18,194</u>	<u>\$ 237</u>	<u>\$ 433,917</u>

<u>Building Department</u>	<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Project Safe Neighborhood</u>	<u>LAWNET Grant</u>	<u>Recreation Activity</u>	<u>Community Development Home Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	28,590	57,929	-	400,573
282,854	-	-	-	-	242,316	-
-	75,629	501	-	-	1,616	-
-	-	75,833	-	71,215	-	11,070
<u>282,854</u>	<u>75,629</u>	<u>76,334</u>	<u>28,590</u>	<u>129,144</u>	<u>243,932</u>	<u>411,643</u>
483,086	-	76,929	28,590	129,144	-	-
-	-	-	-	-	-	-
-	-	-	-	-	242,530	-
-	-	-	-	-	-	411,643
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>483,086</u>	<u>-</u>	<u>76,929</u>	<u>28,590</u>	<u>129,144</u>	<u>242,530</u>	<u>411,643</u>
<u>(200,232)</u>	<u>75,629</u>	<u>(595)</u>	<u>-</u>	<u>-</u>	<u>1,402</u>	<u>-</u>
200,000	-	-	-	-	-	-
-	(75,629)	-	-	-	-	-
<u>200,000</u>	<u>(75,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(232)	-	(595)	-	-	1,402	-
<u>847</u>	<u>1,603,500</u>	<u>28,065</u>	<u>-</u>	<u>1,144</u>	<u>31,771</u>	<u>-</u>
<u>\$ 615</u>	<u>\$ 1,603,500</u>	<u>\$ 27,470</u>	<u>\$ -</u>	<u>\$ 1,144</u>	<u>\$ 33,173</u>	<u>\$ -</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, 2008

	<u>Lead Hazard Control</u>	<u>Employee Health Care</u>	<u>Brownfield Assessment Grant - 2004</u>	<u>Brownfield Assessment Grant - 2008</u>	<u>Byrne / JAG Program Grant</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	599,102	-	145,641	2,534	-
Charges for services	-	-	-	-	-
Investment income	554	13,002	-	-	-
Miscellaneous	<u>1,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>601,532</u>	<u>13,002</u>	<u>145,641</u>	<u>2,534</u>	<u>-</u>
Expenditures					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	145,642	2,534	-
Culture and recreation	-	-	-	-	-
Community enrichment and development	601,532	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>601,532</u>	<u>-</u>	<u>145,642</u>	<u>2,534</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>13,002</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	13,002	(1)	-	-
Fund balances, beginning of year	<u>-</u>	<u>275,688</u>	<u>1</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ 288,690</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Waterfront Redevelopment</u>	<u>Recreation Millage</u>	<u>Totals</u>
\$ -	\$ -	\$ 1,196,668
-	-	4,536,371
-	248,420	1,340,185
5	-	222,766
-	-	417,819
5	248,420	7,713,809
-	-	717,749
-	-	4,456,266
-	247,035	1,202,486
-	-	1,175,804
-	-	54,592
-	-	100,000
-	-	4,724
-	247,035	7,711,621
5	1,385	2,188
-	-	1,551,080
-	-	(1,575,562)
-	-	(24,482)
5	1,385	(22,294)
15	212	2,824,378
\$ 20	\$ 1,597	\$ 2,802,084

Nonmajor Special Revenue Funds

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

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

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

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

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.

Project Safe Neighborhood - 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.

Nonmajor Special Revenue Funds (Cont.)

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 Funds – These funds are 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
Major Street Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 3,811,505	\$ 2,717,397	\$ (1,094,108)	\$ 4,389,026
Miscellaneous	196,123	201,015	4,892	157,827
Total revenues	<u>4,007,628</u>	<u>2,918,412</u>	<u>(1,089,216)</u>	<u>4,546,853</u>
Expenditures				
Current - public works:				
Street construction	470,851	493,445	22,594	706,472
Street maintenance	680,478	635,780	(44,698)	789,942
Traffic services	583,852	581,377	(2,475)	585,121
Winter maintenance	403,763	393,754	(10,009)	261,572
Trunkline maintenance	231,816	143,946	(87,870)	172,484
State highway construction	1,874,789	873,842	(1,000,947)	2,972,492
Reimbursements	-	-	-	(60,953)
Total expenditures	<u>4,245,549</u>	<u>3,122,144</u>	<u>(1,123,405)</u>	<u>5,427,130</u>
Revenues under expenditures	<u>(237,921)</u>	<u>(203,732)</u>	<u>34,189</u>	<u>(880,277)</u>
Other financing sources (uses)				
Transfers in	772,620	772,733	113	893,038
Transfers out	<u>(544,097)</u>	<u>(444,304)</u>	<u>99,793</u>	<u>(557,247)</u>
Total other financing sources (uses)	<u>228,523</u>	<u>328,429</u>	<u>99,906</u>	<u>335,791</u>
Net change in fund balance	(9,398)	124,697	134,095	(544,486)
Fund balance, beginning of year	<u>194,857</u>	<u>194,857</u>	<u>-</u>	<u>739,343</u>
Fund balance, end of year	<u>\$ 185,459</u>	<u>\$ 319,554</u>	<u>\$ 134,095</u>	<u>\$ 194,857</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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 586,160	\$ 584,605	\$ (1,555)	\$ 593,862
Investment income	1,000	-	(1,000)	711
Miscellaneous	58,610	56,810	(1,800)	3,677
Total revenues	<u>645,770</u>	<u>641,415</u>	<u>(4,355)</u>	<u>598,250</u>
Expenditures				
Current - public works:				
Street construction	583,106	581,742	(1,364)	875,944
Street maintenance	754,139	702,191	(51,948)	702,151
Traffic services	22,530	22,402	(128)	46,805
Winter maintenance	216,887	213,763	(3,124)	160,886
Reimbursements	<u>(347,571)</u>	<u>(334,152)</u>	<u>13,419</u>	<u>(405,655)</u>
Total expenditures	<u>1,229,091</u>	<u>1,185,946</u>	<u>(43,145)</u>	<u>1,380,131</u>
Revenues under expenditures	<u>(583,321)</u>	<u>(544,531)</u>	<u>38,790</u>	<u>(781,881)</u>
Other financing sources (uses)				
Transfers in	510,535	410,865	(99,670)	666,435
Transfers out	<u>(12,257)</u>	<u>(12,275)</u>	<u>(18)</u>	<u>(12,046)</u>
Total other financing sources (uses)	<u>498,278</u>	<u>398,590</u>	<u>(99,688)</u>	<u>654,389</u>
Net change in fund balance	(85,043)	(145,941)	(60,898)	(127,492)
Fund balance, beginning of year	<u>204,740</u>	<u>204,740</u>	<u>-</u>	<u>332,232</u>
Fund balance, end of year	<u>\$ 119,697</u>	<u>\$ 58,799</u>	<u>\$ (60,898)</u>	<u>\$ 204,740</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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Charges for services	\$ 618,879	\$ 566,595	\$ (52,284)	\$ 557,011
Investment income	302	302	-	369
Total revenues	<u>619,181</u>	<u>566,897</u>	<u>(52,284)</u>	<u>557,380</u>
Expenditures				
Current - culture and recreation:				
Personal services	421,253	414,260	(6,993)	408,067
Materials and supplies	183,400	204,687	21,287	194,905
Contractual and other services	85,859	86,764	905	74,317
Capital outlay	<u>15,520</u>	<u>7,210</u>	<u>(8,310)</u>	<u>11,490</u>
Total expenditures	<u>706,032</u>	<u>712,921</u>	<u>6,889</u>	<u>688,779</u>
Revenues under expenditures	<u>(86,851)</u>	<u>(146,024)</u>	<u>(59,173)</u>	<u>(131,399)</u>
Other financing sources				
Transfers in	<u>89,613</u>	<u>146,482</u>	<u>56,869</u>	<u>143,655</u>
Net change in fund balance	2,762	458	(2,304)	12,256
Fund balance, beginning of year	<u>14,716</u>	<u>14,716</u>	<u>-</u>	<u>2,460</u>
Fund balance, end of year	<u>\$ 17,478</u>	<u>\$ 15,174</u>	<u>\$ (2,304)</u>	<u>\$ 14,716</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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Investment income	\$ 1,500	\$ 1,892	392	1,118
Miscellaneous	70,884	70,884	-	23,000
Total revenues	72,384	72,776	392	24,118
Expenditures				
Capital outlay	50,000	54,592	4,592	53,226
Revenues over (under) expenditures	22,384	18,184	(4,200)	(29,108)
Net change in fund balance	22,384	18,184	(4,200)	(29,108)
Fund balance, beginning of year	10	10	-	29,118
Fund balance, end of year	<u><u>\$ 22,394</u></u>	<u><u>\$ 18,194</u></u>	<u><u>\$ (4,200)</u></u>	<u><u>\$ 10</u></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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ 510
Expenditures				
Current - community enrichment and development	24,690	24,799	109	24,084
Capital outlay	-	-	-	5,390
Total expenditures	24,690	24,799	109	29,474
Revenues over (under) expenditures	(24,690)	(24,799)	(109)	(28,964)
Other financing sources				
Transfers in	21,000	21,000	-	-
Net change in fund balance	(3,690)	(3,799)	(109)	(28,964)
Fund balance, beginning of year	4,036	4,036	-	33,000
Fund balance, end of year	<u>\$ 346</u>	<u>\$ 237</u>	<u>\$ (109)</u>	<u>\$ 4,036</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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		
	Amended Budget	Actual	Actual Over (Under) Final Budget
			2007 Actual
Revenues			
Property taxes	\$ 1,199,300	\$ 1,196,668	\$ (2,632)
Investment income	45,000	58,381	13,381
Total revenues	<u>1,244,300</u>	<u>1,255,049</u>	<u>10,749</u>
Expenditures			
Current - community enrichment and development	146,944	137,830	(9,114)
Debt service:			
Principal retirement	100,000	100,000	-
Interest	4,725	4,724	(1)
Total expenditures	<u>251,669</u>	<u>242,554</u>	<u>(9,115)</u>
Revenues over (under) expenditures	992,631	1,012,495	19,864
Other financing uses			
Transfers out	<u>(1,269,837)</u>	<u>(1,043,354)</u>	<u>226,483</u>
Net change in fund balance	(277,206)	(30,859)	246,347
Fund balance, beginning of year	<u>464,776</u>	<u>464,776</u>	<u>-</u>
Fund balance, end of year	<u>\$ 187,570</u>	<u>\$ 433,917</u>	<u>\$ 246,347</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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Charges for services	\$ 297,390	\$ 282,854	\$ (14,536)	\$ 378,381
Investment income	-	-	-	10,512
Total revenues	<u>297,390</u>	<u>282,854</u>	<u>(14,536)</u>	<u>388,893</u>
Expenditures				
Current - public safety:				
Personal services	385,052	405,305	20,253	441,174
Materials and supplies	8,417	9,113	696	9,502
Inspection services	55,000	6,488	(48,512)	53,382
Contractual and other services	<u>53,918</u>	<u>62,180</u>	<u>8,262</u>	<u>44,989</u>
Total expenditures	<u>502,387</u>	<u>483,086</u>	<u>(19,301)</u>	<u>549,047</u>
Revenues over (under) expenditures	(204,997)	(200,232)	4,765	(160,154)
Other financing sources				
Transfers in	<u>204,151</u>	<u>200,000</u>	<u>(4,151)</u>	<u>161,000</u>
Net change in fund balance	(846)	(232)	614	846
Fund balance, beginning of year	<u>847</u>	<u>847</u>	<u>-</u>	<u>1</u>
Fund balance, end of year	<u>\$ 1</u>	<u>\$ 615</u>	<u>\$ 614</u>	<u>\$ 847</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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Actual Over (Under) Final Budget	2007 Actual
	Amended Budget	Actual		
Revenues				
Investment income	\$ 65,000	\$ 75,629	\$ 10,629	\$ 69,115
Other financing uses				
Transfers out	<u>(65,000)</u>	<u>(75,629)</u>	<u>(10,629)</u>	<u>(69,115)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>1,603,500</u>	<u>1,603,500</u>	<u>-</u>	<u>1,603,500</u>
Fund balance, end of year	<u><u>\$ 1,603,500</u></u>	<u><u>\$ 1,603,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,603,500</u></u>

City of Jackson, Michigan
Drug Law Enforcement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Investment income	\$ 542	\$ 501	\$ (41)	\$ 385
Miscellaneous:				
Sale of property	18,000	10,472	(7,528)	7,229
Other	36,143	65,361	29,218	58,282
Total revenues	<u>54,685</u>	<u>76,334</u>	<u>21,649</u>	<u>65,896</u>
Expenditures				
Current - public safety:				
Materials and supplies	177	177	-	668
Contractual and other services	81,818	76,752	(5,066)	5,921
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>81,995</u>	<u>76,929</u>	<u>(5,066)</u>	<u>6,589</u>
Revenues over expenditures	(27,310)	(595)	26,715	59,307
Other financing uses				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,357)</u>
Net change in fund balance	(27,310)	(595)	26,715	18,950
Fund balance, beginning of year	<u>28,065</u>	<u>28,065</u>	<u>-</u>	<u>9,115</u>
Fund balance, end of year	<u>\$ 755</u>	<u>\$ 27,470</u>	<u>\$ 26,715</u>	<u>\$ 28,065</u>

City of Jackson, Michigan
Project Safe Neighborhood
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 95,529	\$ 28,590	\$ (66,939)	\$ -
Total revenues	<u>95,529</u>	<u>28,590</u>	<u>(66,939)</u>	<u>-</u>
Expenditures				
Current - public safety:				
Personal services	92,165	26,142	(66,023)	-
Contractual and other services	<u>3,364</u>	<u>2,448</u>	<u>(916)</u>	<u>-</u>
Total expenditures	<u>95,529</u>	<u>28,590</u>	<u>(66,939)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Jackson, Michigan
Local Law Enforcement Block Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		2007 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Investment income	-	-	-
Total revenues	-	-	-
Expenditures			
Current - public safety:			
Personal services	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Revenues under expenditures	-	-	-
Other financing uses			
Transfers out	-	-	(58)
Net change in fund balance	-	-	(58)
Fund balance, beginning of year	-	-	58
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 58,940	\$ 57,929	\$ (1,011)	\$ 65,311
Miscellaneous	72,227	71,215	(1,012)	-
Total revenues	131,167	129,144	(2,023)	65,311
Expenditures :				
Current - public safety:				
Personal services	128,613	127,928	(685)	129,914
Contractual and other services	2,554	1,216	(1,338)	1,338
Total expenditures	131,167	129,144	(2,023)	131,252
Revenues over (under) expenditures	-	-	-	(65,941)
Other financing sources				
Transfers in	-	-	-	65,941
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	1,144	1,144	-	1,144
Fund balance, end of year	\$ 1,144	\$ 1,144	\$ -	\$ 1,144

