

# **JACKSON COUNTY, MICHIGAN**

## **Comprehensive Annual Financial Report Year Ended December 31, 2009**

**Prepared by:**

**Randall W. Treacher, County  
Administrator/Controller**

**Gerard Cyrocki, CPA  
Finance Officer**

Jackson County, Michigan

Comprehensive Annual Financial Report  
Year Ended December 31, 2009

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## **INTRODUCTORY SECTION**



June 30, 2010

**To the Board of Commissioners and the Citizens of Jackson County:**

Transmitted herein is Jackson County's Comprehensive Annual Financial Report of the fiscal year ended December 31, 2009. Jackson County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Jackson County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representation concerning the finances of Jackson County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, 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 Jackson County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our 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.

Jackson County's financial statements have been audited by Abraham & Gaffney, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2009 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 Jackson County's financial statements for the fiscal year ended December 31, 2009, 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.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

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 complement MD&A and should be read in conjunction with it. Jackson County's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF JACKSON COUNTY GOVERNMENT**

Jackson County, 707 miles square and with a current population of just over 160,000, is located in the south-central portion of Michigan's Lower Peninsula. The County was incorporated on August 1, 1832.

Jackson County is governed by a twelve-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts. The board annually elects from its ranks a Chairperson and a Vice Chairperson by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Administrator/Controller who is appointed by a majority vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

Judges of the 4<sup>th</sup> Judicial Circuit, Probate Court, and 12<sup>th</sup> District Court are elected at large for six-year terms. Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the county is divided by the Michigan Constitution among various constitutional or statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners as well as the Clerk of the Circuit Court. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Administrator/Controller, Health Officer, Medical Examiner, and Equalization Director. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State Law. The Medical Examiner performs the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Department of Human Services Board, the Board of County Road Commissioners, the Parks and Recreation Commission, the Airport Board, the Fair Board and the Economic Development Corporation Board among many others.

The business of the County is carried out on a daily basis by some 504 Full Time Equivalent employees located at several different locations throughout the County, providing a diverse array of services in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

## **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 Jackson County operates.

### **Local Economy**

Jackson County, located at the hub of Interstate 94 and U.S. 127 in Central Michigan's Lower Peninsula, enjoys a rich human and technical resource data base. The economic status of Jackson and the City of Jackson (County Seat) is heavily influenced by its geographic location and continues to diversify its economy in the areas of agriculture, health care, manufacturing, and tourism related opportunities.

A significant factor contributing to the area's economic strength is the presence of the headquarters of Consumers Energy, one of the largest public utilities in the State of Michigan; the State Prison of Southern Michigan (SPSM), the State's largest correctional institution; and Allegiance Health System, the County's premier health care facility and largest employer. These major employers provide a secure foundation for the area's economy.

The Jackson County Airport's runway realignment project, which began in 2006, is currently in phase II construction. The total estimated construction budget is \$33 million. When completed this project will enhance the viability of an "Aviation Business Park" located on surplus airport property.

The 2009 taxable value for Jackson County increased by .43%. Total assessed property values for the County are \$5.6 billion based on the 2009 Equalization Report. The total change in the Equalized Value (which is approximately 50% of actual property value) was -\$358,127 million for 2009.

The local economy in Jackson County had some success in 2009 even as the state economy continued to be sluggish. Local capital investment was \$13.7 million. This investment resulted in the retention of 63 jobs and the creation of 120 additional jobs. These numbers will be significantly larger in 2010. Local Downtown Development Authorities (DDA) and Local Development Financing Authorities (L DFA) continue to receive requests to expand their districts to include new developments.

### **Long-Term Financial Planning**

Unreserved/undesignated fund balance in the general fund is 30.7% of total general fund expenditures and transfers out and exceeds policy guidelines set by the Board of Commissioners for budgetary and planning purposes. In 2007, the Board established the guideline at 18%-24%, due to uncertain financial conditions with the State of Michigan. The 5 year budget plan discussed later in this section calls for the unreserved fund balance to fall to within policy by 2015.

The county continues to adhere to its plan to reduce FTE's in anticipation of reduced property tax revenue. Since 2004, the county has achieved a net reduction of 47 FTE's. The adopted 2010 budget calls for that number to increase by an additional 28 positions. This reduction has largely been achieved via attrition (retirements & terminations) and departmental reorganizations.

The Board of Commissioners has adopted a 5 year budget strategy to be able to adapt to major uncertainties in the local, regional, and State economic markets. This financial plan is based on sound management and budget policies for the stewardship of public funds. The general fund



budget is expected to be just under \$40 million by 2015 which is a full \$5 million less than 2007. Projecting revenues and expenses for a five year period allows the County to accommodate inevitable changes as well as prepare for the expected reductions using a proactive process. Reserves, which currently exceed policy, are anticipated to be reduced to 24% of the unreserved fund balance to support County services by 2015. It is hoped that by that year, revenues will stabilize or even increase somewhat.

The Board has adopted a strategic plan that guides their budget decisions in the allocation of reduced resources. Those priorities include, Safe Community, Economic Development, Healthy Community, and Recreational and Cultural Opportunities.

### **Relevant Financial Policies**

The greatest impact on the County budget in many years was the passage of Public Act 357 of 2004 that shifted the collection of the County property tax assessment from the winter to the summer. The Legislature passed this act to create a revenue stream that, for the next few years, would offset the elimination of state revenue sharing payments. The last full year from this revenue was 2009. The County will rely on the legislature to again fund direct revenue sharing payments.

