Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☐County ☒City ☐Twp ☐Village ☐Other	City of Jackson	Jackson

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
June 30, 2007	December 11, 2007	December 18, 2007

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	**Check each applicable box below**. (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☐	☒	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☒	Single audit included in F/S

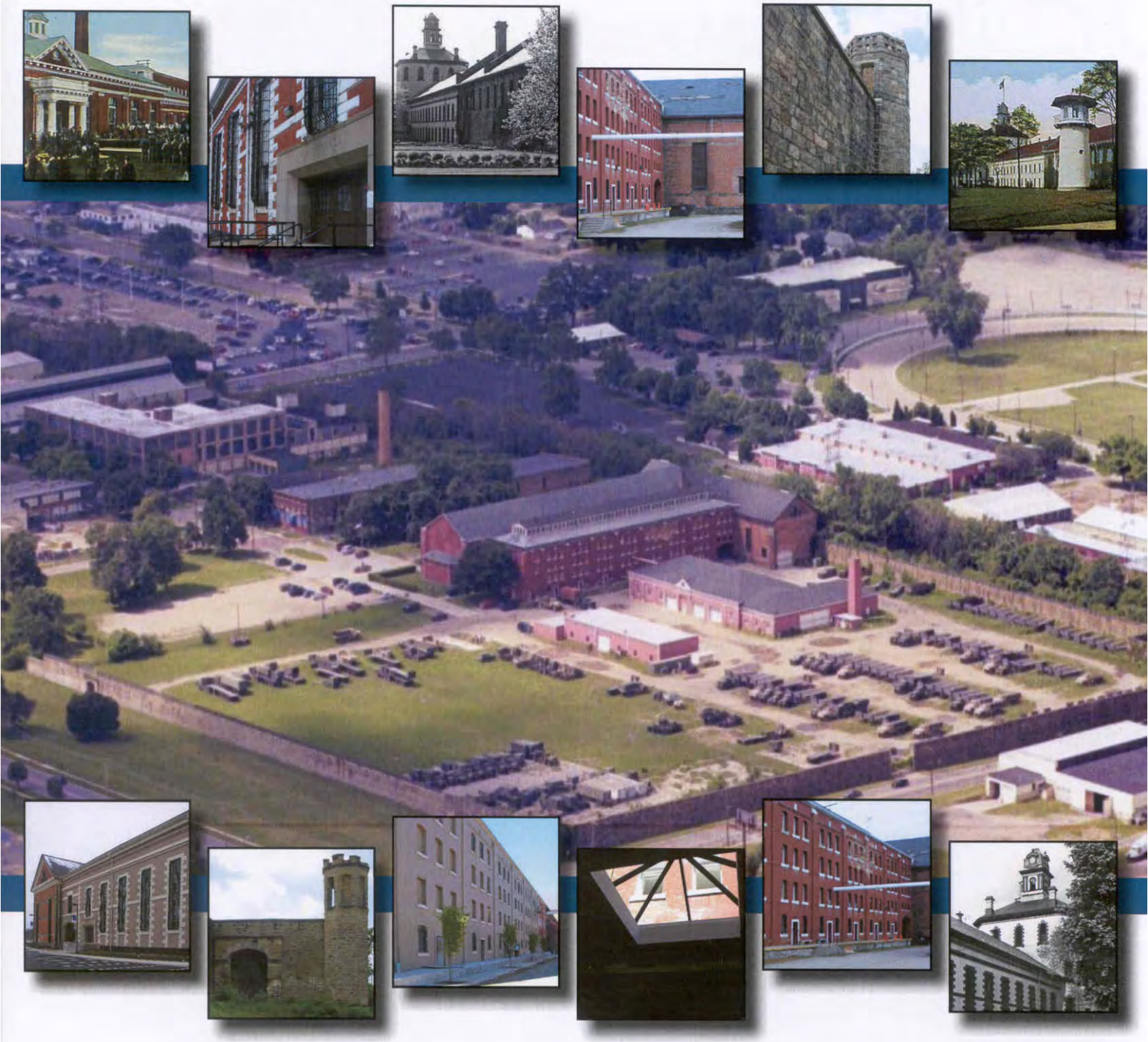
Certified Public Accountant (Firm Name)	Telephone Number
REHMANN ROBSON	517-787-6503

Street Address	City	State	Zip
675 Robinson Road	Jackson	MI	49203

Authorizing CPA Signature	Printed Name	License Number
Mark Kettner	Mark T. Kettner, CPA, CGFM	11673

CITY OF JACKSON

2007



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

CITY OF JACKSON, MICHIGAN

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2007

Including
Single Audit Act Compliance

Prepared by :

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

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

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INTRODUCTORY SECTION

CITY MANAGER

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

December 11, 2007

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

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

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

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

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

Profile of the Government

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

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

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

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

Factors Affecting Financial Condition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Awards and Acknowledgements

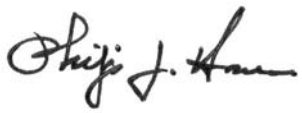
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the sixteenth consecutive year that the government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

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

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

Respectfully submitted,

William R. Ross, City Manager



Philip J. Hones, City Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson Michigan

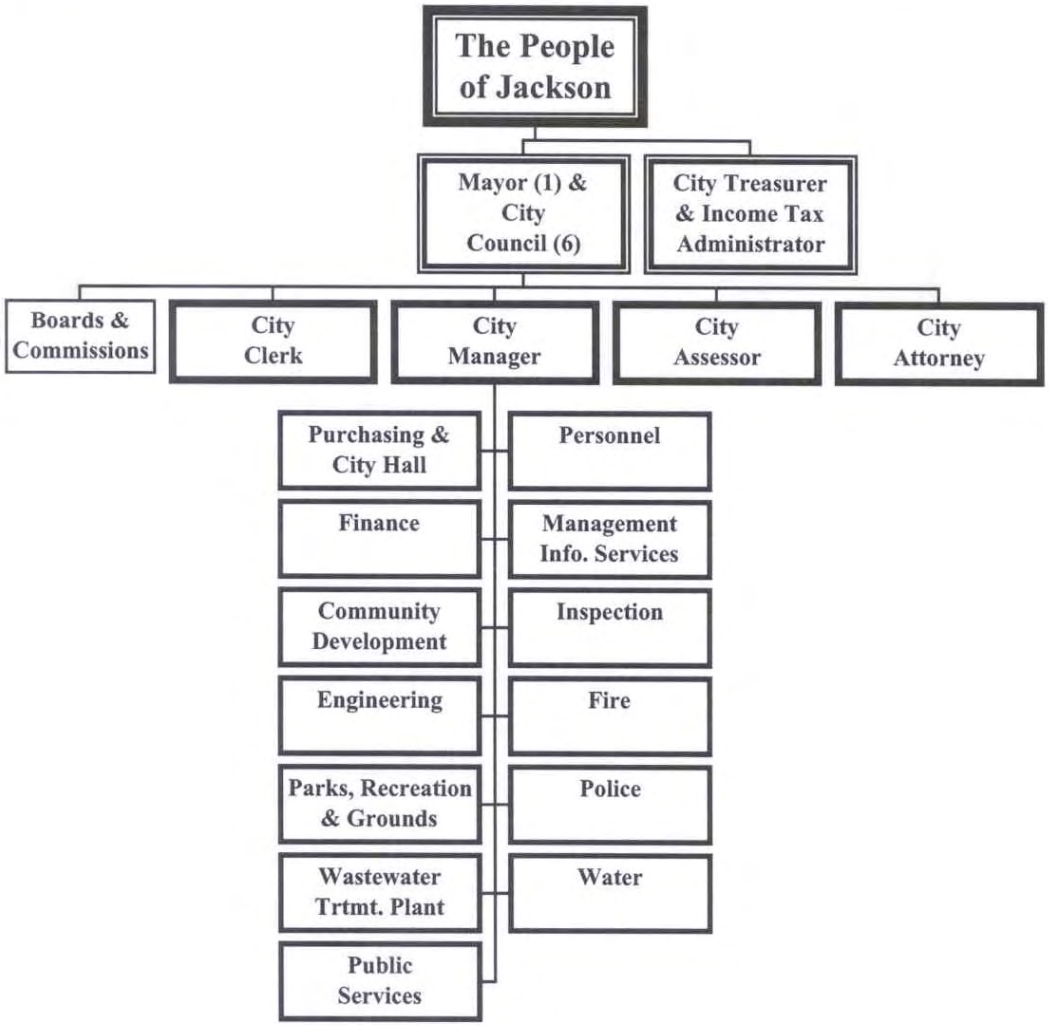
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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

President

Executive Director

City of Jackson, Michigan
Organizational Chart



City of Jackson, Michigan
List of Principal Officials

CITY COUNCIL

Jerry F. Ludwig, Mayor

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

CITY OFFICIALS

William R. Ross, City Manager

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

December 11, 2007

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

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

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

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

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

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

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

Rehmann Lohan

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $107,506,693 *(net assets)*. Of this amount, $23,575,231 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net assets increased by $3,093,514.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9,042,672, a decrease of $2,234,441 in comparison with the prior year. Approximately 63% of this total amount, or $5,741,362, is *available for spending* at the government's discretion *(unreserved fund balance).*

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $2,656,966, or 10.9 percent of total general fund expenditures.