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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Charges for services	\$ 308,000	\$ 242,316	\$ (65,684)	\$ 300,264
Investment income	2,000	1,616	(384)	2,002
Total revenues	<u>310,000</u>	<u>243,932</u>	<u>(66,068)</u>	<u>302,266</u>
Expenditures				
Current - culture and recreation:				
Personal services	119,647	97,830	(21,817)	118,507
Materials and supplies	35,000	46,174	11,174	45,738
Contractual and other services	<u>150,500</u>	<u>98,526</u>	<u>(51,974)</u>	<u>147,598</u>
Total expenditures	<u>305,147</u>	<u>242,530</u>	<u>(62,617)</u>	<u>311,843</u>
Net change in fund balances	4,853	1,402	(3,451)	(9,577)
Fund balance, beginning of year	<u>31,771</u>	<u>31,771</u>	<u>-</u>	<u>41,348</u>
Fund balance, end of year	<u><u>\$ 36,624</u></u>	<u><u>\$ 33,173</u></u>	<u><u>\$ (3,451)</u></u>	<u><u>\$ 31,771</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, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 1,152,754	\$ 400,573	\$ (752,181)	\$ 276,913
Miscellaneous	(280,797)	11,070	291,867	28,039
Total revenues	871,957	411,643	(460,314)	304,952
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	418,759	257,009	(161,750)	223,809
Rental rehabilitation	26,230	(3,315)	(29,545)	-
Community housing development organizations	355,634	123,611	(232,023)	53,142
Administration and other	71,334	34,338	(36,996)	28,001
Total expenditures	871,957	411,643	(460,314)	304,952
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 405,706	\$ 599,102	\$ 193,396	\$ 162,821
Investment income	656	554	(102)	1,074
Miscellaneous	456	1,876	1,420	-
Total revenues	406,818	601,532	194,714	163,895
Expenditures				
Current - community enrichment and development - Community housing development organizations	406,818	601,532	194,714	163,895
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Investment income	\$ 11,000	\$ 13,002	\$ 2,002	\$ 11,392
Fund balance, beginning of year	275,688	275,688	-	264,296
Fund balance, end of year	<u>\$ 286,688</u>	<u>\$ 288,690</u>	<u>\$ 2,002</u>	<u>\$ 275,688</u>

City of Jackson, Michigan
Brownfield Assessment Grant - 2004 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 145,642	\$ 145,641	\$ (1)	\$ 110,106
Total revenues	<u>145,642</u>	<u>145,641</u>	<u>(1)</u>	<u>110,106</u>
Expenditures				
Current - public works:				
Materials and supplies	640	639	(1)	22
Contractual and other services	<u>145,002</u>	<u>145,003</u>	<u>1</u>	<u>110,133</u>
Total expenditures	<u>145,642</u>	<u>145,642</u>	<u>-</u>	<u>110,155</u>
Net change in fund balance	-	(1)	(1)	(49)
Fund balance, beginning of year	<u>1</u>	<u>1</u>	<u>-</u>	<u>50</u>
Fund balance, end of year	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ 1</u></u>

City of Jackson, Michigan
Brownfield Assessment Grant - 2008 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 100,000	\$ 2,534	\$ (97,466)	\$ -
Investment income	-	-	-	-
Total revenues	<u>100,000</u>	<u>2,534</u>	<u>(97,466)</u>	<u>-</u>
Expenditures				
Current - public works:				
Personal services	1,500	361	(1,139)	-
Materials and supplies	-	361	361	-
Contractual and other services	<u>98,500</u>	<u>1,812</u>	<u>(96,688)</u>	<u>-</u>
Total expenditures	<u>100,000</u>	<u>2,534</u>	<u>(97,466)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Jackson, Michigan
Byrne / JAG Programs Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Amended Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 32,734	\$ -	\$ (32,734)	\$ 28,426
Expenditures :				
Current - public safety:				
Contractual and other services	32,734	-	(32,734)	28,426
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Intergovernmental	\$ 21,504	\$ -	\$ (21,504)	\$ 64,245
Investment income	-	5	5	15
Total revenues	21,504	5	(21,499)	64,260
Expenditures				
Current - public works:				
Contractual and other services	21,504	-	(21,504)	64,245
Net change in fund balance	-	5	5	15
Fund balance, beginning of year	15	15	-	-
Fund balance, end of year	<u>\$ 15</u>	<u>\$ 20</u>	<u>\$ 5</u>	<u>\$ 15</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, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
Revenues				
Charges for services	\$ 248,000	\$ 248,420	\$ 420	\$ 237,495
Investment income	-	-	-	65
Total revenues	<u>248,000</u>	<u>248,420</u>	<u>420</u>	<u>237,560</u>
Expenditures				
Current - culture and recreation:				
Personal services	158,317	159,814	1,497	163,508
Materials and supplies	66,883	70,785	3,902	66,620
Contractual and other services	<u>22,800</u>	<u>16,436</u>	<u>(6,364)</u>	<u>30,747</u>
Total expenditures	<u>248,000</u>	<u>247,035</u>	<u>(965)</u>	<u>260,875</u>
Net change in fund balance	-	1,385	1,385	(23,315)
Fund balance, beginning of year	<u>212</u>	<u>212</u>	<u>-</u>	<u>23,527</u>
Fund balance, end of year	<u><u>\$ 212</u></u>	<u><u>\$ 1,597</u></u>	<u><u>\$ 1,385</u></u>	<u><u>\$ 212</u></u>

Nonmajor Debt Service Funds

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

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

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 salt storage facility.

2007 Brownfield Refunding Debt Service Fund- This fund is used to record principal and interest payments on the \$9,905,000 Refunding Bonds dated December 1, 12007

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, 2008

	2003 City Hall Construction	Michigan Urban Land Assembly Loan	1998 Michigan Transportation Fund	2003 MTF Bond	2007 Brownfield Refunding
<u>ASSETS</u>					
Assets					
Pooled cash and investments	\$ 45,999	\$ -	\$ 7	\$ -	\$ 100
Due from other funds	2,541	-	-	-	-
Total assets	\$ 48,540	\$ -	\$ 7	\$ -	\$ 100
<u>LIABILITIES</u>					
<u>AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances					
Unreserved, undesignated	48,540	-	7	-	100
Total liabilities and fund balances	\$ 48,540	\$ -	\$ 7	\$ -	\$ 100

<u>Building Authority</u>	<u>2001 DDA TIF</u>	<u>2002 BRA TIF</u>	<u>Section 108 Loan</u>	<u>Totals</u>
\$ 3,351	\$ 637	\$ 2,273	\$ -	\$ 52,367
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,541</u>
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 54,908</u>

\$ -	\$ -	\$ -	\$ -	\$ -
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<u>3,351</u>	<u>637</u>	<u>2,273</u>	<u>-</u>	<u>54,908</u>
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<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 54,908</u>
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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, 2008

	2003 City Hall Construction	Michigan Urban Land Assembly Loan	1998 Michigan Transportation Fund	2003 MTF Bond	2007 Brownfield Refunding
Revenues					
Property taxes	\$ 584,081	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	456,256
Investment income	8,289	-	-	-	-
Total revenues	592,370	-	-	-	456,256
Expenditures					
Debt service:					
Principal retirement	155,000	144,000	125,000	115,000	90,000
Interest and fiscal charges	425,923	-	3,144	38,435	361,395
Bond issuance costs	-	-	-	-	215,913
Total expenditures	580,923	144,000	128,144	153,435	667,308
Revenues over (under) expenditures	11,447	(144,000)	(128,144)	(153,435)	(211,052)
Other financing sources					
Proceeds from issuance of debt	-	-	-	-	9,905,000
Discount on bonds	-	-	-	-	(94,062)
Payment to escrow agent	-	-	-	-	(9,599,786)
Transfers in	-	144,000	128,144	153,435	-
Total other financing sources (uses)	-	144,000	128,144	153,435	211,152
Net change in fund balances	11,447	-	-	-	100
Fund balances, beginning of year	37,093	-	7	-	-
Fund balances, end of year	<u>\$ 48,540</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 100</u>

<u>Building Authority</u>	<u>2001 DDA TIF</u>	<u>2002 BRA TIF</u>	<u>Section 108 Loan</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 584,081
128,394	-	527,623	65,000	1,177,273
-	-	-	-	8,289
<u>128,394</u>	<u>-</u>	<u>527,623</u>	<u>65,000</u>	<u>1,769,643</u>
85,000	540,000	60,000	65,000	1,379,000
43,394	428,923	467,623	-	1,768,837
-	-	-	-	215,913
<u>128,394</u>	<u>968,923</u>	<u>527,623</u>	<u>65,000</u>	<u>3,363,750</u>
-	(968,923)	-	-	(1,594,107)
-	-	-	-	9,905,000
-	-	-	-	(94,062)
-	-	-	-	(9,599,786)
-	968,923	-	-	1,394,502
<u>-</u>	<u>968,923</u>	<u>-</u>	<u>-</u>	<u>1,605,654</u>
-	-	-	-	11,547
<u>3,351</u>	<u>637</u>	<u>2,273</u>	<u>-</u>	<u>43,361</u>
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 54,908</u>

Nonmajor Capital Projects Funds

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

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

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

City of Jackson, Michigan
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008

	<u>Capital Projects</u>	<u>Downtown Development Authority Project</u>	<u>Totals</u>
<u>ASSETS</u>			
Assets			
Pooled cash and investments	\$ 57,392	\$ 940,943	\$ 998,335
	<u>57,392</u>	<u>940,943</u>	<u>998,335</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ -	\$ 1,177	\$ 1,177
Deferred revenue	564	-	564
	<u>564</u>	<u>1,177</u>	<u>1,741</u>
Total liabilities	564	1,177	1,741
Fund balances			
Unreserved, undesignated	56,828	939,766	996,594
	<u>56,828</u>	<u>939,766</u>	<u>996,594</u>
Total liabilities and fund balances	\$ 57,392	\$ 940,943	\$ 998,335
	<u>57,392</u>	<u>940,943</u>	<u>998,335</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, 2008

	Capital Projects	Downtown Development Authority Project	Totals
Revenues			
Property taxes	\$ -	\$ 1,014,339	\$ 1,014,339
Investment income	-	49,838	49,838
Donations	12,297	-	12,297
	<u>12,297</u>	<u>-</u>	<u>12,297</u>
Total revenues	12,297	1,064,177	1,076,474
Expenditures			
Capital outlay:			
Community enrichment & development	333,992	117,737	451,729
	<u>333,992</u>	<u>117,737</u>	<u>451,729</u>
Revenues over (under) expenditures	(321,695)	946,440	624,745
	<u>(321,695)</u>	<u>946,440</u>	<u>624,745</u>
Other financing sources (uses)			
Transfers in	338,817	-	338,817
Transfers out	-	(1,144,145)	(1,144,145)
	<u>-</u>	<u>(1,144,145)</u>	<u>(1,144,145)</u>
Total other financing sources (uses)	338,817	(1,144,145)	(805,328)
	<u>338,817</u>	<u>(1,144,145)</u>	<u>(805,328)</u>
Net change in fund balances	17,122	(197,705)	(180,583)
Fund balances, beginning of year	39,706	1,137,471	1,177,177
	<u>39,706</u>	<u>1,137,471</u>	<u>1,177,177</u>
Fund balances, end of year	<u>\$ 56,828</u>	<u>\$ 939,766</u>	<u>\$ 996,594</u>

Nonmajor Permanent Funds

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

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

City of Jackson, Michigan
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2008

	<u>Ella W. Sharp Park Endowment</u>	<u>Cemetery Perpetual Maintenance</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Pooled cash and investments - restricted	\$ 971,958	\$ 1,728,509	\$ 2,700,467
Interest receivable	-	18,879	18,879
Long-term advance to other funds	120,000	-	120,000
Total assets	1,091,958	1,747,388	2,839,346
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Due to other funds	5,148	38,790	43,938
Fund balances			
Reserved for :			
Perpetual care	-	1,708,598	1,708,598
Endowment principal	966,810	-	966,810
Advances	120,000	-	120,000
Total fund balances	1,086,810	1,708,598	2,795,408
Total liabilities and fund balances	\$ 1,091,958	\$ 1,747,388	\$ 2,839,346

City of Jackson, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2008

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Totals
Revenues			
Charges for services	\$ -	\$ 26,129	\$ 26,129
Investment income	23,324	149,556	172,880
	<u>23,324</u>	<u>149,556</u>	<u>172,880</u>
Total revenues	23,324	175,685	199,009
Expenditures	<u>-</u>	<u>8,361</u>	<u>8,361</u>
Revenues over (under) expenditures	23,324	167,324	190,648
Other financing uses			
Transfers out	<u>(53,982)</u>	<u>(65,725)</u>	<u>(119,707)</u>
Net change in fund balances	(30,658)	101,599	70,941
Fund balances, beginning of year	<u>1,117,468</u>	<u>1,606,999</u>	<u>2,724,467</u>
Fund balances, end of year	<u><u>\$ 1,086,810</u></u>	<u><u>\$ 1,708,598</u></u>	<u><u>\$ 2,795,408</u></u>