This shift has necessitated the large increase in undesignated reserves for cash flow purposes since the largest single revenue source the county receives (property taxes) are now not fully collected until May following the December fiscal year end. The change caused an additional challenge since budgeting is dependent on the legislature continuing to fund revenue sharing to counties while the state's revenues decrease. In anticipation of this challenge, the Board of Commissioners increased the target for undesignated/unreserved fund balance as has been previously discussed.

### **Major Initiatives**

As a distinct part of the County's strategic plan, we have been fostering intergovernmental cooperation in the provision of services. Examples include agreements with two component units for information technology services, sharing of Parks and Recreation staff, and intergovernmental purchasing agreements. These efforts are saving resources and will be expanded.

Administration has undertaken an effort to make the County a high performance organization involving staff at all levels in decision making. A leadership team consisting of elected officials, department heads, managers, and union members meets to develop processes to improve how the County operates.

Budget preparation has moved from a document filled with numbers to a large on-line presentation complete with charts and historical data. In addition, each department prepares information outlining their mission, activities, impact on the strategic plan, accomplishments, and key indicators. The same information that is available to Commissioners is also open to public viewing via the county web-page.

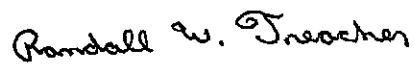
### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2008. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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 County of Jackson. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report and in particular to Finance Officer Gerard Cyrocki. Credit also must be given to the Chairman of the Board and the County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Jackson's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Randall W. Treacher".

Randall W. Treacher  
Administrator/Controller

Jackson County, Michigan  
Comprehensive Annual Financial Report  
Year Ended December 31, 2009

LIST OF COUNTY OFFICIALS

BOARD OF COMMISSIONERS

|              |                        |               |
|--------------|------------------------|---------------|
| District #7  | James E. Shotwell, Jr. | Chairman      |
| District #5  | Earl J. Poleski        | Vice-Chairman |
| District #1  | Clifford E. Herl       | Commissioner  |
| District #2  | David F. Lutchka       | Commissioner  |
| District #3  | Jeffrey D. Kruse       | Commissioner  |
| District #4  | Philip S. Duckman, III | Commissioner  |
| District #6  | James C. Videto        | Commissioner  |
| District #8  | Gail W. Mahoney        | Commissioner  |
| District #9  | Jonathon T. Williams   | Commissioner  |
| District #10 | Patricia A. Smith      | Commissioner  |
| District #11 | Michael J. Way         | Commissioner  |
| District #12 | David K. Elwell        | Commissioner  |

JUDICIARY

4<sup>TH</sup> CIRCUIT/FAMILY  
COURT JUDGES

Susan E. Beebe  
John G. McBain  
Thomas Wilson  
Chad Schmucker  
Diane Rappleve

12<sup>TH</sup> DISTRICT  
COURT JUDGES

R. Darryl Mazur, Chief Judge  
James M. Justin  
Joseph S. Filip  
Michael J. Klaeren

PROBATE  
COURT JUDGES

Diane Rappleve, Chief Judge

OTHER ELECTED OFFICIALS

|                   |                      |
|-------------------|----------------------|
| Amanda L. Riska   | County Clerk         |
| Geoffrey Synder   | Drain Commissioner   |
| Mindy Reilly      | Register of Deeds    |
| Karen A. Coffman  | County Treasurer     |
| Henry C. Zavislak | Prosecuting Attorney |
| Daniel H. Heyns   | County Sheriff       |
| Dean R. Gutekunst | County Surveyor      |