- The City's total bonded debt decreased by $1,315,000 during the current fiscal year; no new debt was issued and $1,315,000 of existing debt was retired.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

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

City's of Jackson's Net Assets

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

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

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

City of Jackson's Changes in Net Assets

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

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

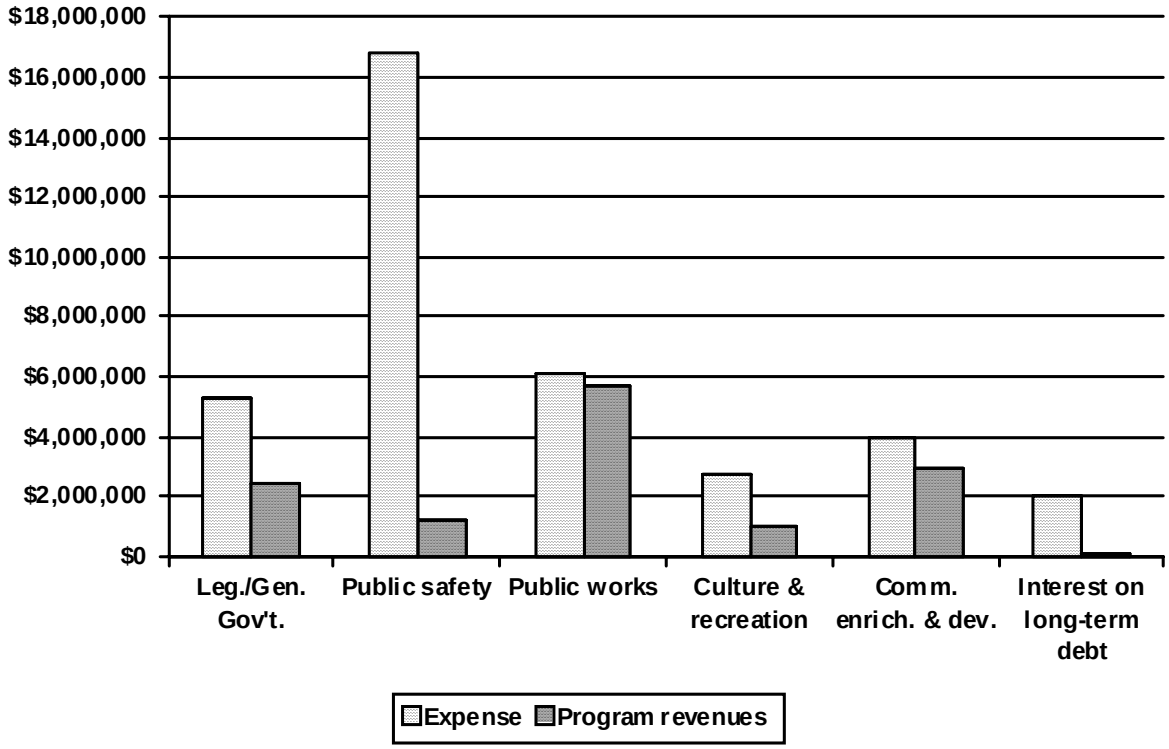
Key elements of this increase are as follows:

- Property taxes increased nearly $1.5 million from the prior fiscal year and is, in addition to normal inflation and growth increases (4.4%), attributable to the following:
  - An increase of approximately $284,000 in the City's Act 345 police and fire pension millage.,
  - An additional levy of approximately $566,000 in the City's Renaissance Zones for the Act 345 millage; this levy was directed by the State Treasury and was in the process of being challenged in court. This amount was over that needed to fund the pension system for fiscal 2007. The City has subsequently lost its appeal and will be refunding this additional levy.
  - Approximately $147,000 was received for a local manufacturer who has since ceased operations within the City, but had agreed to refund lost taxes relating to industrial facilities exemptions that had been previously granted.

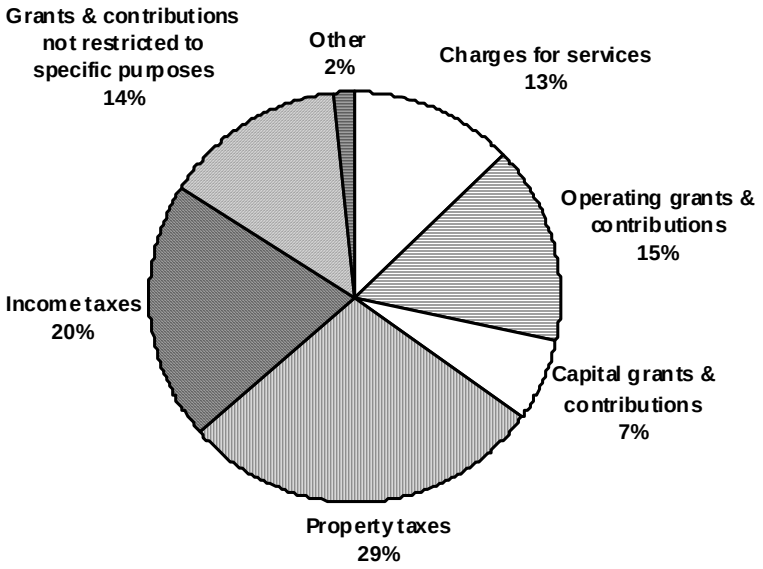
- Income taxes increased nearly 8%, roughly half of which is thought to be attributable to inflationary wage increases with the balance to expansion in the number of medical professionals working within the City.

- Other revenue and expenditure categories reflected smaller total changes from the prior fiscal year and were due to a wider variety of factors.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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

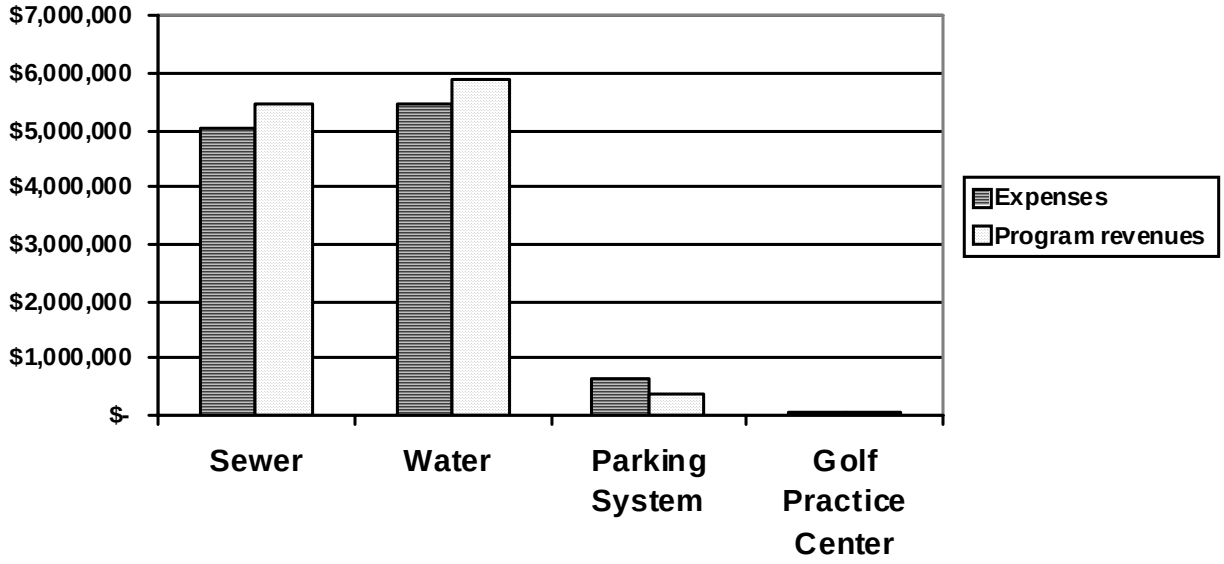
Key elements of this increase are as follows:

- Charges for services outpaced the inflationary rise of related expenses. The charges for services increased over $544,000 compared to the increase in expenses of roughly $302,000.