Nonmajor Enterprise Funds

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

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

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

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

City of Jackson, Michigan
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Assets				
Current assets:				
Pooled cash and investments	\$ 3,492	\$ 118,222	\$ 316,698	\$ 438,412
Accounts receivable	-	-	825	825
Total current assets	<u>3,492</u>	<u>118,222</u>	<u>317,523</u>	<u>439,237</u>
Noncurrent assets:				
Capital assets not being depreciated	-	1,682,727	-	1,682,727
Capital assets being depreciated, net	<u>124,850</u>	<u>215,802</u>	<u>-</u>	<u>340,652</u>
Total noncurrent assets	<u>124,850</u>	<u>1,898,529</u>	<u>-</u>	<u>2,023,379</u>
Total assets	<u>128,342</u>	<u>2,016,751</u>	<u>317,523</u>	<u>2,462,616</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	594	594
Accrued payroll	3,373	650	2,622	6,645
Installment purchase contract payable	-	75,000	-	75,000
Total current liabilities	<u>3,373</u>	<u>75,650</u>	<u>3,216</u>	<u>82,239</u>
Noncurrent liabilities:				
Long term advance from other funds	120,000	-	-	120,000
Installment purchase contract payable	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total non-current liabilities	<u>120,000</u>	<u>200,000</u>	<u>-</u>	<u>320,000</u>
Total liabilities	<u>123,373</u>	<u>275,650</u>	<u>3,216</u>	<u>402,239</u>
Net assets				
Invested in capital assets, net of related debt	124,850	1,623,529	-	1,748,379
Unrestricted (deficit)	<u>(119,881)</u>	<u>117,572</u>	<u>314,307</u>	<u>311,998</u>
Total net assets	<u>\$ 4,969</u>	<u>\$ 1,741,101</u>	<u>\$ 314,307</u>	<u>\$ 2,060,377</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, 2008

	<u>Ella W. Sharp Park Golf Practice Center</u>	<u>Automobile Parking System</u>	<u>Parking Assessment</u>	<u>Totals</u>
Operating revenues				
Charges for sales and services	<u>\$ 50,509</u>	<u>\$ 74,863</u>	<u>\$ 73,096</u>	<u>\$ 198,468</u>
Operating expenses				
Personal services	41,375	15,988	61,635	118,998
Materials and supplies	4,317	2,474	-	6,791
Contractual and other services	4,314	16,085	177,034	197,433
Depreciation	<u>17,836</u>	<u>45,420</u>	<u>-</u>	<u>63,256</u>
Total operating expenses	<u>67,842</u>	<u>79,967</u>	<u>238,669</u>	<u>386,478</u>
Operating income (loss)	<u>(17,333)</u>	<u>(5,104)</u>	<u>(165,573)</u>	<u>(188,010)</u>
Non-operating revenues (expenses)				
Investment income	11	4,211	16,824	21,046
Interest and fiscal charges	<u>(3,250)</u>	<u>(14,647)</u>	<u>-</u>	<u>(17,897)</u>
Total non-operating revenues (expenses)	<u>(3,239)</u>	<u>(10,436)</u>	<u>16,824</u>	<u>3,149</u>
Loss before transfers	(20,572)	(15,540)	(148,749)	(184,861)
Transfers in	<u>12,000</u>	<u>31,222</u>	<u>86,114</u>	<u>129,336</u>
Change in net assets	(8,572)	15,682	(62,635)	(55,525)
Net assets, beginning of year	<u>13,541</u>	<u>1,725,419</u>	<u>376,942</u>	<u>2,115,902</u>
Net assets, end of year	<u><u>\$ 4,969</u></u>	<u><u>\$ 1,741,101</u></u>	<u><u>\$ 314,307</u></u>	<u><u>\$ 2,060,377</u></u>

City of Jackson, Michigan
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Cash flows from operating activities				
Payments to employees	\$ (41,375)	\$ (15,988)	\$ (61,635)	\$(118,998)
Payments to vendors and claimants	(18,280)	(18,420)	(175,676)	(212,376)
Receipts from customers and users	50,509	74,863	72,271	197,643
Net cash provided by (used in) operating activities	(9,146)	40,455	(165,040)	(133,731)
Cash flows from capital and related financing activities				
Principal paid on long-term debt	-	(75,000)	-	(75,000)
Interest paid on long-term debt	(3,250)	(14,647)	-	(17,897)
Net cash used in capital and related financing activities	(3,250)	(89,647)	-	(92,897)
Cash flows from non-capital financing activities				
Transfer in	12,000	31,222	86,114	129,336
Cash flows from investing activities				
Interest received on investments	11	4,211	16,824	21,046
Net decrease in cash and cash equivalents	(385)	(13,759)	(62,102)	(76,246)
Cash and cash equivalents, beginning of year	3,877	131,981	378,800	514,658
Cash and cash equivalents, end of year	<u>\$ 3,492</u>	<u>\$ 118,222</u>	<u>\$ 316,698</u>	<u>\$ 438,412</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ (17,333)	\$ (5,104)	\$ (165,573)	\$(188,010)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	17,836	45,420	-	63,256
(Increase) decrease in:				
Interfund receivable	-	-	(825)	(825)
Increase (decrease) in:				
Accounts payable	-	(207)	(134)	(341)
Accrued payroll	351	346	1,492	2,189
Advance from other funds	(10,000)	-	-	(10,000)
Net cash provided by (used in) operating activities	<u>\$ (9,146)</u>	<u>\$ 40,455</u>	<u>\$ (165,040)</u>	<u>\$ (133,731)</u>

Internal Service Funds

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

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

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

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

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

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

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

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

City of Jackson, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Health Care Insurance Deductible	Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
Assets								
Current assets:								
Pooled cash and investments	\$ 972,052	\$ 933,741	\$ 141,956	\$ 258,048	\$ 128,595	\$ 77,971	\$ 149,054	\$ 2,661,417
Accounts receivable	-	70	169,646	-	41,911	3,659	-	215,286
Prepaid items	46,000	-	-	-	-	-	-	46,000
Total current assets	1,018,052	933,811	311,602	258,048	170,506	81,630	149,054	2,922,703
Noncurrent assets:								
Long-term advances from other funds	1,118,893	-	-	-	-	-	-	1,118,893
Capital assets being depreciated, net	-	1,301,508	-	-	-	-	-	1,301,508
Total noncurrent assets	1,118,893	1,301,508	-	-	-	-	-	2,420,401
Total assets	2,136,945	2,235,319	311,602	258,048	170,506	81,630	149,054	5,343,104
Liabilities								
Current liabilities:								
Accounts payable	2,602	14,043	72,321	16,345	8,734	2,443	-	116,488
Accrued payroll	-	13,168	-	-	9,934	9,007	-	32,109
Total current liabilities	2,602	27,211	72,321	16,345	18,668	11,450	-	148,597
Noncurrent liabilities:								
Long-term advance from other funds	-	105,110	-	-	-	-	-	105,110
Estimated claims payable	663,318	-	-	-	-	-	-	663,318
Total noncurrent liabilities	663,318	105,110	-	-	-	-	-	768,428
Total liabilities	665,920	132,321	72,321	16,345	18,668	11,450	-	917,025
Net assets								
Investment in capital assets, net of related debt	-	1,301,508	-	-	-	-	-	1,301,508
Unrestricted (deficit)	1,471,025	801,490	239,281	241,703	151,838	70,180	149,054	3,124,571
Total net assets	\$ 1,471,025	\$ 2,102,998	\$ 239,281	\$ 241,703	\$ 151,838	\$ 70,180	\$ 149,054	\$ 4,426,079

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, 2008

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Health Care Insurance Deductible	Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
Operating revenues								
Charges for services	\$ 249,477	\$ 262,565	\$ 895,800	\$ 435,347	\$ 566,661	\$ 369,401	\$ 149,054	\$ 2,928,305
Miscellaneous	17,033	1,115,224	2,871	-	2,315	113	-	1,137,556
Total operating revenues	266,510	1,377,789	898,671	435,347	568,976	369,514	149,054	4,065,861
Operating expenses								
Personal services	-	448,676	-	-	544,013	314,379	-	1,307,068
Administration	-	-	-	-	82,360	92,912	-	175,272
Materials and supplies	-	392,309	-	-	-	-	-	392,309
Contractual and other services	3,980	264,188	873,054	198,445	-	-	-	1,339,667
Benefit payments:								
Claims	257,490	-	-	-	-	-	-	257,490
Fees and reinsurance	50,912	-	-	-	-	-	-	50,912
Equipment	-	7,068	-	-	-	-	-	7,068
Depreciation	-	346,776	-	-	-	-	-	346,776
Total operating expenses	312,382	1,459,017	873,054	198,445	626,373	407,291	-	3,876,562
Operating income (loss)	(45,872)	(81,228)	25,617	236,902	(57,397)	(37,777)	149,054	189,299
Non-operating revenues								
Investment income	92,805	47,466	5,933	4,801	9,590	5,453	-	166,048
Change in net assets	46,933	(33,762)	31,550	241,703	(47,807)	(32,324)	149,054	355,347
Net assets, beginning of year	<u>1,424,092</u>	<u>2,136,760</u>	<u>207,731</u>	<u>-</u>	<u>199,645</u>	<u>102,504</u>	<u>-</u>	<u>4,070,732</u>
Net assets, end of year	<u>\$ 1,471,025</u>	<u>\$ 2,102,998</u>	<u>\$ 239,281</u>	<u>\$ 241,703</u>	<u>\$ 151,838</u>	<u>\$ 70,180</u>	<u>\$ 149,054</u>	<u>\$ 4,426,079</u>

City of Jackson, Michigan
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Health Care Insurance Deductible	Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
Cash flows from operating activities								
Payments to employees	\$ -	\$ (446,677)	\$ -	\$ -	\$ (544,494)	\$ (312,792)	\$ -	\$ (1,303,963)
Payments to vendors and claimants	(426,838)	(665,172)	(877,631)	(182,100)	(77,507)	(91,486)	-	(2,320,734)
Receipts for interfund services provided	266,510	1,377,764	898,671	435,347	604,058	370,667	149,054	4,102,071
Net cash provided by (used in) operating activities	(160,328)	265,915	21,040	253,247	(17,943)	(33,611)	149,054	477,374
Cash flows from capital and related financing activities								
Purchase of capital assets	-	(396,209)	-	-	-	-	-	(396,209)
Issuance of interfund advances	(8,259)	-	-	-	-	-	-	(8,259)
Principal and interest repaid on advances	-	(59,300)	-	-	-	-	-	(59,300)
Net cash used in capital and related financing activities	(8,259)	(455,509)	-	-	-	-	-	(463,768)
Cash flows from investing activities								
Interest received on investments	92,805	47,466	5,933	4,801	9,590	5,453	-	166,048
Net increase (decrease) in cash and cash equivalents	(75,782)	(142,128)	26,973	258,048	(8,353)	(28,158)	149,054	179,654
Cash and cash equivalents, beginning of year	1,047,834	1,075,869	114,983	-	136,948	106,129	-	2,481,763
Cash and cash equivalents, end of year	<u>\$ 972,052</u>	<u>\$ 933,741</u>	<u>\$ 141,956</u>	<u>\$ 258,048</u>	<u>\$ 128,595</u>	<u>\$ 77,971</u>	<u>\$ 149,054</u>	<u>\$ 2,661,417</u>
Reconciliation of operating income to net cash provided by operating activities								
Operating income (loss)	\$ (45,872)	\$ (81,228)	\$ 25,617	\$ 236,902	\$ (57,397)	\$ (37,777)	\$ 149,054	\$ 189,299
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	346,776	-	-	-	-	-	346,776
(Increase) decrease in:								
Accounts receivable	-	(25)	-	-	35,082	1,153	-	36,210
Increase (decrease) in:								
Accounts payable	(14,239)	(1,607)	(4,577)	16,345	4,853	1,426	-	2,201
Accrued payroll	-	1,999	-	-	(481)	1,587	-	3,105
Estimated claims payable	(100,217)	-	-	-	-	-	-	(100,217)
Net cash provided by (used in) operating activities	<u>\$ (160,328)</u>	<u>\$ 265,915</u>	<u>\$ 21,040</u>	<u>\$ 253,247</u>	<u>\$ (17,943)</u>	<u>\$ (33,611)</u>	<u>\$ 149,054</u>	<u>\$ 477,374</u>

Agency Funds

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

Payroll Clearing - 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, 2008

	<u>Payroll Clearing</u>	<u>Jeopardy Tax</u>	<u>County and School Tax Collection</u>	<u>Employee Bond Savings</u>	<u>Mechanic Street Escrow Account</u>	<u>Community Development Block Grant Escrow</u>	<u>Act 495 Fire Trust Fund</u>	<u>Total</u>
Assets								
Pooled cash and investments	\$ -	\$ 2,409	\$ 172,707	\$ 635	\$ -	\$ 19,176	\$ 22,121	\$ 217,048
	<u>-</u>	<u>2,409</u>	<u>172,707</u>	<u>635</u>	<u>-</u>	<u>19,176</u>	<u>22,121</u>	<u>217,048</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,176	\$ -	\$ 19,176
Due to other governments	-	2,409	172,707	-	-	-	-	175,116
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>635</u>	<u>-</u>	<u>-</u>	<u>22,121</u>	<u>22,756</u>
Total liabilities	<u>\$ -</u>	<u>\$ 2,409</u>	<u>\$ 172,707</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 19,176</u>	<u>\$ 22,121</u>	<u>\$ 217,048</u>

City of Jackson, Michigan
All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Payroll clearing account				
Assets :				
Pooled cash and investments	\$ 78,976	\$ 29,024,585	\$ 29,103,561	\$ -
	<u>\$ 78,976</u>	<u>\$ 29,024,585</u>	<u>\$ 29,103,561</u>	<u>\$ -</u>
Liabilities :				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	29,024,585	29,024,585	-
Other liabilities	78,976	-	78,976	-
	<u>\$ 78,976</u>	<u>\$ 29,024,585</u>	<u>\$ 29,103,561</u>	<u>\$ -</u>
Jeopardy Tax Fund :				
Assets :				
Pooled cash and investments	\$ 2,866	\$ -	\$ 457	\$ 2,409
	<u>\$ 2,866</u>	<u>\$ -</u>	<u>\$ 457</u>	<u>\$ 2,409</u>
Liabilities :				
Due to other governmental units :	\$ 2,866	\$ -	\$ 457	\$ 2,409
	<u>\$ 2,866</u>	<u>\$ -</u>	<u>\$ 457</u>	<u>\$ 2,409</u>
County & School Tax Collection Fund :				
Assets :				
Pooled cash and investments	\$ 22,383	\$ 33,205,718	\$ 33,055,394	\$ 172,707
Taxes receivable - real	-	32,438,165	32,438,165	-
	<u>\$ 22,383</u>	<u>\$ 65,643,883</u>	<u>\$ 65,493,559</u>	<u>\$ 172,707</u>
Liabilities :				
Due to other governmental units :				
Undistributed tax collections :				
Jackson County	\$ -	\$ 4,182,474	\$ 4,182,474	\$ -
Jackson Public Schools	-	8,258,984	8,258,984	-
Northwest Schools	-	25,160	25,160	-
Michigan Center Schools	-	88,977	88,977	-
East Jackson Schools	-	6,419	6,419	-
Jackson Intermediate School District	-	4,908,523	4,908,523	-
Jackson Community College	-	703,864	703,864	-
Jackson Transportation Authority	-	573,482	573,482	-
State of Michigan - State Education Tax	-	3,752,094	3,752,094	-
Other	22,383	10,106,102	9,955,778	172,707
	<u>\$ 22,383</u>	<u>\$ 32,606,079</u>	<u>\$ 32,455,755</u>	<u>\$ 172,707</u>
Employee Bond Savings Fund :				
Assets :				
Pooled cash and investments	\$ 620	\$ 6,349	\$ 6,334	\$ 635
	<u>\$ 620</u>	<u>\$ 6,349</u>	<u>\$ 6,334</u>	<u>\$ 635</u>
Liabilities :				
Employees' bond deductions payable	\$ 620	\$ 6,349	\$ 6,334	\$ 635
	<u>\$ 620</u>	<u>\$ 6,349</u>	<u>\$ 6,334</u>	<u>\$ 635</u>