COUNTY CONTROLLER / ADMINISTRATOR

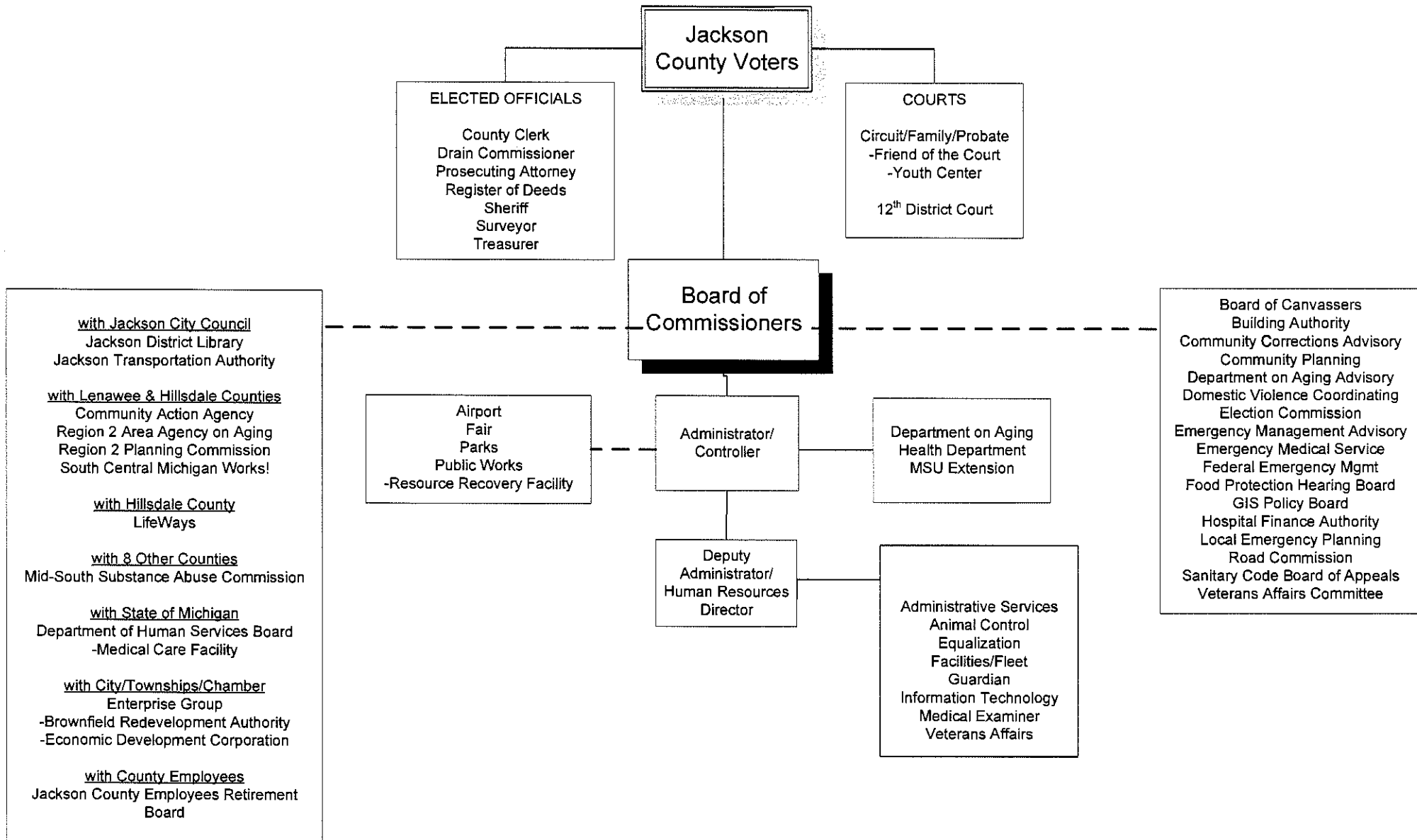
Randall W. Treacher

DEPUTY ADMINISTRATOR

Adam Brown

FINANCE OFFICER

Gerard Cyrocki, CPA



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Jackson  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

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.



A stylized, handwritten signature in black ink, appearing to be "J.R. Emer".

President

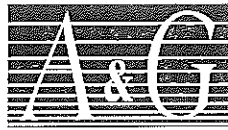
A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

## **FINANCIAL SECTION**

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA



**ABRAHAM & GAFFNEY, P.C.**

Certified Public Accountants

3511 Coolidge Road  
Suite 100  
East Lansing, MI 48823  
(517) 351-6836  
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
of Jackson County  
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 Jackson County, Michigan, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Road Commission and Economic Development Corporation, which represent 74% and 77%, respectively of the total assets and revenues of the discretely presented component units and the Medical Care Facility which represents 35% and 52%, respectively of the total assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Road Commission, Economic Development Corporation, and Medical Care Facility, are based solely on the reports of the other auditors.

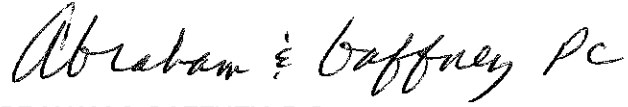
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, based on our audit and the reports of other auditors, 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 Jackson County, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2010, on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and single audit section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and single audit section have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, 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 by us and the other auditors in the audit of basic financial statements and, accordingly, we express no opinion on them.



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

June 22, 2010



## MANAGEMENT'S DISCUSSION and ANALYSIS

As management of the County of Jackson, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended December 31, 2009. 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

#### Government-wide:

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by \$82.6 million (*net assets*). Of this amount, \$51.6 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$27.9 million of the unrestricted net assets. The Delinquent Tax Revolving Fund accounts for 69.7% of the business-type unrestricted net assets.
- The County's total net assets increased by \$2,657,740.
- Governmental activities net assets decreased by (\$918,124).
- Business type activity net assets increased by \$3,575,864.

#### Fund Level:

- At the close of 2009, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$33.1 million, an increase of \$574,177 in comparison with the prior year. Most of this total is comprised of fund balances created for a specific purpose.
- The general fund had a surplus of \$2,624,367 for 2009. At the end of the year, fund balance for the general fund was 32.9 percent of total general fund expenditures and transfers out. The general fund has an *unreserved/undesignated* fund balance of \$12.8 million.

#### Capital and Long-term Debt Activities:

- Jackson County's total Primary Government net bonded debt decreased by \$2.7 million.

### OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County of Jackson's basic financial statements. The Jackson County basic financial statements contain 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 Jackson County's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting to report transactions.

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

The *statement of activities* presents information showing how Jackson County'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. uncollected taxes and earned but unused paid-time-off leave).

Both of the government-wide financial statements distinguish functions of Jackson County 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 Jackson County include general government, public safety, health & welfare, recreation & cultural, community development, and others. The business-type activities of Jackson County include a Medical Care Facility that provides long-term skilled nursing care, the Delinquent Tax Revolving Fund, and the Resource Recovery Facility, which provides waste to energy production, and landfill monitoring.

The government-wide financial statements include not only Jackson County itself, but also 6 legally separate entities, the Road Commission, an Economic Development Corporation, the Drain Commission, the Board of Public Works, Brownfield Redevelopment Authority, and the Land Bank Authority for which Jackson County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Building Authority, although legally separate, functions for all practical purposes as a Department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1 to 2 of this report.

**Fund financial statements.** The fund financial statements provide detailed information about the most significant funds- not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds-*governmental and proprietary*- use different accounting approaches.

**Governmental Funds.** Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. 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.

Jackson County maintains 34 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 Fund, the Jail Millage, Building Authority Debt Service Fund, and the Maintenance of Effort Fund each of which are considered to be major funds. Data from the other 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 3-4 and 6-7 of this report.