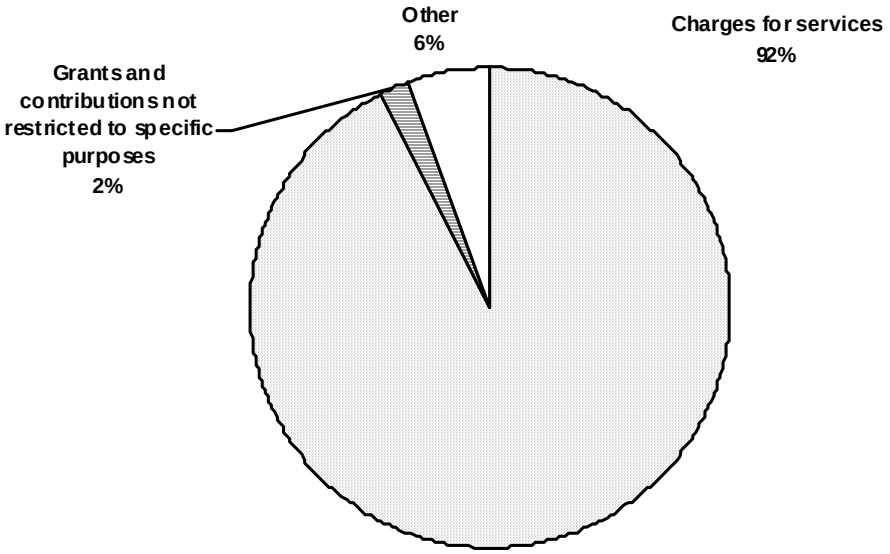
- During the fiscal year sewer rates were increased an average of 4.8 percent while there were no water rate increases. The Sewer Fund charges for services increased over $900,000 (20%) from the previous fiscal year due, in part, to this rate change, but largely to increases in concentration/strength of the billable flow treated, which is somewhat attributable to the drier weather experienced in the area.

- Other income, which represents investment income, increased nearly $203,000 as a result of interest rate increases as well as increases in available cash to invest.

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

Expenditures were also favorable when compared to budget resulting in a decrease in fund balance of only $635,093 compared to the final amended budget anticipated decrease of $1,282,325 – a favorable variance of $647,232. Those General Fund activity budgets that were exceeded were, in most instances, due to unanticipated year-end expenditures.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounted to $130,365,071 (net of accumulated depreciation). This investment in capital assets includes land, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net increase in the City's investment in capital assets for the current fiscal year was $2,453,620 or 1.9 percent (a 3.3 percent increase for governmental activities and a 0.4 percent increase for business-type activities).

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

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

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

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

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

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

City of Jackson's Outstanding Debt
General Obligation and Revenue Bonds

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

- The unemployment rate for the City is currently 10.6 percent (October 2007), which is an increase from a rate of 9.2 percent a year ago (October 2006). This compares unfavorably to the state's average unemployment rate of 7.0 percent and the national average rate of 4.4 percent.

- Ad valorem taxable values have increased 3.9 percent over the prior fiscal year, which includes both allowable inflationary increases of 3.7 percent as well as real growth of 0.2 percent.

- Inflationary trends in the region compare favorably to national indices.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

continued….

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

Fund balances - total governmental funds	$ 9,042,672
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	165,200,287
Subtract: accumulated depreciation	(93,566,912)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.	
Add: deferred loans receivable	1,397,625
Add: deferred special assessments	952,029
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	
Add: net assets of governmental activities accounted for in internal service funds	4,070,732
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Add: unamortized bond discount	128,483
Subtract: bonds, contracts and loans payable	(48,977,577)
Subtract: compensated absences	(2,130,912)
Subtract: accrued interest on long-term liabilities	(283,526)
Net assets of governmental activities	$ 35,832,901

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

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

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

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

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

Net change in fund balances - total governmental funds	$ (2,234,441)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: capital outlay	5,104,137
Subtract: loss on sale of capital assets	(29,085)
Subtract: proceeds from sale of capital assets	(20,984)
Subtract: depreciation expense	(3,312,309)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Add: current year special assessment revenue earned greater than receipts	168,204
Add: current year loan receivable	209,250
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add: principal payments on long-term liabilities	1,219,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Add: decrease in accrued interest payable on bonds	5,989
Subtract: amortization of bond discount	(6,762)
Subtract: increase in the accrual of compensated absences	(195,949)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
Add: interest revenue from governmental internal service funds	165,232
Add: net operating income from governmental activities accounted for in internal service funds	324,011
Change in net assets of governmental activities	$ 1,396,293

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

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

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

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

Continued…

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A. Reporting Entity

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

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

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

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

Discretely Presented Component Units:

> ***City of Jackson Brownfield Redevelopment Authority*** – The Brownfield Redevelopment Authority was established by the City to facilitate the revitalization of environmentally distressed areas utilizing tax increment financing. The majority of Board members are appointed by the Mayor and subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. Separate financial statements are not prepared. The Authority uses governmental fund type accounting and is reported in a separate column. The Brownfield Redevelopment Authority is accounted for in a capital projects fund.
>
> ***City of Jackson Downtown Development Authority*** - The Downtown Development Authority is responsible for directing improvements in a taxing district within the City. The Mayor appoints the members of the Authority's governing board, subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. The Authority uses governmental fund type accounting and is reported in a separate column.
>
> Complete financial statements of the Downtown Development Authority may be obtained from the City of Jackson Downtown Development Authority, 212 W. Michigan Avenue, Jackson, Michigan 49201.

1-B. Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

1-C. Measurement Focus / Basis of Accounting

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

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

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

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

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

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

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

1-D. Assets, Liabilities and Equity

Deposits and Investments

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

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

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

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

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

Receivables and Payables

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

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

Inventories, Prepaid Items and Other Assets

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

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

Capital Assets

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

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

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

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

Assets	Years
Public domain infrastructure	16-50
Land improvements	50
Buildings and improvements	50
Park and recreation facilities	50
Machinery and equipment	5-15
Water and 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary Information

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

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

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

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

Encumbrances

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

2-B. Excess of Expenditures Over Appropriations

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

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

2-C. Fund Deficit

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

NOTE 3 – DETAILED NOTES ON ALL FUNDS

3-A. Deposits and Investments

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

	Primary Government	Component Units	Total
Statement of Net Assets:			
Cash and cash equivalents	$ 25,326,084	$ 2,690,087	$ 28,016,171
Investments	2,611,360	-	2,611,360
Statement of Fiduciary Net Assets:			
Cash and cash equivalents	158,993	-	158,993
Cash and cash equivalents – pension	1,965,679	-	1,965,679
Investments – pension	74,383,185	-	74,383,185
Total	**$ 104,445,301**	**$ 2,690,087**	**$ 107,135,388**

Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	$ 18,341,009
Investments in securities and mutual funds:	
Cash and investment pool	12,428,870
Pension trust funds	76,348,864
Cash on hand	16,645
Total	**$ 107,135,388**

Deposits and Investments – Cash and Investment Pool

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

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

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

U.S. treasuries	$ 714,843
U.S. agencies	853,398
Domestic equities	14,600
Money markets	10,846,029
Total	**$ 12,428,870**