Continued

City of Jackson, Michigan
All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2008
(Concluded)

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Mechanic Street Escrow Account :				
Assets :				
Pooled cash and investments	\$ 73	\$ -	\$ 73	\$ -
Liabilities :				
Customer deposits payable	\$ 73	\$ -	\$ 73	\$ -
Community Development Block Grant Escrow Fund :				
Assets :				
Pooled cash and investments	\$ 18,474	\$ 51,493	\$ 50,791	\$ 19,176
Liabilities :				
Accounts payable	\$ 18,474	\$ 51,493	\$ 50,791	\$ 19,176
Act 495 Fire Trust Fund				
Assets :				
Pooled cash and investments	\$ 35,601	\$ 25,190	\$ 38,670	\$ 22,121
Liabilities :				
Insurance deposits	\$ 35,601	\$ 25,190	\$ 38,670	\$ 22,121
Totals :				
Assets :				
Pooled cash and investments	\$ 158,993	\$ 62,313,335	\$ 62,255,280	\$ 217,048
Taxes receivable - real	-	32,438,165	32,438,165	-
	\$ 158,993	\$ 94,751,500	\$ 94,693,445	\$ 217,048
Liabilities :				
Accounts payable	\$ 18,474	\$ 51,493	\$ 50,791	\$ 19,176
Due to other governmental units	25,249	29,024,585	28,874,718	175,116
Undistributed tax collections :				
Jackson County	-	4,182,474	4,182,474	-
Jackson Public Schools	-	8,258,984	8,258,984	-
Northwest Schools	-	25,160	25,160	-
Michigan Center Schools	-	88,977	88,977	-
East Jackson Schools	-	6,419	6,419	-
Jackson Intermediate School District	-	4,908,523	4,908,523	-
Jackson Community College	-	703,864	703,864	-
Jackson Transportation Authority	-	573,482	573,482	-
State of Michigan - State Education Tax	-	3,752,094	3,752,094	-
Other	79,049	10,106,102	10,167,457	-
Other liabilities :				
Employees' bond deductions payable	620	6,349	6,334	635
Insurance deposits	35,601	25,190	38,670	22,121
	\$ 158,993	\$ 61,713,696	\$ 61,637,947	\$ 217,048

City of Jackson, Michigan
Balance Sheet / Statement of Net Assets
Brownfield Redevelopment Authority Component Unit
June 30, 2008

	<u>Capital Projects Brownfield Redevelopment Authority</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Pooled cash and investments	<u>\$ 2,789,970</u>	<u>\$ -</u>	<u>\$ 2,789,970</u>
Liabilities			
Accounts payable	34	-	34
Fund balances			
Unreserved - undesignated	<u>2,789,936</u>	<u>(2,789,936)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,789,970</u>		
Net assets - unrestricted		<u>\$ 2,789,936</u>	<u>\$ 2,789,936</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, 2008

	<u>Capital Projects</u> <u>Brownfield</u> <u>Redevelopment</u> <u>Authority</u>	<u>Adjustments</u>	<u>Statement</u> <u>of Activities</u>
Revenue			
Property tax	\$ 1,401,398	\$ -	\$ 1,401,398
Interest revenue	<u>104,759</u>	<u>-</u>	<u>104,759</u>
Total revenue	1,506,157	-	1,506,157
Expenditures/Expenses			
Community enrichment	<u>1,193,470</u>	<u>-</u>	<u>1,193,470</u>
Excess of revenues over expenditures	312,687	-	-
Change in net assets	-	-	312,687
Fund balances / net assets, beginning of year	<u>2,477,249</u>	<u>-</u>	<u>2,477,249</u>
Fund balances / net assets, end of year	<u><u>\$ 2,789,936</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,789,936</u></u>

STATISTICAL SECTION

City of Jackson Michigan Net Assets by Component

Schedule 1
UNAUDITED

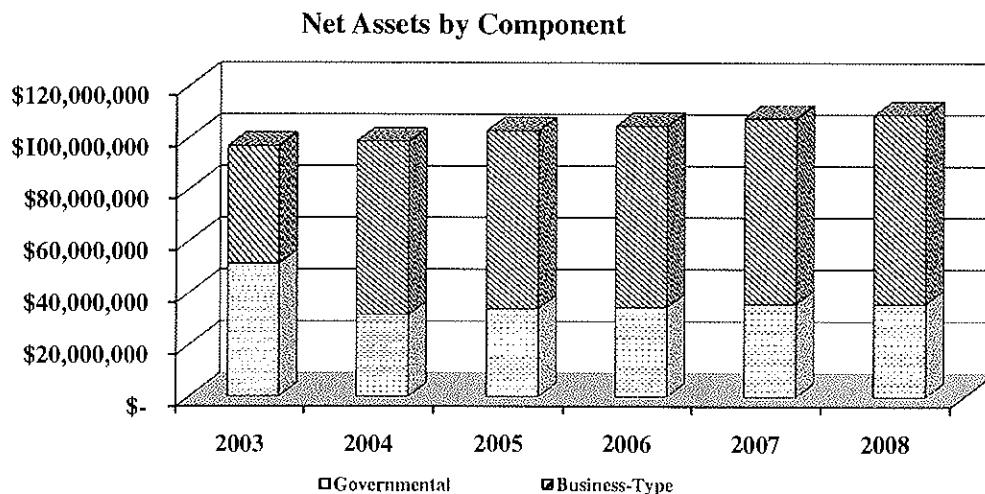
Last Six Years (A)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 39,044,014	\$ 17,246,524	\$ 19,477,559	\$ 20,420,840	\$ 23,412,904	\$ 24,422,805
Restricted	6,530,504	5,785,257	7,566,923	6,220,922	5,261,929	6,190,709
Unrestricted	5,579,873	8,461,304	6,890,748	7,794,846	7,158,068	5,269,188
Total governmental activities net assets	\$ 51,154,391	\$ 31,493,085	\$ 33,935,230	\$ 34,436,608	\$ 35,832,901	\$ 35,882,702
Business-type activities						
Invested in capital assets, net of related debt	\$ 32,241,403	\$ 52,374,587	\$ 52,754,671	\$ 53,240,973	\$ 53,809,620	\$ 55,288,398
Restricted	1,490,472	1,447,009	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	16,248,542
Total business-type activities net assets	\$ 45,516,915	\$ 66,964,875	\$ 68,766,976	\$ 69,976,571	\$ 71,673,792	\$ 72,983,949
Primary government						
Invested in capital assets, net of related debt	\$ 71,285,417	\$ 69,621,111	\$ 72,232,230	\$ 73,661,813	\$ 77,222,524	\$ 79,711,203
Restricted	8,020,976	7,232,266	9,013,932	7,667,931	6,708,938	7,637,718
Unrestricted	17,364,913	21,604,583	21,456,044	23,083,435	23,575,231	21,517,730
Total primary government net assets	\$ 96,671,306	\$ 98,457,960	\$ 102,702,206	\$ 104,413,179	\$ 107,506,693	\$ 108,866,651

(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 Six Years (A)
(accrual basis of accounting)

Schedule 2
UNAUDITED

	2003	2004	2005	2006	2007	2008
Revenue:						
Governmental activities:						
Program revenues:						
Charges for services:						
General government	\$ 1,221,030	\$ 1,196,457	\$ 1,292,556	\$ 2,178,125	\$ 2,210,512	\$ 2,326,935
Public safety	474,299	424,224	690,891	880,654	911,327	773,441
Public works	188,787	384,866	260,599	235,406	237,219	315,492
Culture and recreation	1,085,954	1,026,901	1,157,118	1,017,753	1,053,773	984,996
Other	40,783	456,857	367,428	129,640	516,114	176,096
Operating grants and contributions	6,361,454	5,616,389	4,873,069	6,341,324	5,929,661	5,954,457
Capital grants and contributions	3,802,848	1,405,094	2,885,188	1,797,076	2,591,674	1,119,751
General revenues:						
Property taxes	6,964,585	7,754,736	9,105,344	9,584,773	11,062,066	10,710,438
Income taxes	6,602,493	6,984,060	7,300,012	7,249,113	7,822,180	7,946,837
Grants and contributions not restricted to specific programs	6,434,919	5,895,879	7,057,734	6,737,106	5,538,943	5,390,450
Other	522,960	359,894	344,903	614,799	626,456	613,778
Total governmental activities revenues	33,700,112	31,505,357	35,334,842	36,765,769	38,499,925	36,312,671
Business-type activities:						
Program revenues:						
Charges for services:						
Sewer	4,558,307	4,405,515	4,595,743	4,550,800	5,451,069	5,256,002
Water	6,001,219	5,986,654	6,275,163	6,278,705	6,109,421	6,283,110
Parking system	257,906	377,332	378,523	377,939	390,098	398,192
Golf practice center	53,770	59,179	47,841	51,154	54,208	50,509
Capital grants and contributions	-	1,253,130	-	-	-	-
General revenues:						
Grants and contributions not restricted to specific programs	281,068	299,455	451,473	240,999	268,077	527,454
Other	209,785	141,311	249,120	500,427	703,383	781,190
Total business-type activities revenues	11,362,055	12,522,576	11,997,863	12,000,024	12,976,256	13,296,457
Total primary government revenues	45,062,167	44,027,933	47,332,705	48,765,793	51,476,181	49,609,128
Expenses:						
Governmental activities:						
Legislative	76,713	76,344	70,428	79,904	79,944	100,856
General government	4,365,163	4,213,894	4,162,208	4,750,801	5,227,643	5,106,778
Public safety	13,722,166	14,135,744	15,211,748	16,110,222	16,865,859	16,474,297
Public works	4,582,298	5,793,948	5,602,686	6,391,700	6,112,674	6,363,857
Culture and recreation	3,284,568	2,267,890	2,638,497	2,766,612	2,746,767	2,484,262
Community enrichment & development	3,414,818	5,133,149	2,977,181	4,031,540	3,951,962	3,836,177
Interest on long-term debt	1,676,873	1,916,025	2,125,358	2,025,886	1,995,657	1,767,307
Total governmental activities expenses	31,122,599	33,536,994	32,788,106	36,156,665	36,980,506	36,133,534
Business-type activities:						
Sewer	4,637,525	4,334,517	4,545,475	4,790,277	5,257,605	5,405,194
Water	5,339,940	5,130,173	5,048,903	5,437,488	5,448,272	5,896,097
Parking system	225,109	589,578	638,752	597,889	627,579	743,253
Golf Practice Center	74,292	80,487	67,222	72,501	68,705	71,092
Total business-type activities expenses	10,276,866	10,134,755	10,300,352	10,898,155	11,402,161	12,115,636
Total primary government expenses	41,399,465	43,671,749	43,088,458	47,054,820	48,382,667	48,249,170
Increase (decrease) in net assets	3,662,702	356,184	4,244,247	1,710,973	3,093,514	1,359,958
Net assets, beginning of year, as restated	93,008,603	96,671,305	98,457,959	102,702,206	104,413,179	107,506,693
Other restatements at June 30, 2003	-	1,430,470	-	-	-	-
Net assets, end of year	\$ 96,671,305	\$ 98,457,959	\$ 102,702,206	\$ 104,413,179	\$ 107,506,693	\$ 108,866,651

(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 Six Years (A)
(modified accrual basis of accounting)