**Proprietary funds.** Jackson County 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. Jackson County uses five enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Jackson County's various functions. Jackson County uses internal service funds to account for its self-funded managed care, workers' compensation insurances, land use planning, geographic information system and city/county telephone system. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 Resource Recovery Facility, Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered major funds of Jackson County. Data from the other two enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 9-16 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 statement because the resources of those funds are *not* available to support Jackson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 17-18 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 22-56 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Jackson County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 67-132 of this report.

## **County-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Jackson County's assets, liabilities, and net assets at December 31, 2009. The schedule shows the County's assets exceeded liabilities by \$82.6 million.

Jackson County's Net Assets

|   | Governmental activities |                      | Business-type activities |                      | Total                |                      |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|   | 2009                    | 2008                 | 2009                     | 2008                 | 2009                 | 2008                 |
| Current and other assets                        | \$ 49,425,781           | \$ 47,556,952        | \$ 27,726,012            | \$ 25,334,147        | \$ 77,151,793        | \$ 72,891,099        |
| Capital assets                                  | 27,058,573              | 27,745,741           | 31,153,817               | 33,276,378           | 58,212,390           | 61,022,119           |
| Total assets                                    | <u>76,484,354</u>       | <u>75,302,693</u>    | <u>58,879,829</u>        | <u>58,610,525</u>    | <u>135,364,183</u>   | <u>133,913,218</u>   |
| Long-term liabilities outstanding               | 19,999,644              | 19,583,335           | 19,640,678               | 18,990,900           | 39,640,322           | 38,574,235           |
| Other liabilities                               | 9,603,039               | 8,803,664            | 3,468,481                | 6,540,718            | 13,071,520           | 15,344,382           |
| Total liabilities                               | <u>29,602,683</u>       | <u>28,386,999</u>    | <u>23,109,159</u>        | <u>25,531,618</u>    | <u>52,711,842</u>    | <u>53,918,617</u>    |
| Net assets:                                     |                         |                      |                          |                      |                      |                      |
| Invested in capital assets, net of related debt | 16,533,573              | 16,820,741           | 12,124,522               | 11,920,478           | 28,658,095           | 28,741,219           |
| Restricted                                      | 2,398,320               | 1,851,694            | -                        | -                    | 2,398,320            | 1,851,694            |
| Unrestricted                                    | <u>27,949,778</u>       | <u>28,243,259</u>    | <u>23,646,148</u>        | <u>21,158,429</u>    | <u>51,595,926</u>    | <u>49,401,688</u>    |
| Total net assets                                | <u>\$ 46,881,671</u>    | <u>\$ 46,915,694</u> | <u>\$ 35,770,670</u>     | <u>\$ 33,078,907</u> | <u>\$ 82,652,341</u> | <u>\$ 79,994,601</u> |

Jackson County has a net investment of \$28.6 million in capital assets. This represents 34.6 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Jackson County uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although Jackson County'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.

An additional portion of Jackson County's net assets \$2.4 million (2.9 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$51.5 million are the largest portion (62.5 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Jackson County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