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

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

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

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

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

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

Deposits and Investments – Pension Trust Funds

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

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

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

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

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

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

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

AAA	$ 194,135
AA	600,981
A	3,030,857
BBB	1,448,624
BB	480,332
Not rated	1,334,114
	$ 7,089,043

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

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

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

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

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

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

3-B. Receivables

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

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

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

3-C. Capital Assets

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

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

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

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

Governmental activities:	
General government	$ 258,114
Public safety	211,836
Public works, including depreciation of general infrastructure assets	2,324,701
Culture and recreation	227,634
Community enrichment and development	290,025
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	265,938
Total depreciation expense - governmental activities	**$ 3,578,248**
Business-type activities:	
Sewage	$ 1,173,258
Water	743,481
Parking system	310,003
Golf practice center	17,836
Total depreciation expense - business-type activities	**$ 2,244,578**

3-D. Payables

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

3-E. Interfund Receivables, Payables and Transfers

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

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

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

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

	Payable				
Receivable	**Community Development Block Grant**	**Special Assessment Capital Projects**	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total**
General fund	$ 100,000	$ -	$ -	$ -	$ 100,000
Nonmajor governmental funds	-	-	130,000	-	130,000
Internal service funds	-	946,224	-	164,410	1,110,634
	$ 100,000	**$ 946,224**	**$ 130,000**	**$ 164,410**	**$ 1,340,634**

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

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

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

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

3-F. Long-term Debt

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

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

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

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

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

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

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

Revenue bond debt service requirements to maturity are as follows:

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

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

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

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

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

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

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

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

3-G. Segment Information – Enterprise Funds

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

3-H. Endowments

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

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

NOTE 4 – OTHER INFORMATION

4-A. Risk Management

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

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

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

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

	2007	2006
Claims liability at beginning of fiscal year	$ 785,852	$ 512,007
Claims and changes in estimates	317,389	507,614
Claims payments	(339,706)	(233,769)
Claims liability at June 30	**$ 763,535**	**$ 785,852**

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.

4-B. Property Taxes

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

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

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

4-C. Contingent Liabilities

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

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

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

4-D. Postemployment Benefits

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

4-E. Defined Benefit Pension Plans

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

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

Employees' Retirement System

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

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

Policemen's and Firemen's Pension

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

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

Policemen's and Firemen's Pension - Act 345

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

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

Other information for these plans is as follows:

	Employees' Retirement System	**Policemen's And Firemen's Pension**	**Policemen's and Firemen's Pension - Act 345**
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	1-30 years	4 years	10 years
Open or closed	Closed	Closed	Closed

THREE-YEAR TREND INFORMATION

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

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

Statement of Plan Net Assets – June 30, 2007

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

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

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

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GASB Required
Supplementary Information

City of Jackson, Michigan

GASB Statement 25 Required Supplementary Information

Schedule of Funding Progress

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

City of Jackson, Michigan

GASB Statement 25 Required Supplementary Information

Schedule of Employer Contributions

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

City of Jackson, Michigan

GASB Statement 25 Required Supplementary Information

Additional Information

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

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

Combining and Individual Fund Financial Statements and Schedules

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

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

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

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continued…

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

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

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

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

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

Continued…

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	2007			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2006 Actual
Revenues				
Intergovernmental	$ 28,426	$ 28,426	$ -	$ 66,896
Expenditures :				
Current - public safety:				
Contractual and other services	28,426	28,426	-	66,896
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, 2007

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

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

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

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

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

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 sal storage facility.

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

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

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

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

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

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

2001 DDA TIF	2002 BRA TIF	Section 108 Loan	Totals
$ 637	$ 2,273	$ -	$ 46,038
-	-	-	2,172
637	2,273	-	48,210
-	-	-	4,849
637	2,273	-	43,361
$ 637	$ 2,273	$ -	$ 48,210

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

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

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

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.

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

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

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

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

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

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

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, 2007

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

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

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

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, 2007

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

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

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

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

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

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 charged to various City funds.

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

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

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

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

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

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

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

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

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

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, 2007

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

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

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

Continued

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

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

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

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

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

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

STATISTICAL SECTION

Statistical Section

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

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 109-115

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 116-119

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 120-122

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 123-128

Operating Information
These schedules contain service and infrastructure date to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 129-136

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

Financial Trends

City of Jackson Michigan
Net Assets by Component
Last Five Years (A)

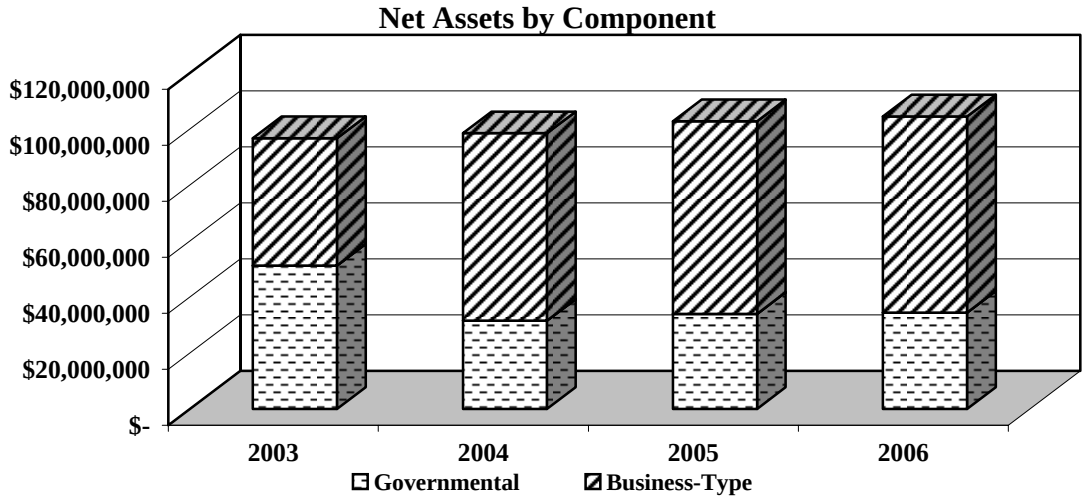
(accrual basis of accounting)

Schedule 1
UNAUDITED

	2003	2004	2005	2006	2007
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
Restricted	6,530,504	5,785,257	7,566,923	6,220,922	5,261,929
Unrestricted	5,579,873	8,461,304	6,890,748	7,794,846	7,158,068
Total governmental activities net assets	$ 51,154,391	$ 31,493,085	$ 33,935,230	$ 34,436,608	$ 35,832,901
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
Restricted	1,490,472	1,447,009	1,447,009	1,447,009	1,447,009
Unrestricted	11,785,040	13,143,279	14,565,296	15,288,589	16,417,163
Total business-type activities net assets	$ 45,516,915	$ 66,964,875	$ 68,766,976	$ 69,976,571	$ 71,673,792
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
Restricted	8,020,976	7,232,266	9,013,932	7,667,931	6,708,938
Unrestricted	17,364,913	21,604,583	21,456,044	23,083,435	23,575,231
Total primary government net assets	$ 96,671,306	$ 98,457,960	$ 102,702,206	$ 104,413,179	$ 107,506,693

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003.
Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department



City of Jackson Michigan
Changes in Net Assets
Last Five Years (A)

(accrual basis of accounting)

Schedule 2
UNAUDITED

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

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003. Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department

City of Jackson Michigan
Fund Balances - Governmental Funds
Last Five Years (A)