Schedule 3
UNAUDITED

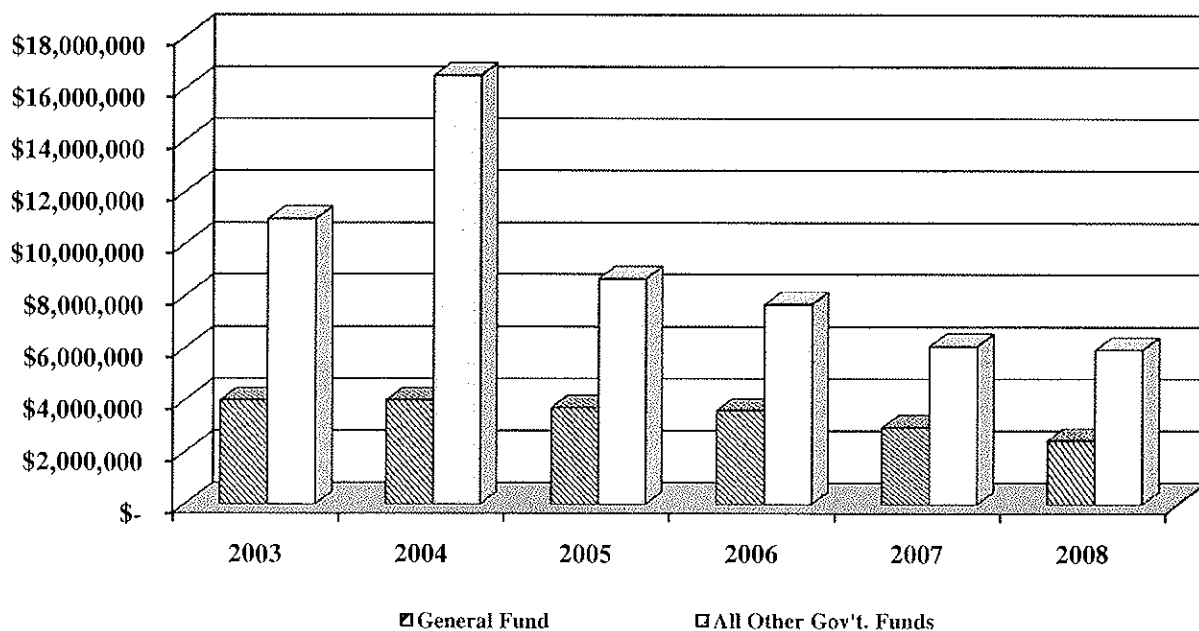
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 135,874	\$ 989,309	\$ 576,699	\$ 1,007,649	\$ 311,967	\$ 379,213
Unreserved	3,854,814	2,998,657	3,129,904	2,596,377	2,656,966	2,078,521
Total general fund	\$ 3,990,688	\$ 3,987,966	\$ 3,706,603	\$ 3,604,026	\$ 2,968,933	\$ 2,457,734
All Other Governmental Funds						
Reserved	\$ 3,926,763	\$ 3,101,874	\$ 3,134,439	\$ 2,890,964	\$ 2,989,343	\$ 3,116,497
Unreserved, reported in:						
Special revenue funds	1,583,168	2,262,510	3,619,163	4,015,537	2,810,082	2,787,377
Debt service funds	1,258,212	1,474,422	30,986	35,044	43,361	54,908
Capital projects funds	4,187,765	9,604,507	1,860,542	731,542	230,953	(17,189)
Permanent funds	-	39,370	8,698	-	-	-
Total all other governmental funds	\$ 10,955,908	\$ 16,482,683	\$ 8,653,828	\$ 7,673,087	\$ 6,073,739	\$ 5,941,593

(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

Fund Balances - Governmental Funds



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

	1999	2000	2001	2002
Revenues				
Taxes	\$ 13,425,400	\$ 13,631,682	\$ 13,702,763	\$ 13,372,157
Licenses and permits	446,626	358,074	486,357	542,190
Intergovernmental	12,356,559	12,562,148	16,474,679	11,894,532
Charges for services	2,293,580	2,133,839	2,107,313	2,381,975
Fines and forfeits	335,621	358,667	344,046	276,971
Special assessments	614,222	375,912	368,804	383,620
Investment income	497,207	548,693	709,183	606,470
Miscellaneous	686,017	661,046	1,275,535	807,545
Total revenues	30,655,232	30,630,061	35,468,680	30,265,460
Expenditures				
Legislative	47,067	58,791	61,317	75,940
General government	4,108,196	3,894,168	4,008,933	4,289,336
Public safety	13,863,581	13,862,836	14,123,279	13,353,931
Public works	7,388,586	7,012,898	8,489,758	5,587,490
Culture and recreation	2,098,722	2,039,918	2,098,837	2,432,546
Community enrichment and development	2,335,670	2,928,144	4,281,114	2,168,430
Capital outlay	481,930	629,992	13,323,432	2,187,506
Debt service:				
Principal	613,921	631,391	571,690	658,157
Interest and fiscal charges	196,486	197,776	193,541	793,440
Other	750	15,869	-	-
Total expenditures	31,134,909	31,271,783	47,151,901	31,546,776
Revenues over (under) expenditures	(479,677)	(641,722)	(11,683,221)	(1,281,316)
Other financing sources (uses)				
Proceeds from the capital assets	-	-	-	-
Proceeds from the issuance of debt	-	1,440,220	19,548,967	200,000
Discount on bonds	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	2,771,330	3,625,083	4,168,206	2,895,287
Transfers (out)	(2,850,907)	(3,649,951)	(4,227,272)	(2,995,009)
Total other financing sources (uses)	(79,577)	1,415,352	19,489,901	100,278
Net changes in fund balances	\$ (559,254)	\$ 773,630	\$ 7,806,680	\$ (1,181,038)
Debt service as a percentage of noncapital expenditures	2.6%	2.8%	2.3%	4.9%

Source: City of Jackson Finance Department

Schedule 4
UNAUDITED

	2003		2004		2005		2006		2007		2008
\$	13,466,902	\$	14,879,726	\$	16,325,697	\$	16,806,838	\$	18,716,042	\$	18,589,716
	218,273		216,538		254,973		231,377		231,486		228,671
	14,305,787		11,534,408		12,845,112		12,846,052		13,180,443		11,274,670
	2,882,738		2,875,007		2,832,829		3,853,103		4,051,135		3,848,682
	250,233		264,746		258,178		212,690		203,086		221,869
	266,702		478,716		249,531		378,339		306,739		467,981
	606,189		253,453		311,614		457,942		697,179		767,926
	1,475,169		1,454,100		2,135,528		1,843,723		571,129		785,300
	33,471,993		31,956,694		35,213,462		36,630,064		37,957,239		36,184,815
	76,713		76,344		70,428		79,904		79,944		100,856
	4,432,218		4,366,698		4,481,144		4,460,003		4,814,896		4,687,386
	13,816,626		14,282,280		15,252,256		16,555,647		17,460,830		16,945,032
	9,323,432		6,179,742		7,860,861		6,528,508		8,480,193		5,954,413
	2,555,559		2,463,750		2,432,741		2,592,558		2,727,397		2,668,948
	16,208,105		2,644,390		1,816,545		2,873,782		2,581,143		2,589,998
	947,770		4,048,998		8,094,359		1,456,073		731,251		506,321
	674,884		903,679		1,039,000		1,064,000		1,219,000		1,479,000
	1,781,623		1,659,899		2,243,834		2,021,976		1,994,884		1,773,561
	-		-		-		-		-		215,913
	49,816,930		36,625,780		43,291,168		37,632,451		40,089,538		36,921,428
	(16,344,937)		(4,669,086)		(8,077,706)		(1,002,387)		(2,132,299)		(736,613)
	172,092		84,105		72,079		26,795		20,984		11,452
	1,750,000		10,370,000		-		-		-		9,905,000
	-		(155,531)		-		-		-		(94,062)
	-		-		-		-		-		(9,599,786)
	3,374,678		4,628,187		4,399,406		2,158,544		2,969,637		2,635,156
	(3,491,773)		(4,733,622)		(4,503,997)		(2,266,270)		(3,092,763)		(2,764,492)
	1,804,997		10,193,139		(32,512)		(80,931)		(102,142)		93,268
\$	(14,539,940)	\$	5,524,053	\$	(8,110,218)	\$	(1,083,318)	\$	(2,234,441)	\$	(643,345)
	8.3%		8.1%		10.5%		9.2%		9.2%		10.0%

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

	1999	2000	2001	2002
Revenues				
Taxes	\$ 12,454,266	\$ 12,625,783	\$ 12,665,924	\$ 12,265,353
Licenses and permits	446,626	358,074	226,688	224,890
Intergovernmental	6,197,124	6,302,590	6,871,889	6,710,619
Charges for services	1,138,973	1,242,152	1,159,816	1,226,849
Fines and forfeits	335,621	358,667	344,046	276,971
Investment income	154,630	125,900	247,718	146,633
Miscellaneous	208,056	117,875	538,547	107,567
Total revenues	20,935,296	21,131,041	22,054,628	20,958,882
Expenditures				
Legislative	47,067	58,791	61,317	75,940
General government	4,108,196	3,894,168	4,002,020	4,283,723
Public safety	13,247,080	13,225,486	12,957,886	12,231,371
Public works	1,842,705	1,620,371	1,594,535	1,661,154
Culture and recreation	1,136,413	1,170,535	1,203,127	1,481,886
Community enrichment and development	333,842	248,972	258,803	219,345
Total expenditures	20,715,303	20,218,323	20,077,688	19,953,419
Revenues over (under) expenditures	219,993	912,718	1,976,940	1,005,463
Other financing sources (uses)				
Proceeds from the capital assets (A)				
Transfers in	646,592	376,111	338,514	278,402
Transfers (out)	(1,165,328)	(1,090,725)	(480,659)	(374,170)
Total other financing sources (uses)	(518,736)	(714,614)	(142,145)	(95,768)
Net changes in fund balances	\$ (298,743)	\$ 198,104	\$ 1,834,795	\$ 909,695

(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

2003	2004	2005	2006	2007	2008
\$ 12,224,021	\$ 13,007,511	\$ 13,843,364	\$ 14,276,643	\$ 16,016,387	\$ 15,794,628
218,273	216,538	254,973	231,377	231,486	228,671
6,032,594	5,769,574	5,581,910	5,925,153	5,572,841	5,204,759
1,425,226	1,441,380	1,338,854	1,170,927	1,306,639	1,305,095
250,233	264,746	258,178	212,690	203,086	221,869
90,810	73,972	105,190	267,083	288,413	307,193
150,201	402,960	1,392,079	1,404,473	130,031	151,284
20,391,358	21,176,681	22,774,548	23,488,346	23,748,883	23,213,499
76,713	76,344	70,428	79,904	79,944	100,856
4,432,218	4,366,698	4,481,144	4,460,003	4,814,896	4,687,386
12,658,451	13,207,314	14,010,760	15,229,963	16,292,286	15,745,929
1,592,589	1,690,189	1,414,892	1,728,580	1,498,532	1,498,147
1,588,412	1,547,153	1,508,574	1,385,593	1,465,900	1,466,462
314,437	254,780	190,797	204,811	202,150	198,589
20,662,820	21,142,478	21,676,595	23,088,854	24,353,708	23,697,369
(271,462)	34,203	1,097,953	399,492	(604,825)	(483,870)
131,309	10,624	17,809	13,379	20,984	11,452
214,393	271,834	206,969	270,667	274,603	319,680
(269,144)	(319,383)	(1,604,094)	(786,115)	(325,855)	(358,461)
76,558	(36,925)	(1,379,316)	(502,069)	(30,268)	(27,329)
\$ (194,904)	\$ (2,722)	\$ (281,363)	\$ (102,577)	\$ (635,093)	\$ (511,199)

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

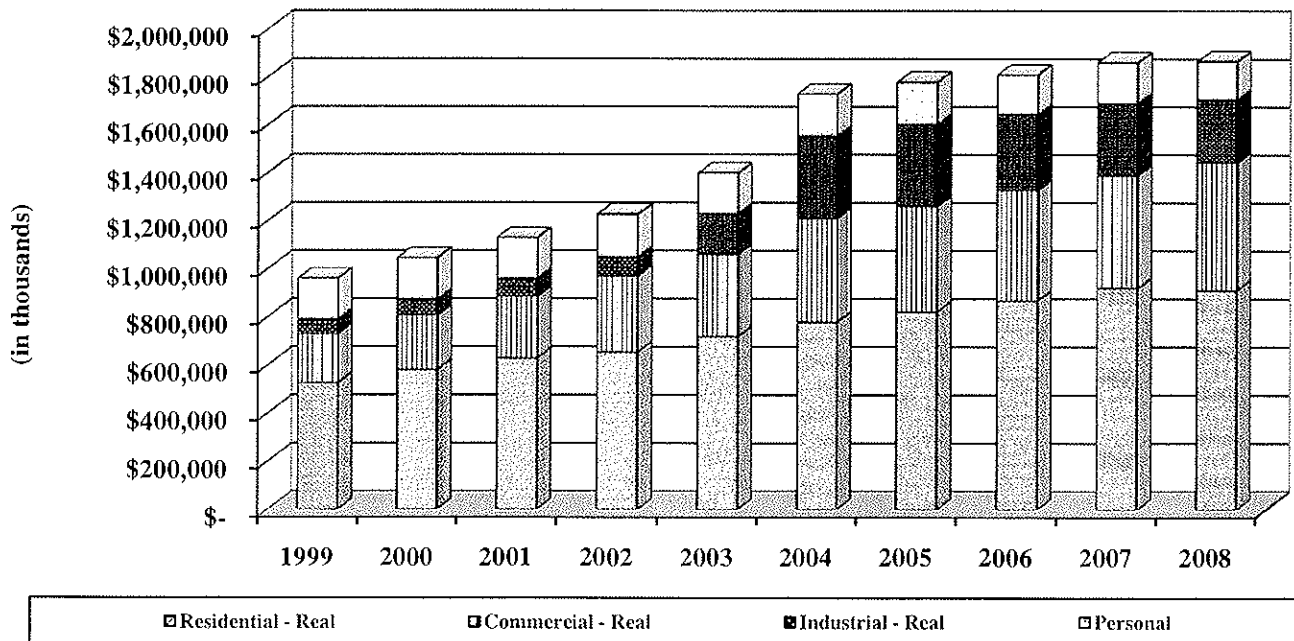
Schedule 6
UNAUDITED

Fiscal Year (2)	Real			Personal Property	Total Assessed and Actual Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property			
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
2008	911,658,506	533,316,152	262,235,412	158,722,800	1,865,932,870	14.6889