**Jackson County's Changes in Net Assets**

|  | Governmental activities     |                             | Business-type activities    |                             | Total                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2009                        | 2008                        | 2009                        | 2008                        | 2009                        | 2008                        |
| <b>Revenue:</b>                                    |                             |                             |                             |                             |                             |                             |
| Program revenue:                                   |                             |                             |                             |                             |                             |                             |
| Charges for services                               | \$ 9,855,124                | \$ 8,139,339                | \$ 30,569,896               | \$ 30,586,126               | \$ 40,425,020               | \$ 38,725,465               |
| Operating grants and contributions                 | 16,131,328                  | 19,534,191                  | -                           | 338,969                     | 16,131,328                  | 19,873,150                  |
|  | <u>25,986,452</u>           | <u>27,673,530</u>           | <u>30,569,896</u>           | <u>30,925,085</u>           | <u>56,556,348</u>           | <u>58,598,615</u>           |
| General revenues:                                  |                             |                             |                             |                             |                             |                             |
| Property taxes                                     | 26,383,232                  | 26,301,985                  | -                           | -                           | 26,383,232                  | 26,301,985                  |
| Investment earnings                                | 1,114,709                   | 1,829,418                   | 93,033                      | -                           | 1,207,742                   | 1,829,418                   |
| State shared revenue                               | 1,236,701                   | 736,391                     |                             |                             | 1,236,701                   | 736,391                     |
| Other  | 63,107                      | -                           | 141,172                     |                             | 204,279                     | -                           |
| <b>Total revenue</b>                               | <u><b>54,784,201</b></u>    | <u><b>56,541,324</b></u>    | <u><b>30,804,101</b></u>    | <u><b>30,925,085</b></u>    | <u><b>85,588,302</b></u>    | <u><b>87,466,409</b></u>    |
| <b>Expenses</b>                                    |                             |                             |                             |                             |                             |                             |
| General government                                 | 23,650,817                  | 22,601,423                  | -                           | -                           | 23,650,817                  | 22,601,423                  |
| Public safety                                      | 18,196,223                  | 18,171,168                  | -                           | -                           | 18,196,223                  | 18,171,168                  |
| Health & Welfare                                   | 9,521,311                   | 9,254,566                   | -                           | -                           | 9,521,311                   | 9,254,566                   |
| Recreation and Culture                             | 3,188,894                   | 1,766,639                   | -                           | -                           | 3,188,894                   | 1,766,639                   |
| Community Development                              | 1,463,740                   | 7,494,081                   | -                           | -                           | 1,463,740                   | 7,494,081                   |
| Debt service-interest                              | 803,914                     | 831,753                     | -                           | -                           | 803,914                     | 831,753                     |
| Delinquent tax revolving                           | -                           | -                           | 560,542                     | 523,433                     | 560,542                     | 523,433                     |
| Foreclosure tax                                    | -                           | -                           | 426,210                     | 301,988                     | 426,210                     | 301,988                     |
| Medical Care Facility                              | -                           | -                           | 16,060,347                  | 15,758,850                  | 16,060,347                  | 15,758,850                  |
| Fair   | -                           | -                           | -                           | 1,168,697                   | -                           | 1,168,697                   |
| Resource Recovery                                  | -                           | -                           | 8,991,113                   | 8,640,601                   | 8,991,113                   | 8,640,601                   |
| Soil erosion                                       | -                           | -                           | -                           | 65,186                      | -                           | 65,186                      |
| Personal Property                                  | -                           | -                           | 66,998                      | 66,944                      | 66,998                      | 66,944                      |
| <b>Total expenses</b>                              | <u><b>56,824,899</b></u>    | <u><b>60,119,630</b></u>    | <u><b>26,105,210</b></u>    | <u><b>26,525,699</b></u>    | <u><b>82,930,109</b></u>    | <u><b>86,645,329</b></u>    |
| Increase (decrease) in net assets before transfers | (2,040,698)                 | (3,578,306)                 | 4,698,891                   | 4,399,386                   | 2,658,193                   | 821,080                     |
| Transfers  | 1,122,574                   | 2,679,194                   | (1,123,027)                 | (2,626,150)                 | (453)                       | 53,044                      |
| <b>Increase (decrease) in net assets</b>           | <u><b>(918,124)</b></u>     | <u><b>(899,112)</b></u>     | <u><b>3,575,864</b></u>     | <u><b>1,773,236</b></u>     | <u><b>2,657,740</b></u>     | <u><b>874,124</b></u>       |
| Net assets - beginning of year (restated)          | <u>47,799,795</u>           | <u>47,814,806</u>           | <u>32,194,806</u>           | <u>31,305,671</u>           | <u>79,994,601</u>           | <u>79,120,477</u>           |
| Adjustments  | -                           | 884,101                     | -                           | (884,101)                   | -                           | -                           |
| <b>Net assets - end of year</b>                    | <u><b>\$ 46,881,671</b></u> | <u><b>\$ 47,799,795</b></u> | <u><b>\$ 35,770,670</b></u> | <u><b>\$ 32,194,806</b></u> | <u><b>\$ 82,652,341</b></u> | <u><b>\$ 79,994,601</b></u> |

**Governmental activities.** Jackson County's expenses exceeded revenue by approximately \$2 million which combined with the transfers in from business activities of \$1.1 million resulted in a decrease in net assets of nearly \$1 million for 2009. Key elements of this change are as follows:

- Total program revenue decreased approximately \$1.6 million from prior year. Identifiable areas of decrease incurred in the following a) Court fines & fees (\$200,000) , b) Real estate transfer tax (\$100,000), c) Health Department non-grant revenue (\$400,000) , d) A (\$350,00) decrease in State grants for Falling Waters Trail Fund as a result of completion of project.
- The Fair Fund was switched to a Special Revenue Fund per Board of Commissioner action in 2009; therefore, approximately \$800,000 of program revenue is reported as governmental activity in 2009 vs. business-type activity in 2008.