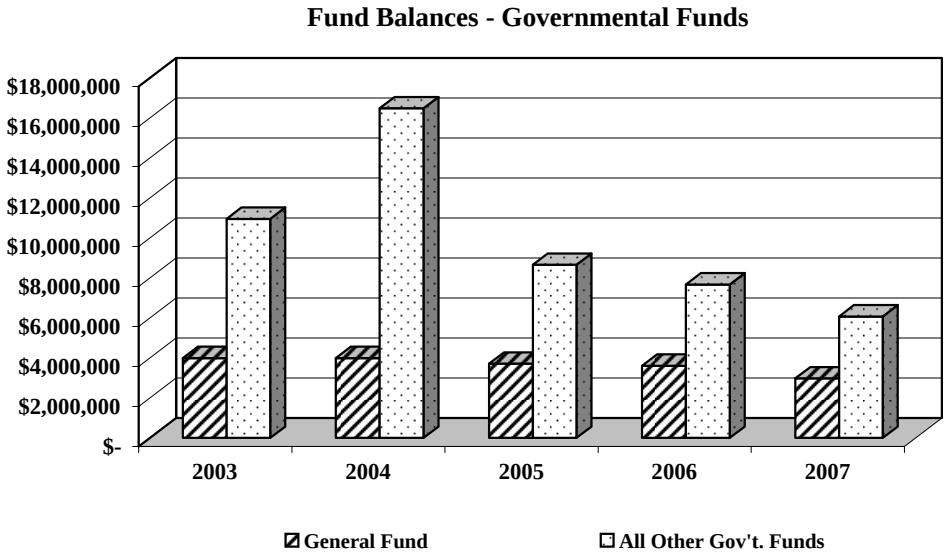
(modified accrual basis of accounting)

Schedule 3
UNAUDITED

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

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003.
Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department



City of Jackson Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Years

(modified accrual basis of accounting)

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

Source: City of Jackson Finance Department

Schedule 4
UNAUDITED

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

City of Jackson Michigan
Changes in Fund Balances - General Fund
Last Ten Years

(modified accrual basis of accounting)

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

(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

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

Revenue Capacity

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

Schedule 6
UNAUDITED

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

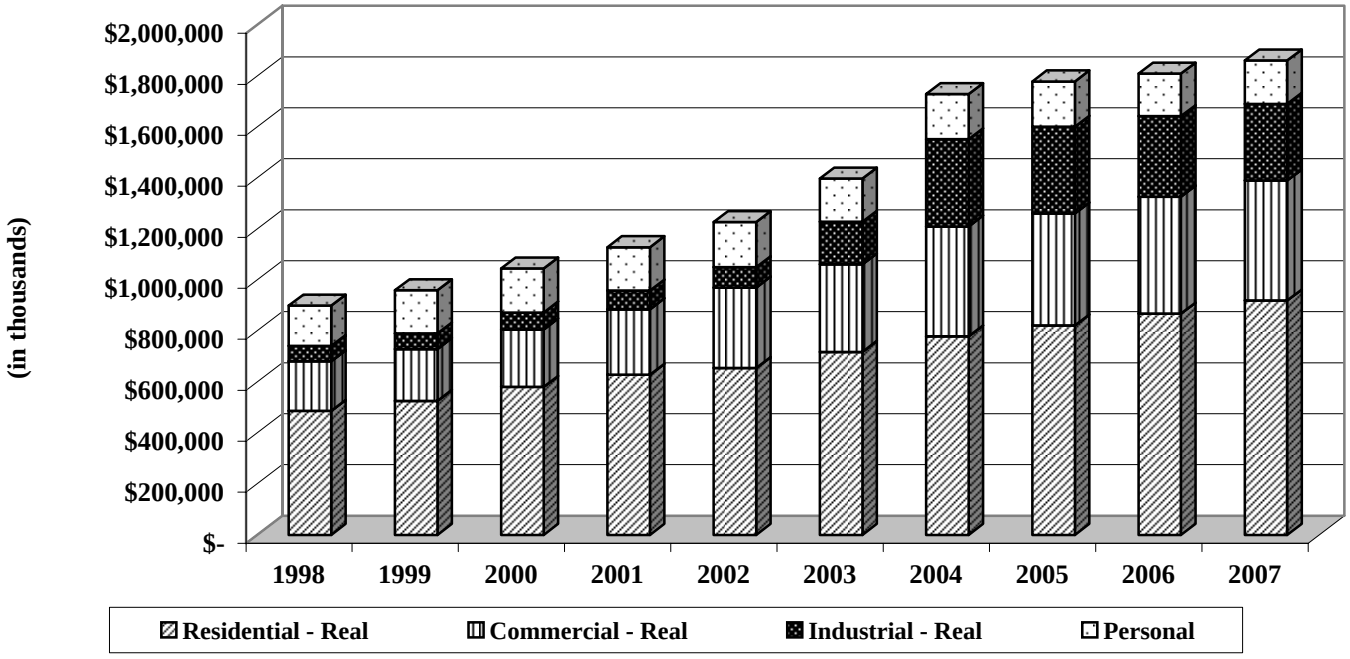
(1) Ad Valorem assessments only; amounts do not include Act 189 or industrial and commercial facility tax assessments/taxable values. The term "taxable value" rather than "assessed value" is used in determining tax liability effective 7/1/94.

(2) The July 1, 2006 levy is for fiscal year 2007.

(3) Above Ad Valorem assessments include those properties located within Renaissance Zones and which are currently subject only to millage levied for bonded indebtedness.

Source: City Assessor Department

Assessed and Actual Value of Taxable Property



City of Jackson Michigan
Direct and Overlapping Property Tax Rates
Last Ten Years

(rate per $1,000 of taxable value)

Schedule 7
UNAUDITED

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

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

Source: City of Jackson Finance Department

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

Schedule 8
UNAUDITED

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

(1) Total Ad Valorem Taxable Valuation as of June 30, 2007 = $ 765,295,971(valuation for fiscal year 2008).
Total Ad Valorem Taxable Valuation as of June 30, 1998 = $ 428,639,332 (valuation for fiscal year 1999).

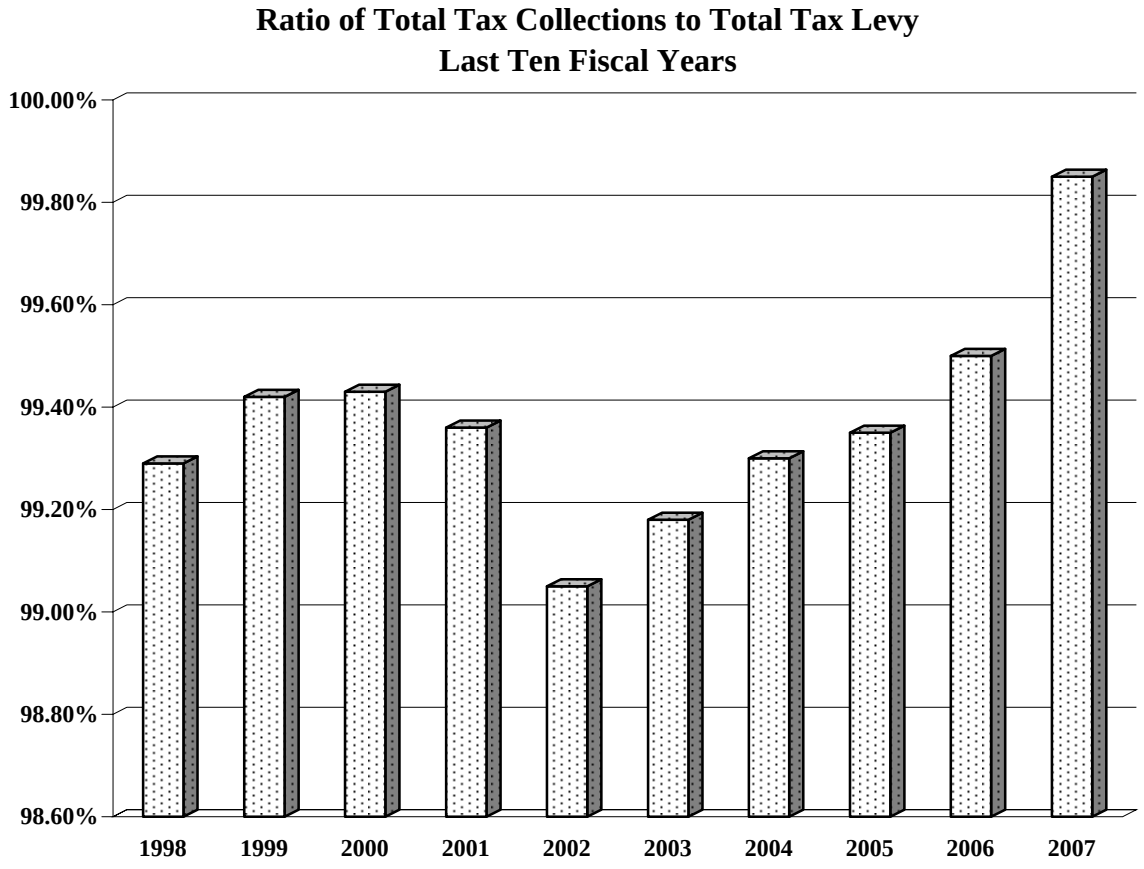
(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of $ 98,741,650, or 12.90% of the 2007 ad valorem taxable value. KME is located in a Renaissance Zone and is not subject to millage levies with the exception of those levied for bonded indebtedness. The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

Source: City of Jackson Assessor Department.