- (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, 2007 levy is for fiscal year 2008.
- (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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City direct rates										
Operating	7.0000	6.9482	6.8620	6.8057	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	2.0000	1.9852	1.9605	1.9444	1.9197	1.9197	1.9197	1.9197	1.9197	1.9197
Parking Garage/Sewer Debt	---	---	---	---	---	---	---	---	---	---
City Hall Debt	---	---	---	---	---	---	0.7400	0.7500	0.7500	0.7500
Act 345 Pension	5.3000	4.5800	4.2000	3.8500	3.7000	4.1500	4.5000	4.1200	5.1900	5.3000
Total direct rate	14.3000	13.5134	13.0225	12.6001	12.3389	12.7889	13.8789	13.5089	14.5789	14.6889
Overlapping rates										
Jackson County:										
Operating	5.5626	5.4819	5.4194	5.3559	5.2734	5.2022	5.1709	5.1471	5.1259	5.1187
Jail Debt	---	---	---	---	0.5000	0.4932	0.4902	0.4879	0.4858	0.4851
MCF	0.1485	0.1500	0.1482	0.1465	0.1442	0.1422	0.1413	0.1406	0.1400	0.1398
Senior Services	---	---	---	---	---	---	0.2500	0.2488	0.2477	0.2473
District Library	0.9349	0.9208	0.9102	0.8995	0.8856	0.8736	0.8682	0.8642	0.8606	0.8593
	6.6460	6.5527	6.4778	6.4019	6.8032	6.7112	6.9206	6.8886	6.8600	6.8502
Intermediate School District:										
Operating	0.3730	0.3677	0.3610	0.3580	0.3525	0.3477	0.3455	0.3439	0.3429	0.3422
Special & Vocational Education	8.4715	8.3519	8.2014	8.1348	7.0693	7.8730	7.8249	7.7895	7.7682	7.7541
	8.8445	8.7196	8.5624	8.4928	7.4218	8.2207	8.1704	8.1334	8.1111	8.0963
Jackson Community College:										
Operating	1.2446	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565	1.1511	1.1463	1.1446
Debt Service	0.0500	---	---	---	---	---	---	---	---	---
	1.2946	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565	1.1511	1.1463	1.1446
Jackson Transit Auth.- Operating	0.5000	0.9926	0.9802	0.9721	0.9597	0.9597	0.9597	0.9597	0.9597	0.9597
Downtown Dev. Auth.-Operating	2.0000	2.0000	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:										
Operating	17.9298	17.9298	17.8114	17.6047	17.8820	17.8820	17.8820	17.8820	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000
Debt	---	1.1300	1.9500	1.9500	1.9500	1.9500	2.4500	2.4000	2.4000	2.2500
Recreation	---	---	---	---	---	---	---	0.2000	0.2000	0.2000
	23.9298	25.0598	25.7614	25.5547	25.8320	24.8320	26.3320	26.4820	26.6000	26.4500
East Jackson Public Schools:										
Operating	18.0000	18.0000	17.8218	17.8146	17.1857	17.1530	17.1530	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000
Debt	7.5000	7.5000	7.5000	7.5000	7.5000	7.4000	7.0000	6.2400	6.2000	5.8800
Extra voted	---	---	---	0.1854	0.8143	0.8470	0.8470	---	---	---
	31.5000	31.5000	31.3218	31.5000	31.5000	30.4000	31.0000	30.2400	30.2000	29.8800
Michigan Center Public Schools:										
Operating	18.0000	18.0000	17.7282	17.7282	17.8002	17.4068	17.3318	18.0000	17.3999	17.3999
State Education Tax (SET)	6.0000	6.0000	6.0000	---	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000
Extra Voted/Sinking Fund	---	---	---	---	---	3.5000	3.4604	3.4604	4.0015	4.0016
	24.0000	24.0000	23.7282	17.7282	23.8002	25.9068	26.7922	27.4604	27.4014	27.4015
Northwest Public Schools:										
Operating	18.0000	18.0000	17.6490	17.6490	17.4024	17.2893	17.2893	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000
Debt	0.6794	0.4855	0.4718	0.4285	0.3994	0.3776	0.3003	0.1165	1.0513	1.0513
	24.6794	24.4855	24.1208	24.0775	23.8018	22.6669	23.5896	23.0652	24.0000	24.0000

Note: Levy shown is as of July 1. The July 1, 2007 levy is for the current fiscal year ending June 30, 2008.

Source: City of Jackson Finance Department

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

Schedule 8
UNAUDITED

Taxpayer	2008			1999		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Kinder Morgan Michigan/Alphagen (1)	\$ 96,975,750	1	12.62%	\$ -	-	-
Consumers Energy	54,713,214	2	7.12%	24,213,349	1	5.46%
Wolverine Technologies, Inc.	11,916,750	3	1.55%	7,156,027	2	1.61%
Ramco (Jackson Crossing/Jackson West)	8,464,678	4	1.10%	6,001,182	3	1.35%
Home Depot	6,121,547	5	0.80%	-	-	-
Alro Steel Corporation	5,972,654	6	0.78%	3,849,010	5	0.87%
Allegiance Health/Health Center	4,411,488	7	0.57%	-	-	-
Merchant's Crossing (Kroger Complex)	3,814,050	8	0.50%	-	-	-
Alpine Lake Apartments, LLC	3,408,695	9	0.44%	2,698,259	7	0.61%
Target/Dayton Hudson	3,236,617	10	0.42%	2,483,922	10	0.56%
Goodyear	-	-	-	4,227,550	4	0.95%
Aeroquip (Eaton Corp.)	-	-	-	2,918,986	6	0.66%
Sears	-	-	-	2,694,021	8	0.61%
Flagstar Bank	-	-	-	2,582,382	9	0.58%
	<u>\$ 199,035,443</u>		<u>25.90%</u>	<u>\$ 58,824,688</u>		<u>13.26%</u>

Total Ad Valorem Taxable Valuation as of June 30, 2008 = \$ 768,262,890 (valuation for fiscal year 2009).

Total Ad Valorem Taxable Valuation as of June 30, 1999 = \$ 443,842,486 (valuation for fiscal year 2000).

(1) 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.

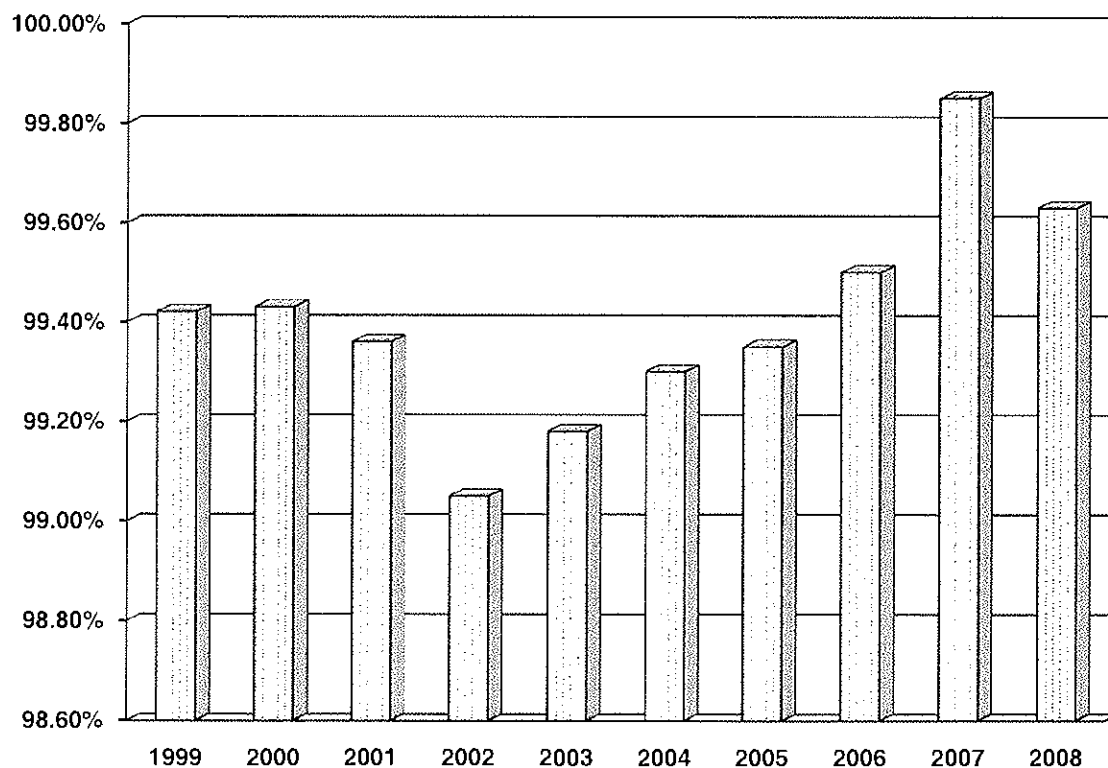
Source: City of Jackson Assessor Department.

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

Schedule 9
 UNAUDITED

Fiscal Year	Year of Levy	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
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%
2008	2007	10,460,635	9,674,158	92.48%	748,057	10,422,215	99.63%

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



Source: City of Jackson Finance Department

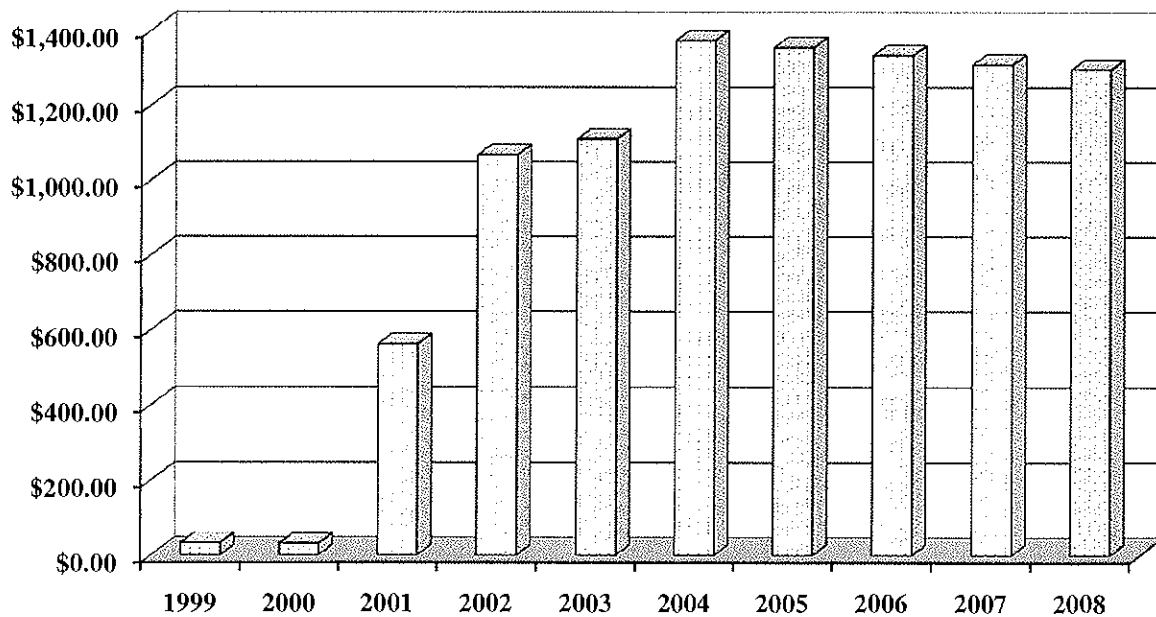
City of Jackson, Michigan
Ratios of General Bonded Debt Outstanding
Last Ten Years

Schedule 10
UNAUDITED

Fiscal Year	General Bonded Debt Outstanding			% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1999	\$ 1,220,000	\$ -	\$ 1,220,000	0.14%	0.13%	\$ 32.60
2000	1,120,000	-	1,120,000	0.12%	0.11%	30.92
2001	20,353,577	-	20,353,577	2.26%	1.80%	561.97
2002	38,623,577	-	38,623,577	4.20%	3.15%	1,066.42
2003	40,133,577	-	40,133,577	4.28%	2.87%	1,108.11
2004	49,688,577	-	49,688,577	5.22%	2.87%	1,371.93
2005	49,028,577	-	49,028,577	4.97%	2.76%	1,353.71
2006	48,263,577	-	48,263,577	4.76%	2.67%	1,332.59
2007	47,348,577	-	47,348,577	4.65%	2.54%	1,307.32
2008	46,898,577	-	46,898,577	n/a	2.51%	1,294.90

Source: City of Jackson Finance Department & Bureau of Economic Analysis
Personal Income statistics not available for 2008.

General Bonded Debt Per Capita



City of Jackson, Michigan
Computation of Net Direct and Overlapping Debt
As of June 30, 2008

Schedule 11
UNAUDITED

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
Direct debt			
Unlimited Tax General Obligation Debt:			
City Hall Bonds	\$ 9,585,000	\$ -	\$ 9,585,000
Limited Tax General Obligation Debt:			
Downtown Development Authority Bonds	16,188,577	16,188,577	-
Brownfield Redevelopment Authority Bonds	9,230,000	9,230,000	-
Brownfield Redevelopment Authority Refunding Bonds	9,815,000	9,815,000	-
Building Authority Bonds	775,000	-	775,000
Michigan Transportation Fund Bonds	1,305,000	1,305,000	-
Installment Purchase Contracts	425,000	-	425,000
Revenue Bonds:			
Water Revenue Bonds	2,055,000	2,055,000	-
Sewer Revenue Bonds	700,000	700,000	-
Other:			
Michigan Urban Land Assembly Loan	340,000	340,000	-
Section 108 Loan (HUD)	830,000	830,000	-
Net direct debt	<u>\$ 51,248,577</u>	<u>\$ 40,463,577</u>	<u>10,785,000</u>
	<u>Gross</u>	<u>City Share</u>	
Overlapping debt			
School Districts:			
Jackson School District	\$ 38,770,000	54.59%	21,164,543
East Jackson School District	15,130,000	0.12%	18,156
Northwest School District	1,310,000	0.23%	3,013
Michigan Center School District	-	2.05%	-
			<u>21,185,712</u>
Jackson County at Large	33,395,000	17.18%	5,737,261
Jackson Community College	24,120,000	17.18%	4,143,816
Jackson County Intermediate School District	-	16.89%	-
Net overlapping debt			<u>31,066,789</u>
Net direct and overlapping debt			<u>\$ 41,851,789</u>
Per Capita Debt: (36,218 population):			
Gross Direct Debt			\$ 1,415.00
Net Direct Debt			297.78
Net Overlapping Debt			857.77
Total Net Direct & Overlapping Debt			1,155.55
Percent of Taxable Valuation: (\$ 768,262,890 Ad Valorem Taxable Valuation at 6/30/08):			
Net Direct Debt			1.40%
Net Overlapping Debt			4.04%
Total Net Debt			<u>5.44%</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