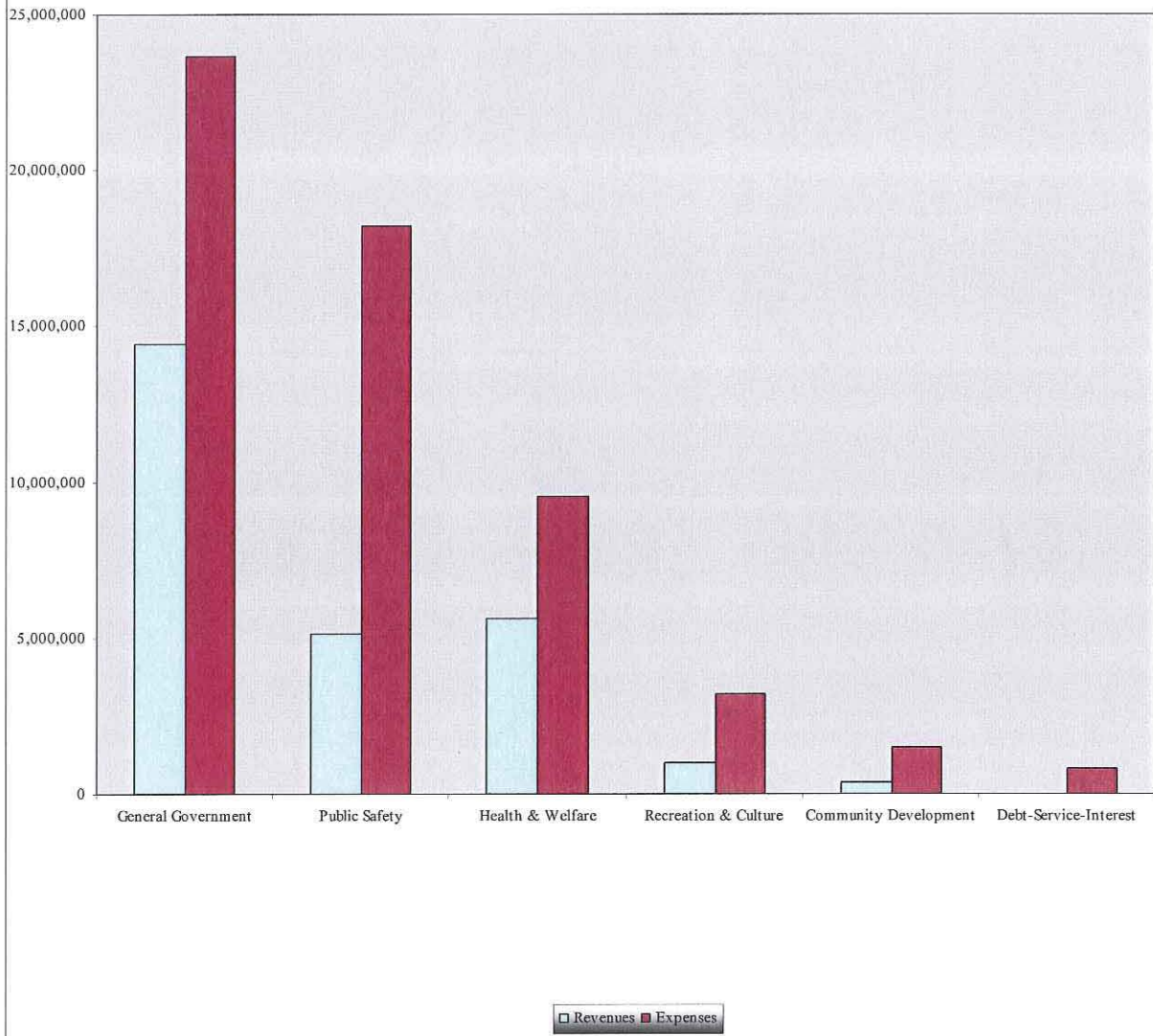
- Governmental activities generated \$1.1 million in investment earnings during the fiscal year 2009. This is a reduction of over \$0.7 million compared to 2008. The decrease is directly attributed to the constricted financial market conditions experienced in 2009.
- State shared revenue increased by over \$0.5 million. This was the result of State Revenue Sharing having been reinstated as a result of the County's scheduled depletion of Reserve Sharing Reserve Fund that was created by state statute in 2004.
- Total governmental expenses decreased by \$3.3 million from the prior year. This reduction is attributed to the following areas of decrease; a) non-capital asset spending \$1,500,000 b) retiree health care costs were reduced by approximately \$600,000 as a result of switching to a medi-gap insurance contract with a private carrier versus the self insured program County is operating, c) and general mindfulness of county line item expense accounts by Elected Officials and Department Heads county-wide.
- Transfers in from Business-type activities decreased by \$1.5 million from the prior year as a result of decreased spending in capital and non-capital asset purchases.

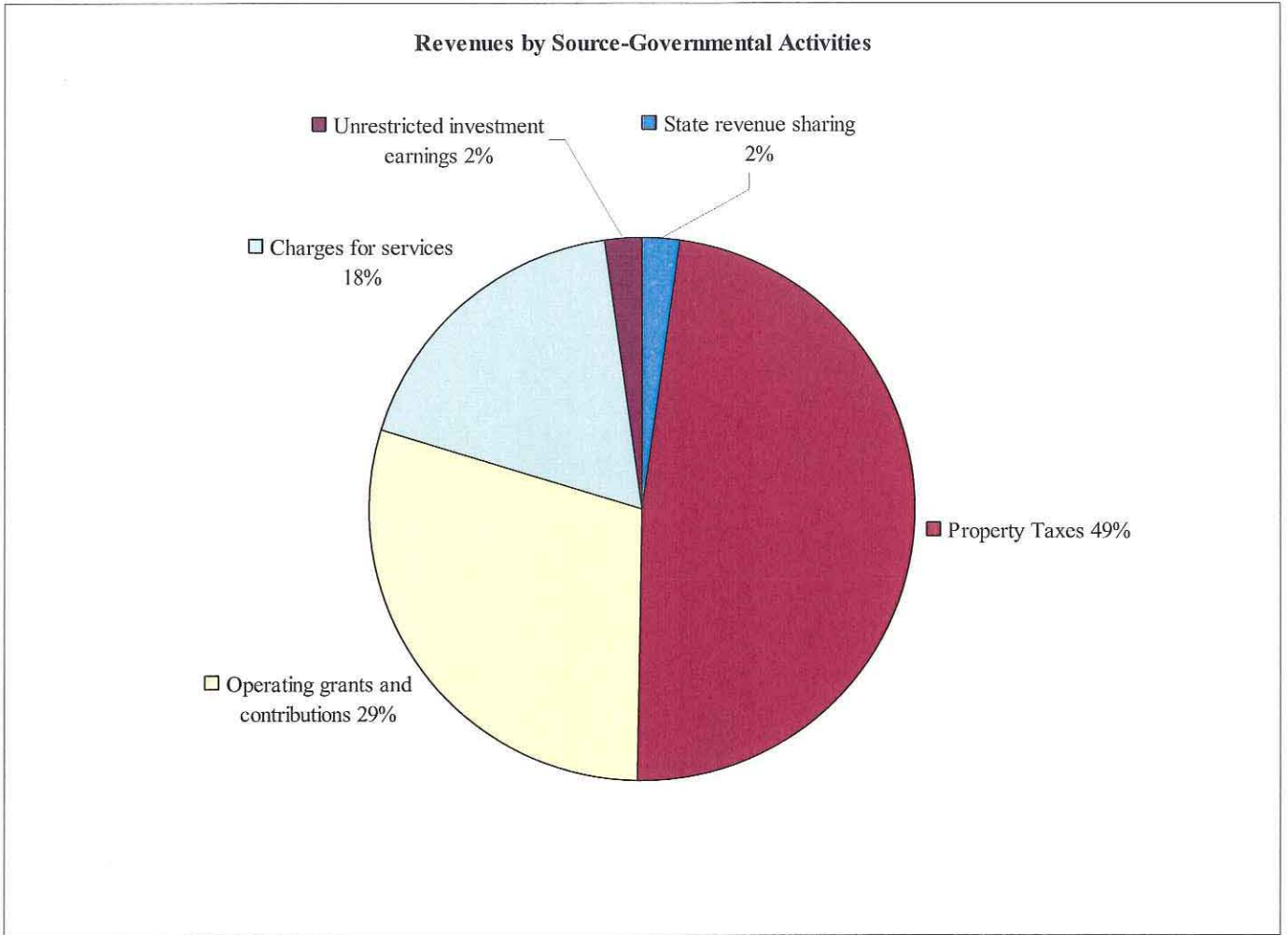
**Business-type activities** of Jackson County increased the net assets by \$3.6 million. Key elements of the current year increase are as follows:

- Increases in net assets before transfers were reported in the Delinquent Tax Fund and Resource Recovery Fund in the amount of \$2.1 and \$2.4 million respectively. The Medical Care Facility reported a loss of (\$41,841) before transfers.
- Business-type expenses increased by \$800,000 in 2009 after excluding 2008 Fair Fund operation costs. Most of this increase was attributed to an increase of maintenance and repair costs of \$400,000 and professional services cost of \$130,000 in the Resource Recovery Fund.

**Transfers-** net transfers of \$1,123,027 from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.

### Program Revenues and Expenses-Governmental Activities





### Financial Analysis of the Government's Funds

As noted earlier Jackson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Jackson County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Jackson County'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 fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$33.1 million, an increase of nearly \$575,000 in comparison with the prior year. Most of this total amount (more than \$30.7 million) constitutes *unreserved fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) for prepaid items & inventory (\$192,578), 2) loaned to other funds or component units (\$824,530), c) capital project & debt service (\$1,749,468).

The general fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$12.8 million, while total fund balance approached \$13.7 million. 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 30.8 percent of total general fund expenditures and transfers, while total fund balance represents 32.9 percent of that same amount.



The fund balance of the County's general fund increased by \$2,624,367 during the fiscal year. This was primarily attributed to an increase of transfers-in from other funds and a decrease in transfers-out to other funds. The net effect of these transfers resulted in \$2.6 million addition to fund balance. The poor economic environment in 2009 contributed to a decrease in overall General Fund revenue such as charges for services and investment earnings. However, on a positive note, the State reinstated Revenue Sharing for our County in 2009 because our county is nearing the depletion of the Revenue Sharing Reserve Fund created in 2004 by State statute.

The Jail Millage Fund was created in 2003 to account for tax receipts, offset operating costs of jail operations and service bonded debt incurred on jail construction and renovation projects. Millage receipts nearly equaled transfer out in the amount of \$1,306,599 for operations cost and \$852,795 for debt service.

The Medical Care Facility Maintenance of Effort Fund ("MOE Fund") makes payments to the State of Michigan for county residents being treated in the Medical Care Facility, a long term health care facility owned and operated by Jackson County. Revenue for the MOE fund is generated by a county wide millage. The State of Michigan, Department of Community Health, will invoice the county based on a formula of operational costs and Medicaid reimbursement of the medical care facility. Fund balance increased by \$430,000 before a transfer out of \$250,000 to the Medical Care Facility a business-type fund for debt payment, resulting in year end fund balance of \$5.7 million.

The Building Authority Debt Service Fund accounts for the debt payments of projects constructed through Jackson County Building Authority. In 2006, the Building Authority originally issued bonds for a local health care organization in the amount of \$7,045,000, the current balance is \$6,970,000 which is carried as a receivable and deferred revenue on the County's books, therefore, the reason this fund is a "major" fund. The county invoices Lifeways (a mental health agency) annually for principal and interest payments paid by Jackson County. Total revenue and transfers-in were nearly equal to the total debt service cost.

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

Net assets of the delinquent tax, resource recovery, and medical care facility funds were \$16,489,350, \$13,438,232, and \$5,599,463 respectively. The delinquent tax, resource recovery, and medical care facility funds had increases in net assets of \$900,662, \$2,326,482, and \$208,159 respectively.

Internal service funds ended the year with net assets of \$2,051,845 an increase of \$1,052,830 from the prior year.

### **General Fund Budgetary Highlights**

General Fund revenue decreased by nearly \$600,000 from the original to the final budget. This was primarily attributed to a decrease in "charges for services" revenue by nearly \$600,000 and investment earnings decrease of \$150,000. These decreases were offset by a favorable adjustment to property tax revenue of \$350,000.

Retiree health cost was reduced by nearly \$500,000 from original to final budget because of a shift to providing Medicare eligible retirees insurance thru a private carrier versus our self insurance program. Other than retiree health costs, the other expenditures adjustments were minimal principally as a result of department managers maintaining rigid control of their respective budgets.

Overall, actual general fund revenue and transfers during the year exceeded the final budget for revenue including transfers-in \$611,428. Actual general fund expenditures, including other financing uses were \$2,012,939 less than final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$2,624,367 which was more than the final amended budget increase of \$1,359,172.