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

Schedule 9
UNAUDITED

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



Source: City of Jackson Finance Department

Debt Capacity

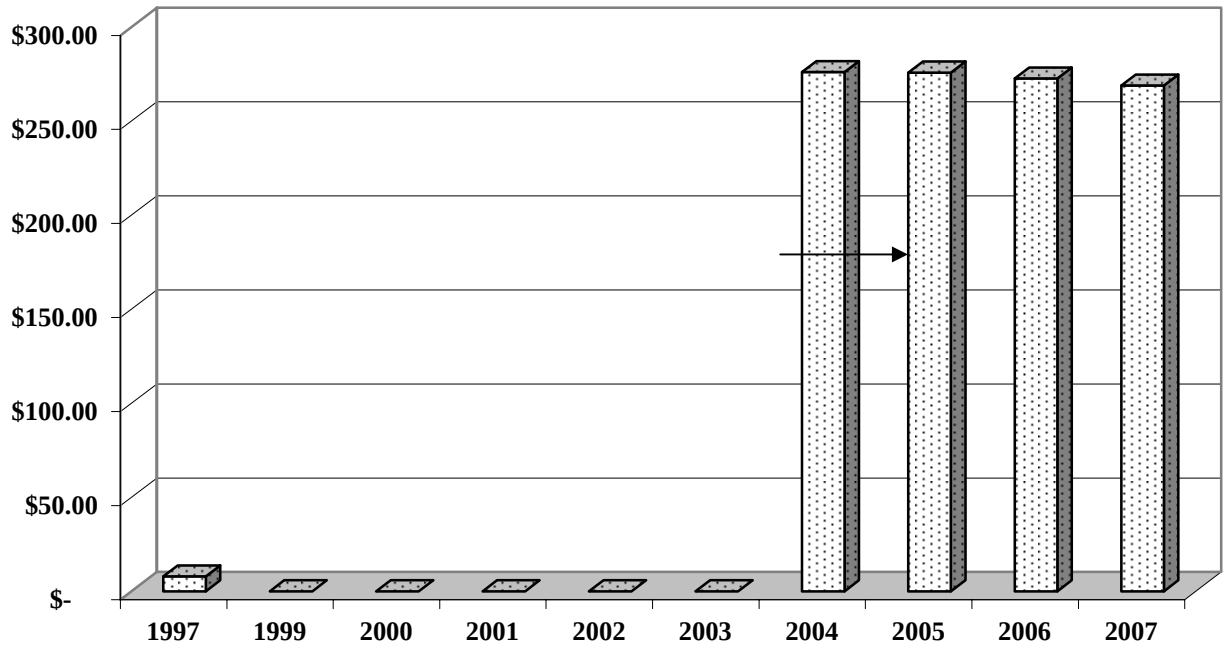
City of Jackson, Michigan
Ratios of General Bonded Debt Outstanding
Last Ten Years

Schedule 10
UNAUDITED

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

Source: City of Jackson Finance Department

General Bonded Debt Per Capita



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

Schedule 11
UNAUDITED

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
Unlimited Tax General Obligation Debt:			
City Hall Bonds	$ 9,740,000	$ -	$ 9,740,000
Limited Tax General Obligation Debt:			
Downtown Development Authority Bonds	16,728,577	16,728,577	-
Brownfield Redevelopment Authority Bonds	18,475,000	18,475,000	-
Building Authority Bonds	860,000	-	860,000
Michigan Transportation Fund Bonds	1,545,000	1,545,000	-
Installment Purchase Contracts	600,000	-	600,000
Revenue Bonds:			
Water Revenue Bonds	2,265,000	2,265,000	-
Sewer Revenue Bonds	925,000	925,000	-
Other:			
Michigan Urban Land Assembly Loan	484,000	484,000	-
Section 108 Loan (HUD)	895,000	960,000	-
Net direct debt	$ 52,517,577	$ 41,382,577	11,200,000

	Gross	City Share	
Overlapping debt			
School Districts:			
Jackson School District	$ 40,085,000	55.04%	22,062,784
East Jackson School District	15,855,000	0.13%	20,612
Northwest School District	1,485,000	0.19%	2,822
Michigan Center School District	-	2.40%	-
			22,086,218
Jackson County at Large	34,405,000	17.56%	6,041,518
Jackson Communty College	19,215,000	17.56%	3,374,154
Jackson County Intermediate School District	-	17.78%	-
Net overlapping debt			31,501,890
Net direct and overlapping debt			$ 42,701,890

Per Capita Debt: (36,218 population):

Net Direct Debt	$ 309.24
Net Overlapping Debt	869.79
Total Net Debt	$ 1,179.03

Percent of Taxable Valuation: ($ 765,295,971 Taxable Valuation at 6/30/07):

Net Direct Debt	1.46%
Net Overlapping Debt	4.12%
Total Net Debt	5.58%

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

City of Jackson, Michigan
Legal Debt Margin
Last Ten Years

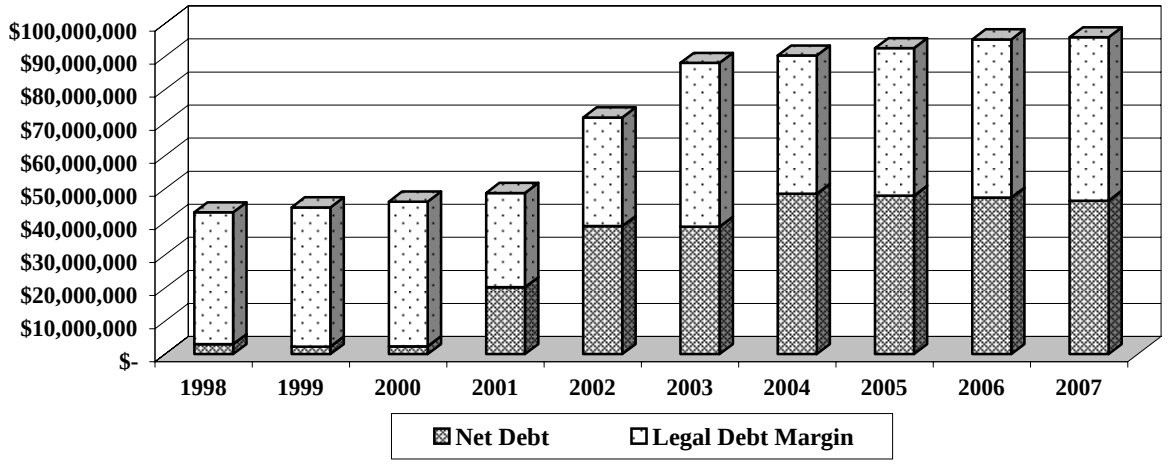
Schedule 12
UNAUDITED

Legal Debt Margin - 2007		
State Equalized Value as of December 31, 2006 (for taxes levied by the City on July 1, 2007)	$	958,413,052
Debt limit (10% of state equalized value)	$	95,841,305
Total Net Debt applicable to limit - general obligation bonds		46,403,577
Legal debt margin	$	49,437,728