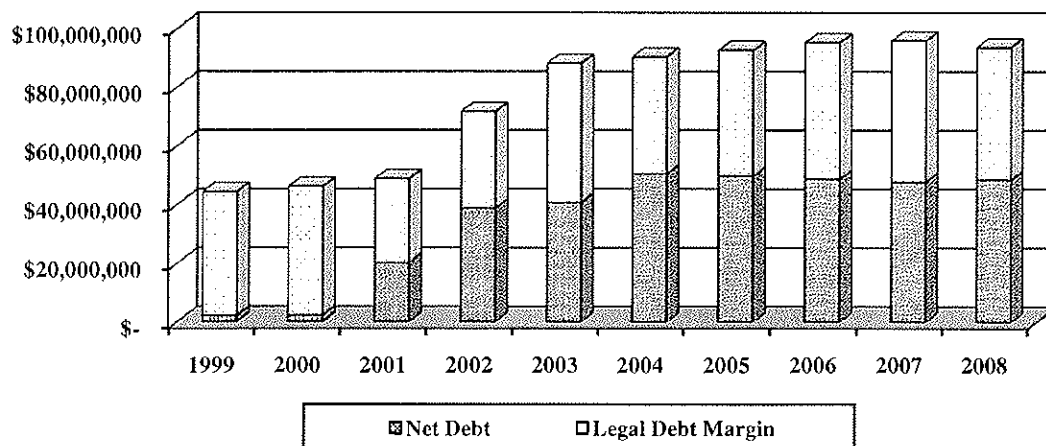
Legal Debt Margin - 2008

State Equalized Value as of December 31, 2007 (for taxes levied by the City on July 1, 2008)		\$ 936,223,012
Debt limit (10% of state equalized value)		\$ 93,622,301
Total Debt - (See Schedule 11)	\$ 51,248,577	
Less Excluded Debt:		
Michigan Transportation Fund Bonds	(1,305,000)	
Revenue Bonds	(1,377,500)	48,566,077
Legal debt margin		\$ 45,056,224

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
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	40,698,577	47,366,306	46.21%
2004	90,322,370	50,504,577	39,817,793	55.92%
2005	92,551,455	49,715,577	42,835,878	53.72%
2006	95,180,701	48,821,577	46,359,124	51.29%
2007	95,841,305	47,782,577	48,058,728	49.86%
2008	93,622,301	48,566,077	45,056,224	51.87%

Source: City of Jackson Finance Department

Components of Debt Limit



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

Schedule 13
UNAUDITED

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income	(3) Per Capita Income
1999	37,425	18,625	17,600	1,025	5.5 %	\$ 901,181,659	\$24,080
2000	36,218	18,925	17,975	950	5.0 %	906,743,059	25,036
2001	36,218	19,400	17,850	1,550	8.0 %	900,196,684	24,855
2002	36,218	19,400	17,550	1,850	9.5 %	919,632,814	25,392
2003	36,218	19,375	17,075	2,300	11.9 %	937,137,520	25,875
2004	36,218	18,975	17,100	1,875	9.9 %	952,255,530	26,292
2005	36,218	18,076	16,323	1,753	9.7 %	985,681,450	27,215
2006	36,218	18,135	16,361	1,774	9.8 %	1,013,032,829	27,970
2007	36,218	17,729	15,673	2,056	11.6 %	1,018,284,248	28,115
2008	36,218	17,488	15,305	2,183	12.5 %	n/a	n/a

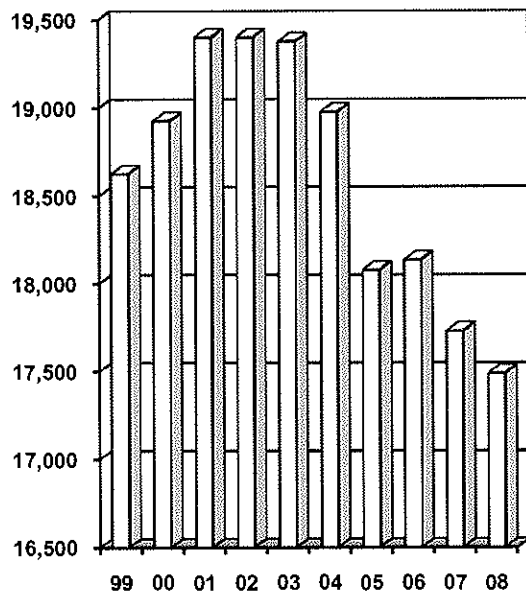
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2008 represents June, 2008.

(1) Population shown is based on the most recent preceding year's actual.

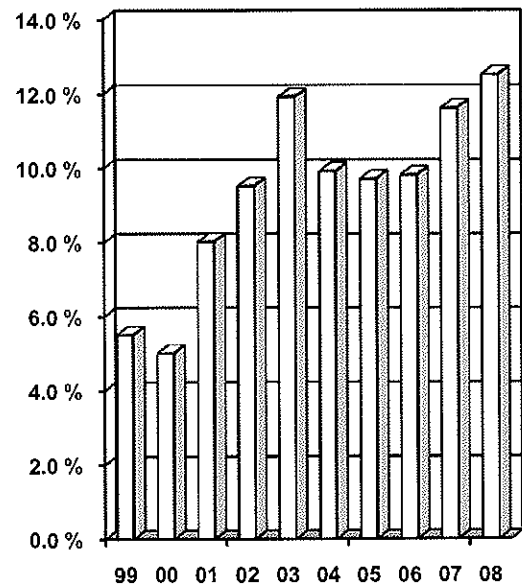
(2) Source: Michigan Department of Labor and Economic Growth, Bureau of Labor Market Information

(3) Source: Bureau of Economic Analysis. Personal income data not available for the City for 2008.

Labor Force



Unemployment Rate



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

Schedule 14
UNAUDITED

Employer	2008			2001		
	Total (2) Employees	Rank	% of Total City Labor Force	Total (2) Employees	Rank	% of Total City Labor Force
Foote Health System	3,146	(a) 1	17.15%	2,590	(a) 1	12.89%
Consumers Energy	2,000	(b) 2	7.43%	2,025	(b) 2	6.70%
Local Government	870	3	4.97%	955	3	4.92%
Jackson Public Schools	782	4	4.47%	790	4	4.07%
Eaton Corporation	598	(c) 5	3.42%	585	(c) 5	1.55%
Great Lakes Home Health /Hospice	400	6	2.29%	-	-	-
Alro Steel Corporation	325	7	1.86%	196	10	1.01%
Anesthesia Business Consultants	284	8	1.62%	-	-	-
Certainteed /Wolverine Vinyl Siding	250	9	1.43%	350	7	1.80%
Jackson Citizen Patriot	178	10	1.02%	N/A	-	-
Edscha (Jackson Automotive Group)	-	-	-	450	6	2.32%
Worthington Steel / Specialties	-	-	-	258	8	1.33%
Way Bakeries	152	-	-	230	9	1.19%
	<u>8,985</u>		<u>45.66%</u>	<u>8,429</u>		<u>37.78%</u>

(1) Data for 1999 (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 2008 and 2,500 in 2001 of total shown work in the City...percentage adjusted to reflect.

(b) Approximately 1300 of total shown work in the City...percentage adjusted to reflect.

(c) All of total shown in 2008 and approximately 300 of total shown in 2001 work in the City...percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

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

Schedule 15
UNAUDITED

Function/Program	Full-time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government:										
City Manager	5	4	5	5	5	4	3	4	4	2
Finance	5	5	5	5	5	5	5	5	5	5
City Assessor	4	5	4	5	5	5	5	4	5	5
City Attorney	5	5	5	4	5	5	5	5	5	5
City Clerk/Elections	3	3	2	3	4	4	4	4	4	4
Personnel	4	4	4	4	4	3	4	4	4	3
Purchasing/City Hall	3	3	3	3	3	3	3	3	3	3
City Treasurer / Income Tax	7	7	7	7	7	7	7	7	7	7
Mgt. Information Services	2	3	3	3	3	3	1	2	2	3
Public Safety:										
Police-Civilian	21	23	24	25	24	24	23	22	20	20
Police-Enforcement	67	68	67	70	70	70	68	66	64	64
Fire-Civilian	3	3	4	2	3	2	2	2	2	2
Fire-Protection	49	47	46	45	46	43	43	43	43	42
Building Inspection	8	8	7	7	6	7	6	7	5	5
Emergency Measures	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public Works	36	34	32	34	35	33	29	31	29	31
Engineering	6	7	14	14	14	14	13	13	13	12
Culture & Recreation:										
Parks, Recreation & Grounds	23	22	23	25	25	24	24	25	24	24
Community Development:										
Public Safety / Community										
Enrichment & Development	11	13	14	13	12	10	10	10	11	11
Enterprise Funds:										
Sewer	16	17	17	18	18	18	18	19	19	19
Water	34	35	35	35	34	35	34	34	33	34
Total	313	317	322	328	329	320	308	311	303	302

Source: City of Jackson Personnel Department and Finance Department

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

Schedule 16
UNAUDITED

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Police:										
Physical arrests	4,463	4,357	4,013	3,651	3,511	3,513	3,628	3,562	3,206	3,314
Traffic violations	12,164	16,544	16,705	17,388	15,567	15,812	14,165	11,003	9,796	7,666
Parking violations	4,088	3,457	2,500	2,254	4,572	5,782	4,741	3,722	3,668	3,410
Fire:										
Calls answered	3,441	4,026	4,458	4,438	4,158	4,105	4,072	4,419	4,521	4,685
Inspections conducted	665	274	225	225	325	325	594	762	341	452
Sewer system										
Service connections	12,920	12,935	12,838	12,843	12,609	12,426	12,802	12,755	12,758	12,758
Daily average treatment (mg)	13.5	13.6	14.0	13.6	12.6	12.9	13.2	12.5	13.6	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
Water system										
Service connections	14,554	14,568	14,987	15,255	15,327	15,352	15,327	15,324	15,509	15,697
Daily average consumption (mg)	6.15	6.11	5.73	5.61	6.91	5.53	5.41	5.49	5.43	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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	39	39	39	40	41	41	39	38	36
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Response vehicles	9	9	9	9	9	9	9	10	10	10
Culture and recreation										
Parks:										
Number	19	22	23	23	23	23	23	24	26	26
Acreage	634	635	636	636	636	636	636	636	637	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	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
Public works										
Miles of streets	171	171	165	165	165	165	165	165	171	171
Street lights	2,279	2,279	2,335	2,335	2,335	2,335	2,365	2,440	2,458	2,458
Sewer system										
Miles of sanitary sewers	164	164	161	161	160	160	160	160	160	165
Miles of storm sewers	105	105	109	109	108	108	108	108	108	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
Water system										
Miles of water mains	214	214	218	234	231	232	232	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	1,858	1,858	1,918	2,026	2,029	2,030	2,030	2,064	2,064	2,111

Source: City of Jackson Finance Department

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

Schedule 18
UNAUDITED

Type of Coverage Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u> <i>Michigan Municipal Liability and Property Pool</i>	7/1/07-6/30/08	\$ 117,113	All risk coverage on buildings and contents. \$162,184,612 limit with \$2,500 deductible per occurrence.
<u>Automobile</u> <i>Michigan Municipal Liability and Property Pool</i>	7/1/07-6/30/08	\$ 88,137	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection, \$1,000 comprehensive and collision deductibles.
<u>Liability</u> <i>Michigan Municipal Liability and Property Pool</i>	7/1/07-6/30/08	\$ 253,711	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$5,000 deductible.
<u>Crime/Bonds</u> <i>Michigan Municipal Liability and Property Pool</i>	7/1/07-6/30/08	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
<u>Workers Compensation</u> <i>Midwest Employers Casualty Broadspire Services</i>	9/1/07-9/01/08 1/1/07-12/31/07	\$ 28,774 \$ 22,138	Excess insurance above \$350,000 retention. TPA for claims service.
<u>Community Blue-PPO</u> <i>Blue Cross/Blue Shield</i>	Monthly	Varies	PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and retired City personnel.
<u>PHP-HMO</u> <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.
<u>Prescription Drug Coverage</u> <i>ScriptGuide</i>	Monthly		City's self insured prescription drug plan available to all full-time and retired personnel. Third party administrator processes claims with a contracted fee schedule.
<u>Life</u> <i>Life Insurance Company of North America</i>	Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary up to \$50,000 with a minimum of \$30,000. All full-time employees are covered.
<u>Long-term Disability</u> <i>Life Insurance Company of North America</i>	Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.

Source: City of Jackson Finance Department

City of Jackson, Michigan
Supplemental Disclosure Information
State Equalized Valuation/Taxable Valuation
Fiscal Years Ended June 30, 2005 Through 2009

Schedule 19
UNAUDITED

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Fiscal Year Ended June 30	State Equalized Valuation (1)	Ad Valorem Taxable Value	Total Taxable Valuation (1)
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
2007	2008	2009	936,223,012	768,262,890	783,318,402

Per Capita 2008 Ad Valorem Taxable Valuation is \$ 21,212 and Per Capita 2008 Total Taxable Valuation is \$ 21,628 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				
	2004	2005	2006	2007	2008
Use:					
Commercial	27.18%	27.43%	28.63%	27.57%	29.53%
Industrial	30.72%	29.10%	25.77%	27.12%	23.36%
Residential	42.10%	43.47%	45.60%	45.31%	47.11%
	100.00%	100.00%	100.00%	100.00%	100.00%
Class:					
Real	87.56%	88.60%	88.54%	89.36%	89.67%
Personal	12.44%	11.40%	11.46%	10.64%	10.33%
	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

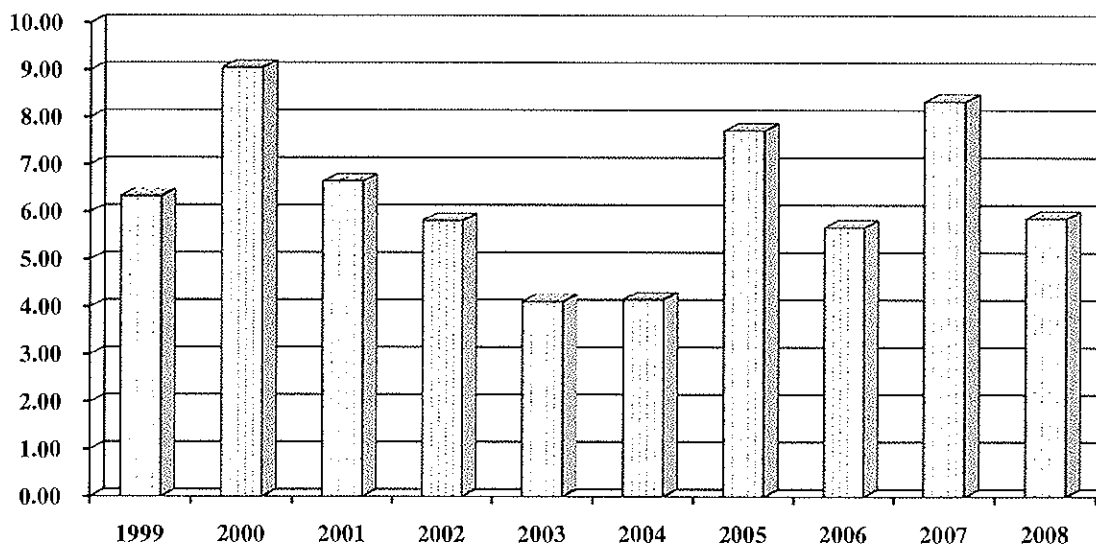
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
1999	\$ 4,460,571	\$ 3,012,590	\$ 1,447,981	\$ 150,000	\$ 78,625	\$ 228,625	6.33
2000	4,533,600	2,526,972	2,006,628	150,000	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	3,829,760	2,104,816	200,000	52,725	252,725	8.33
2008	5,766,209	4,200,485	1,565,724	225,000	42,063	267,063	5.86