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

Source: City of Jackson Finance Department

Components of Debt Limit



Demographic and Economic Information

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

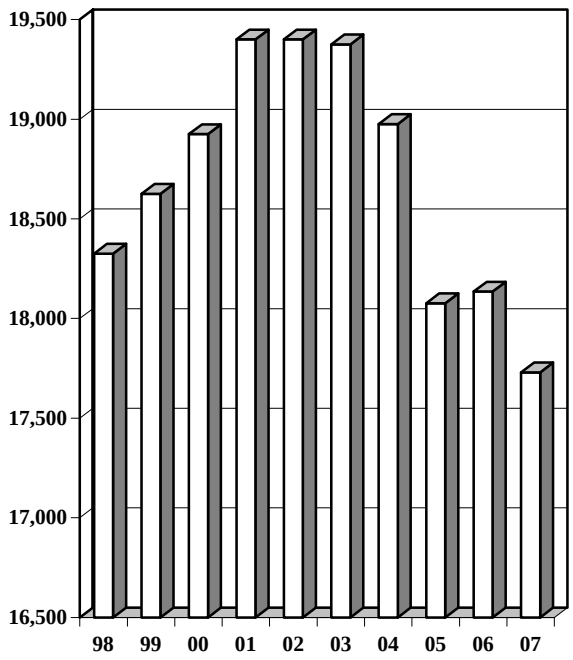
Schedule 13
UNAUDITED

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

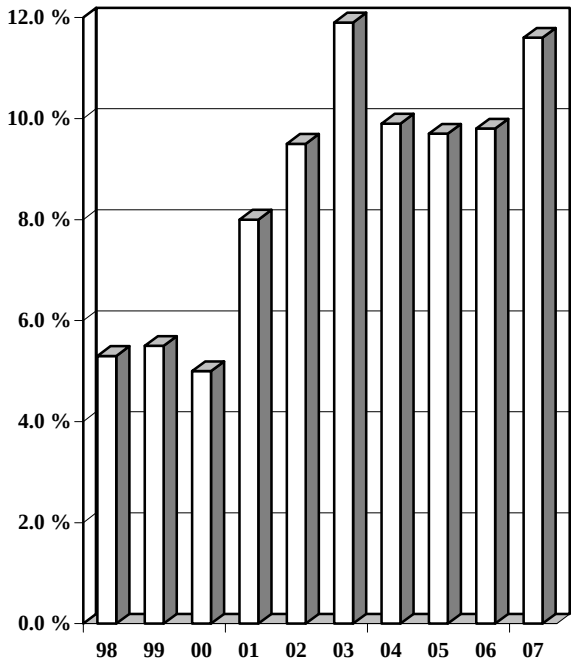
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2006 represents June, 2006.

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

Labor Force



Unemployment Rate



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

Schedule 14
UNAUDITED

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

(1) Data for 1998 (nine years ago) not available; used most recent comparable data available (2001).
(2) Total employees in Jackson County. Most of the employees shown are within the City of Jackson unless footnoted below.

(a) Approximately 3,000 in 2006 and 2,500 in 2001 of total shown work in the City…percentage adjusted to reflect.
(b) Approximately 1,300 of total shown work in the City…percentage adjusted to reflect.
(c) Approximately 300 of total shown work in the City…percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

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

Schedule 15
UNAUDITED

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

Source: City of Jackson Personnel Department

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

Schedule 16
UNAUDITED

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

mg = million gallons

Source: Various City Department

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

Schedule 17
UNAUDITED

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

Source: City of Jackson Finance Department

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

Schedule 18
UNAUDITED

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

Source: City of Jackson Finance Department

Operating Information

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

Schedule 19
UNAUDITED

Assessed 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)
2002	2003	2004	$ 880,648,825	$ 690,498,107	$ 706,453,182
2003	2004	2005	903,223,700	714,612,127	728,145,677
2004	2005	2006	925,514,550	730,737,196	756,918,096
2005	2006	2007	951,807,013	741,982,298	768,149,011
2006	2007	2008	958,413,052	765,295,971	795,257,326

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

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

Breakdown of Taxable Value by Use and Class

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

Source: City of Jackson Assessor Department

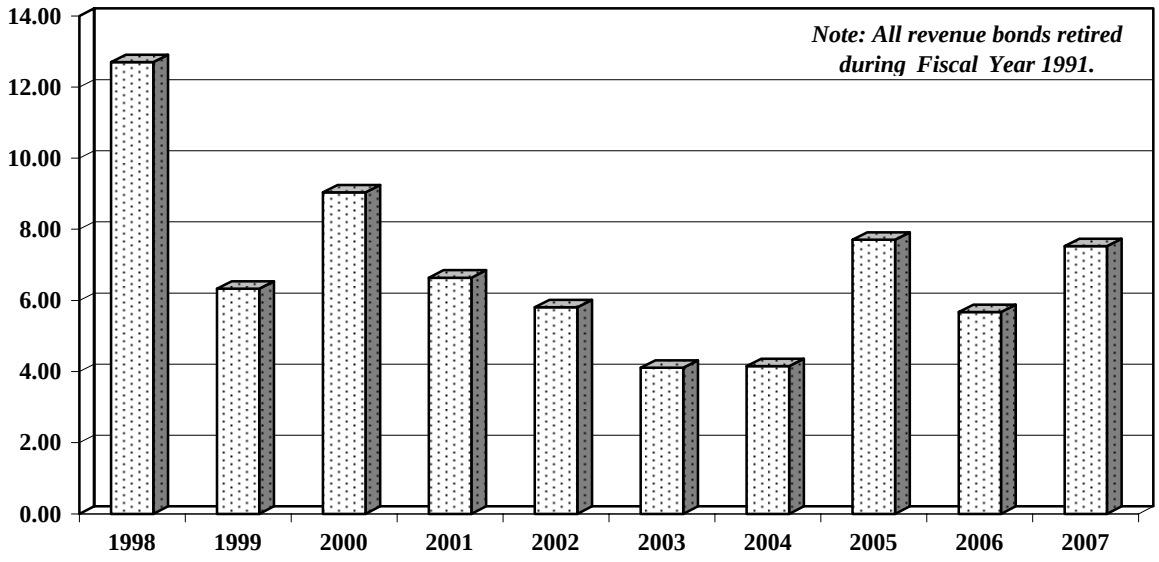
City of Jackson, Michigan
Supplemental Disclosure Information
Revenue Bond Coverage - Sewer Fund
Last Ten Fiscal Years

Schedule 20
UNAUDITED

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

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

Revenue Bond Coverage
Last Ten Fiscal Years



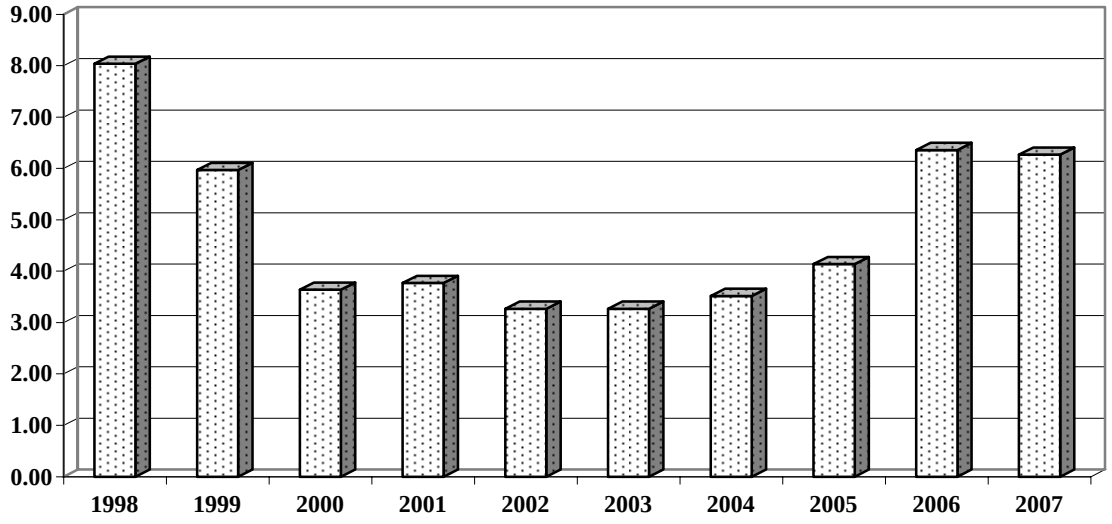
City of Jackson, Michigan
Supplemental Disclosure Information
Revenue Bond Coverage - Water Fund
Last Ten Fiscal Years