(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

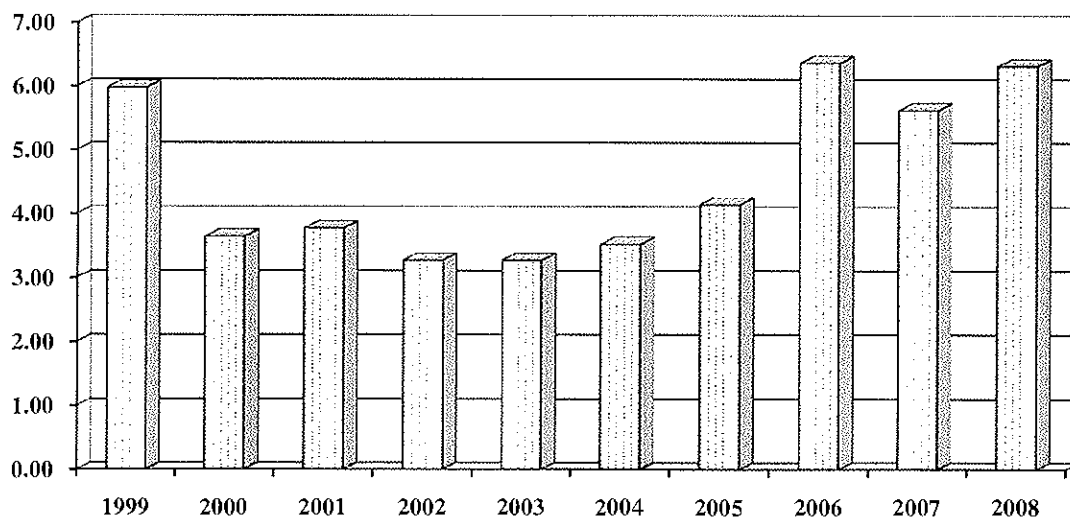
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
1999	\$ 5,607,614	\$ 3,501,750	\$ 2,105,864	\$ 175,000	\$ 177,650	\$ 352,650	5.97
2000	5,965,031	3,950,553	2,014,478	325,000	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	6,345,440	4,593,068	1,752,372	200,000	111,723	311,723	5.62
2008	7,021,941	5,044,892	1,977,049	210,000	103,323	313,323	6.31

(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				
	2004	2005	2006	2007	2008
<u>Water Pumped vs. Water Sold: (in million gallons)</u>					
Pumped	2,389.0	2,324.3	2,399.6	2,388.2	2,607.0
Sold	2,018.2	1,973.6	2,002.6	1,982.2	2,401.4
Sold as a % of Pumped	84.48%	84.91%	83.46%	83.00%	92.11%
<u>Number of Customers:</u>					
Residential	12,545	12,521	13,172	13,234	12,317
Commercial	1,814	1,814	1,948	2,065	2,136
Industrial	191	189	204	210	258
Total	14,550	14,524	15,324	15,509	14,711
<u>Percent of Water Consumption by Category:</u>					
Residential	39.76%	36.66%	36.82%	36.25%	32.39%
Commercial	40.54%	42.33%	41.31%	38.44%	45.90%
Industrial	19.70%	21.01%	21.87%	25.31%	21.71%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
<u>History of Water Rates</u>					
<i>(average consumption - 22 HCF / average 5/8 inch meter)</i>					
Metered per quarter	\$ 56.37	\$ 57.85	\$ 57.85	\$ 57.85	\$ 57.85
% Change (in average consumption)	2.68%	2.63%	0.00%	0.00%	0.00%
<u>Water Supply System Annual Revenues:</u>					
Metered revenue	\$ 5,900,474	\$ 6,018,706	\$ 6,058,562	\$ 5,973,946	\$ 6,165,173
% Increase (Decrease)	1.62%	2.00%	0.66%	-1.40%	3.20%
<u>Water Supply System Revenues By User Class:</u>					
Residential	\$ 2,993,171	\$ 2,967,222	\$ 2,879,595	\$ 2,883,727	\$ 2,903,899
Commercial	2,224,591	2,365,953	2,444,043	2,328,429	2,470,359
Industrial	682,712	685,531	716,448	761,790	790,915
Sewer - Billing & Collection Charges	197,516	196,936	192,184	204,129	220,418
Total	\$ 6,097,990	\$ 6,215,642	\$ 6,232,270	\$ 6,178,075	\$ 6,385,591
<u>Water Supply Revenues By User Class as a % of Total Revenues:</u>					
Residential	49.08%	47.74%	46.20%	46.68%	45.48%
Commercial	36.48%	38.06%	39.22%	37.69%	38.69%
Industrial	11.20%	11.03%	11.50%	12.33%	12.39%
Sewer - Billing & Collection Charges	3.24%	3.17%	3.08%	3.30%	3.44%
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, 2008

Schedule 23
UNAUDITED

<u>Customer</u>	(1) <u>Usage</u>	(2) <u>% of Total</u>	<u>Revenue</u>	(3) <u>% of Total</u>
* Michigan Department of Corrections	303,454	12.64%	\$ 202,310	3.17%
Kinder Morgan Michigan/Alphagen	229,271	9.55%	230,707	3.61%
Allegiance Health/Health Center	68,337	2.85%	83,406	1.31%
Wolverine Technologies	41,000	1.71%	60,552	0.95%
Elm Plating	36,927	1.54%	55,699	0.87%
Eaton Aeroquip Corp.	32,950	1.37%	45,899	0.72%
** Consumers Energy	25,611	1.07%	57,148	0.89%
Commonwealth Commerce Center	22,650	0.94%	39,218	0.61%
Industrial Steel Treating	21,013	0.88%	35,303	0.55%
Lefere Forge & Machine	20,305	0.85%	29,911	0.47%

(1) Unit = Hundred Cubic Feet (HCF)

(2) Based on June 30, 2008 total water consumption of 2,401,345 HCF.

(3) Based on June 30, 2008 Water Supply System Revenues By User Class (Schedule 22) of \$ 6,385,591.

* 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

Year of Transfer To Ad Valorem Tax Roll	(1) I.F.T. S.E.V. Amount
2009	\$ 1,138,950
2010	1,624,962
2011	797,750
2012	1,806,350
2013	815,150
2014	1,492,700
2015	89,800
2016	2,504,250
2017	2,680,750
2018	1,239,900
2019	426,400
2020	161,100
	<u>\$ 14,778,062</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
Tax Increment Revenues, Debt Service and Debt Service Coverage

Schedule 25
UNAUDITED

Downtown Development Authority Bonds

Fiscal Year	Tax Increment Revenues	Debt Service	(1) Capitalized Interest	(2) DDA Budgetary Commitments	Excess Tax Increment Revenues	Debt Service Coverage
2002	\$ 139,394	\$ 562,866	\$ 562,866	\$ 26,922	\$ 112,472	-
2003	250,603	477,905	477,905	27,595	223,008	-
2004	847,306	672,905	-	28,285	146,116	1.26
2005	869,006	746,790	-	28,992	93,224	1.16
2006	872,740	815,790	-	29,717	27,233	1.07
2007	972,179	891,945	-	30,460	49,774	1.09
2008	1,014,339	968,923	-	31,220	14,196	1.05

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

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

Brownfield Redevelopment Authority Bonds

Fiscal Year	Tax Increment Revenues (2)	Debt Service	(3) Capitalized Interest	Excess Tax Increment Revenues	Debt Service Coverage
2002	\$ -	\$ -	\$ -	\$ -	-
2003	119,689	1,087,889	1,087,889	119,689	-
2004	845,825	955,220	955,220	845,825	-
2005	1,063,299	955,721	79,602	107,578	-
2006	1,074,376	955,469	-	118,907	1.12
2007	1,113,451	980,470	-	132,981	1.14
2008	1,153,851	979,017	-	174,834	1.18

(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

Fiscal Year	Gas & Weight Tax Revenues	(1) Maximum Annual Debt Service	Historical Debt Service Coverage
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
2008	2,499,445	284,480	8.79

(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, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2007	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2008
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:						
Direct Programs:			\$	22,379	\$	-
Community Development Block Grant-Entitlement	B04MC260021	14.218	-	541,680	22,379	-
Community Development Block Grant-Entitlement	B05MC260021	14.218	-	785,001	541,680	-
Community Development Block Grant-Entitlement	B06MC260021	14.218	173,024	184,480	958,025	-
Community Development Block Grant-Entitlement	B07MC260021	14.218	-	79,192	195,885	(11,405)
Home Investment Partnership Programs	M04MC260214	14.239	-	304,329	79,192	-
Home Investment Partnership Programs	M05MC260214	14.239	(18,889)	17,052	285,440	-
Home Investment Partnership Programs	M06MC260214	14.239	-	-	36,719	(19,667)
Home Investment Partnership Programs	M07MC260214	14.239	-	-	-	-
Lead Based Paint Hazard Prevention	MIL HB0286-04	14.900	369	599,103	475,899	123,573
Total U.S. Department of Housing and Urban Development			154,504	2,533,216	2,595,219	92,501
U.S. DEPARTMENT OF THE INTERIOR:						
Passed-Through Michigan Department of History, Arts and Libraries:		15.904	-	-	-	-
Historic Preservation - Michigan Theatre Rehabilitation			-	-	-	-
U.S. DEPARTMENT OF JUSTICE:						
Passed-Through Michigan Department of Human Services: Administered by United Way of Jackson County: Juvenile Justice and Delinquency Prevention		16.540	-	21,805	21,805	-
Passed-Through Michigan Community Health Department: Byrne Formula grant-LAWNET Enhancement Project		16.580	17,280	57,929	67,858	7,351
Direct Program: Bulletproof Vest Partnership Byrne Justice Assistance Grant-Communications Equipment		16.607 16.738	1,367 28,426	1,123 7,500	1,583 35,926	907 -
Passed-Through Detroit Community Justice Partnership: Anti-Gang Initiative		16.744	-	28,589	5,535	23,054
Total U.S. Department of Justice			47,073	116,946	132,707	31,312

City of Jackson, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2007	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2008
U.S. DEPARTMENT OF TRANSPORTATION:						
Passed-Through Jackson Traffic Safety Program:						
Occupant Protection - Drive Michigan Safety		20.602	2,316	8,417	9,097	1,636
Selective Traffic Enforcement Program		20.602	-	15,550	15,550	-
Total U.S. Department of Transportation			2,316	23,967	24,647	1,636
ENVIRONMENTAL PROTECTION AGENCY:						
Direct Program:						
Brownfield Assessment		66.818	20,611	148,175	166,252	2,534
Total Environmental Protection Agency			20,611	148,175	166,252	2,534
TOTAL FEDERAL ASSISTANCE-			\$ 224,504	\$ 2,822,304	\$ 2,918,825	\$ 127,983

Reconciliation to Financial Statements:

Current year expenditures-SEFA, per above
Federal Highway Funds Administered by Michigan Department of Transportation

\$	2,822,304
	639,473
\$	3,461,777

Federal Revenue per Financial Statements

City of Jackson, Michigan

Note to Schedule Of Expenditures of Federal Awards

For the Year Ended June 30, 2008

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 \$830,000 at June 30, 2008.

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 Number</u>	<u>Amount Provided to Subrecipients</u>
HOME	14.239	\$185,500



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**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**

November 24, 2008

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, 2008, and have issued our report thereon dated November 24, 2008. 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 November 24, 2008.

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 black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



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

November 24, 2008

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 each of its major federal programs for the year ended November 24, 2008. The City of Jackson's major federal programs are 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 each of its major federal programs 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, 2008.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency.

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 entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The City of Jackson's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit The City of Jackson's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the City Council, 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 black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.

City of Jackson
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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? X yes 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, 2008

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
14.239	Home Investment Partnership Program
14.900	Lead-Based Paint Hazard Control

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

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2008-1 Compliance Requirement – Reporting

Program. CFDA 14.900 – Lead Based Paint Hazard Control

Criteria. The Department of Housing and Urban Development, (HUD) requires that grantees prepare and submit quarterly financial status reports (OMB Form SF-269) on a timely basis for all programs.

Condition. During our audit, we noted the Community Development Department had not prepared or filed any financial status reports with HUD for any quarterly reporting periods.

Cause. This condition appears to have been due to a lack of knowledge of the specific grant requirement stating that quarterly financial status reports be filed.

Effect. Failure to file the required reports on a timely basis could affect the City's funding from HUD.

Recommendation. We recommend the City implement procedures to ensure the timely filing of all required reports.

City of Jackson

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2008

View of Responsible Officials. The Lead Hazard Control Program reports quarterly to the U.S. Department of Housing and Urban Development (HUD) through HUD's electronic reporting system. This reporting system includes the quarterly report format and the Part 3 financial reporting, which reflects the most recent draw of funds from the grant by the Lead Hazard Control Program. The Lead Hazard Control Program, along with the HUD Grant Technical Representative (GTR) for the City of Jackson's grant, were unaware that the form 269 reports were to be submitted in addition to the quarterly reporting system. The form 269 financial reports are in addition to the quarterly reporting and Part 3 reporting and must be filed on a hard copy and faxed or mailed in to HUD. The Lead Hazard Control Program is now aware these forms must be submitted and has since submitted form 269 reports for all previously reported quarters. Form 269 will be submitted in addition to the online quarterly report for all future quarters.

SECTION IV – PRIOR YEAR FINDINGS

No matters were reported.

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