Schedule 21
UNAUDITED

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

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

Revenue Bond Coverage
Last Ten Fiscal Years



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

Schedule 22
UNAUDITED

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

Source: City Water Department

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

Schedule 23
UNAUDITED

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

(1) Unit = Hundred Cubic Feet (HCF)
(2) Based on June 30, 2007 total water consumption of 2,649,978 HCF.
(3) Based on June 30, 2007 Water Supply System Revenues By User Class (Schedule 22) of $ 6,178,075.
***** Located outside of City limits.
****** Located both inside and outside of City limits

Source: City Water Department

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

Schedule 24
UNAUDITED

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

(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

(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

(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, Maximuim 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
1998	$ 2,300,293	$ 350,721	6.56
1999	2,409,138	350,721	6.87
2000	2,527,133	350,721	7.21
2001	2,515,255	350,721	7.17
2002	2,494,306	350,721	7.11
2003	2,509,073	350,721	7.15
2004	2,561,830	350,721	7.30
2005	2,604,990	284,480	9.16
2006	2,569,413	284,480	9.03
2007	2,538,724	284,480	8.92

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

INFORMATION ON SINGLE AUDIT

(Compliance Section)

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2006	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2007
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:						
Direct Programs:						
Community Development Block Grant-Entitlement	B03MC260021	14.218	$ -	$ 34,136	$ 34,136	$ -
Community Development Block Grant-Entitlement	B04MC260021	14.218	-	890,337	890,337	-
Community Development Block Grant-Entitlement	B05MC260021	14.218	(12,855)	353,981	341,126	-
Community Development Block Grant-Entitlement	B06MC260021	14.218	-	638,438	465,414	173,024
Home Investment Partnership Programs	M98MC260214	14.239	-	23,377	23,377	-
Home Investment Partnership Programs	M99MC260214	14.239	-	152,736	152,736	-
Home Investment Partnership Programs	M00MC260214	14.239	(83,414)	105,294	40,769	(18,889)
Lead Based Paint Hazard Prevention	MILHB0286-04	14.900	-	162,821	162,452	369
Total U.S. Department of Housing and Urban Development			(96,269)	2,361,120	2,110,347	154,504
U.S. DEPARTMENT OF THE INTERIOR:						
Passed-Through Michigan Department of History, Arts and Libraries:						
Historic Preservation - Michigan Theatre Rehabilitation		15.904	-	25,000	25,000	-
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	-	75,787	75,787	-
Passed-Through Michigan Community Health Department:						
Byrne Formula grant-LAWNET Enhancement Project		16.580	12,005	15,585	27,590	-
Byrne Formula grant-LAWNET Enhancement Project		16.580	-	49,726	32,446	17,280
Direct Program:						
Bulletproof Vest Partnership		16.607	2,722	2,958	4,313	1,367
Byrne Justice Assistance Grant-Communications Equipment		16.738	66,896	28,426	66,896	28,426
Total U.S. Department of Justice			81,623	172,482	207,032	47,073

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2006	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2007
U.S. DEPARTMENT OF TRANSPORTATION:						
Passed-Through Jackson Traffic Safety Program:						
Occupant Protection - Drive Michigan Safely		20.602	$ 2,672	$ 3,861	$ 6,533	$ -
Occupant Protection - Drive Michigan Safely		20.602	-	4,038	1,722	2,316
Total U.S. Department of Transportation			2,672	7,899	8,255	2,316
ENVIRONMENTAL PROTECTION AGENCY:						
Direct Program:						
Brownfield Assessment		66.818	5,580	110,106	95,075	20,611
Total Environmental Protection Agency			5,580	110,106	95,075	20,611
TOTAL FEDERAL ASSISTANCE-			**$ (6,394)**	**$ 2,676,607**	**$ 2,445,709**	**$ 224,504**

Reconciliation to Financial Statements:

Current year expenditures-SEFA, per above	$ 2,676,607
Federal Highway Funds Administered by Michigan Department of Transportation	2,254,607
Federal Revenue per Financial Statements	**$ 4,931,214**

City of Jackson, Michigan

Note to Schedule Of Expenditures of Federal Awards

For the Year Ended June 30, 2007

Note 1 **Basis of Presentation**

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

Note 2 **Outstanding loans**

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

Note 3 **Subrecipients**

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
HOME	14.239	$209,000

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

December 11, 2007

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

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

Internal Control Over Financial Reporting

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

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

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

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

Compliance and other Matters

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

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

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

Rehmann Robson

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

December 11, 2007

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

Rehmann Robson

City of Jackson

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes __X__ none reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____ yes __X__ no

City of Jackson

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grant

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

Auditee qualified as low-risk auditee? ____ yes __X__ no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FINDINGS

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

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

* * * * * *

REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP

an independent member of BAKER TILLY INTERNATIONAL

December 11, 2007

To the Board of Commissioners of the
City of Jackson
Jackson, Michigan

We have audited the financial statements of the City of Jackson for the year ended June 30, 2007, and have issued our report thereon dated December 11, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated June 26, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the City of Jackson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City of Jackson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City of Jackson's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the City of Jackson's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City of Jackson's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Jackson are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City of Jackson during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the original cost and accumulated depreciation of its infrastructure capital assets is based on current replacement costs, and an assumed rate of inflation from the dates of original acquisition/construction. We evaluated the key factors assumptions used to develop the original cost and accumulated depreciation of the City's infrastructure capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the useful lives of non-infrastructure capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the liability "incurred but not reported" liability in the Worker's Compensation Self Insurance Internal Service Fund is based on a history of claims experience, a method which has been consistently applied.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City of Jackson's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the City**,** either individually or in the aggregate, indicate matters that could have a significant effect on the City's financial reporting process.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Jackson's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, 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.

Very truly yours,

Rehmann Robson

City of Jackson

Comments and Recommendations

For the Year Ended June 30, 2007

In planning and performing our audit of the financial statements of the City of Jackson as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control. We noted no matters we considered to be material weaknesses.

Other Matters

Bank Reconciliation Procedures

State statutes require governments to identify, in its accounts, and reconcile within a timely manner, all bank accounts under the signature control of the Treasurer. During our procedures related to cash, we noted that the income tax imprest bank account maintained by the Treasurer's Department was reconciled, but not agreed to the general ledger, nor reviewed by an appropriate official. We recommend that the City reconcile this account to the general ledger monthly and document the independent review and approval.

We also noted, in general, that there is no documentation for the review and approval of bank reconciliations. Bank reconciliations are being completed and initialed by the preparer. However, there is no evidence that a review and approval process is taking place. In order to strengthen controls in this are, we recommend that both the preparer and reviewer initial and date all bank reconciliations as evidence of preparation, review and approval.

City of Jackson

Comments and Recommendations (Concluded)

For the Year Ended June 30, 2007

Audit Adjustments

The City is responsible for the reconciliation of all general ledger accounts to their proper underlying balances for the purpose of creating a reasonably adjusted trial balance, from which the basic financial statements are derived. During the year ended June 30, 2007, the City failed to accurately reconcile the balance of the non-sufficient funds account balance in the general fund. The City could account for approximately half of the recorded balance.

It appears the non-sufficient funds amounts are primarily related to the Water and Sewer funds. These amounts go back several years and should have been transferred to the Water and Sewer funds, whereas, if the funds are determined to be uncollectible, the balances are transferred to the tax roll. Amounts relating to other City funds have not been reconciled or adjusted. A significant audit adjustment was necessary in order to properly state the balance. We recommend that monthly reconciliations be performed to properly account for and record non-sufficient funds transactions in the proper funds.

* * * * * *

City of Jackson

Schedule of Adjustments Passed (SOAP)

For the June 30, 2007 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
General Fund					
Unposted prior accrual	-	-	-	-	-
Business Type Activities					
Unposted accrual	-	(18,782)	-	-	(18,782)
EF - Water					
Under accrued revenue	37,660			37,660	
Under accrued expense	-	(37,660)	-	-	(37,660)
Governmental Activities					
Unposted prior accrual	-	(56,442)	-	-	(56,442)