## Capital Assets and Debt Administration

Capital assets. Jackson County's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$58.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment. The Board of Commissioners approved the reclassification of the Fair Fund from a Business-type activity to a Special Revenue Fund (Governmental-type activity) which resulted in capital asset reclassification in the amount of \$1,063,673.

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

- Completion of the Falling Water Trail - a 10.5 mile linear non-motorized trail
- Resource recovery (waste incinerator) improvements of \$548,000
- Medical Care Facility building improvements & equipment acquisitions of \$234,000
- Total depreciation expense was \$2,529,325 and \$1,839,027 for Governmental and Business-type activities respectively

### JACKSON COUNTY'S Capital Assets (Net of depreciation)

|                          | Governmental<br>activities |                            | Business-type<br>activities |                            | Total                      |                            |
|--------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
|                          | 2009                       | 2008                       | 2009                        | 2008                       | 2009                       | 2008                       |
| Land                     | \$1,817,012                | \$1,396,272                | \$48,832                    | \$469,572                  | \$1,865,844                | \$1,865,844                |
| Construction in progress | 362,667                    | 205,301                    | -                           | -                          | 362,667                    | 205,301                    |
| Buildings                | 22,660,343                 | 23,205,784                 | 25,157,500                  | 26,501,696                 | 47,817,843                 | 49,707,480                 |
| Equipment and vehicles   | <u>2,218,551</u>           | <u>2,938,384</u>           | <u>5,947,485</u>            | <u>6,305,110</u>           | <u>8,166,036</u>           | <u>9,243,494</u>           |
|                          | <b><u>\$27,058,573</u></b> | <b><u>\$27,745,741</u></b> | <b><u>\$31,153,817</u></b>  | <b><u>\$33,276,378</u></b> | <b><u>\$58,212,390</u></b> | <b><u>\$61,022,119</u></b> |

Additional information on the Jackson County's capital assets can be found in note G on pages 37-40 of this report.

**Long-term debt.** At the end of the 2009 fiscal year, Jackson County had net outstanding debt of \$29.5 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net assets. The long-term debt total presented in the footnotes includes conduit debt issued by Jackson County for the benefit of Lifeways Inc., a local mental health agency. The Lifeways outstanding bonded debt is offset by a recorded receivable in the Building Authority Debt Service Fund as discussed above in the "financial analysis of governmental funds".

Jackson County's gross outstanding debt decreased by \$2.7 million during the fiscal year.

Jackson County maintains an "A1" rating by Moody's and an "AA" rating by Standard & Poor's for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is \$ 487.4 million, which is significantly in excess of Jackson County's outstanding general obligation debt.

Additional information on the Jackson County's long-term debt can be found in note H on pages 40-47 of this report.

#### JACKSON COUNTY'S Outstanding Debt

|                             | Governmental activities |                     | Business-type activities |                     | Total               |                     |
|-----------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                             | 2009                    | 2008                | 2009                     | 2008                | 2009                | 2008                |
| General obligation bonds    | \$ 10,525,000           | \$ 10,925,000       | \$ -                     | \$ -                | \$ 10,525,000       | \$ 10,925,000       |
| Resource recovery bonds     | -                       | -                   | 5,775,000                | 7,675,000           | 5,775,000           | 7,675,000           |
| Medical care facility bonds | -                       | -                   | 13,254,295               | 13,680,900          | 13,254,295          | 13,680,900          |
|                             | <u>\$10,525,000</u>     | <u>\$10,925,000</u> | <u>\$19,029,295</u>      | <u>\$21,355,900</u> | <u>\$29,554,295</u> | <u>\$32,280,900</u> |

#### Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2010 fiscal year:

- The economic downturn from previous years continues to hamper the County's finances. Taxable property values decreases were expected to decrease from 2009 levels by about 3.9%
- Unemployment in Jackson County at the end of 2009 stood at nearly 14%, which is up from 2008 at 8.71%. This rate continues to be above the State and national averages.
- The planned reduction of full time staffing started in 2004 continues for 2010. Projected FTE totals by the end of 2010 will be 504. These reductions will have been accomplished via retirements & terminations.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past three years and is projected to continue into the future, at least until 2010. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2003/04 state revenue sharing payments adjusted for inflation. For Jackson County, this mechanism will last until FY2010 at which time the \$1,315,792 Revenue Sharing Reserve Fund (RSRF) will be depleted. The State has indicated that Revenue Sharing will continue for counties that have depleted their RSRF. Jackson County remains suspect that the State of Michigan will be able to continue Revenue Sharing going forward and has taken a conservative approach to the amount it expects.
- Negotiated contracts and planned wage increases of 0% are in place for 2010.

#### Requests for Information

The financial report is designed to provide a general overview of the Jackson County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the County Administrator/Controller, 120 West Michigan Avenue, Jackson, Michigan 49201.

## **BASIC FINANCIAL STATEMENTS**

Jackson County, Michigan

STATEMENT OF NET ASSETS

December 31, 2009

|  | Primary Government         |                             |                      | Component<br>Units   |
|--|----------------------------|-----------------------------|----------------------|----------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                |                      |
| <b>ASSETS</b>  |                            |                             |                      |                      |
| Current assets   |                            |                             |                      |                      |
| Cash and cash equivalents  | \$ 32,252,144              | \$ 9,120,628                | \$ 41,372,772        | \$ 2,924,073         |
| Receivables, net   | 16,096,277                 | 13,418,303                  | 29,514,580           | 39,410,663           |
| Inventories  | 135,419                    | 1,808,224                   | 1,943,643            | 2,334,150            |
| Prepays  | 1,168,594                  | 186,451                     | 1,355,045            | 28,492               |
| Current portion of land contract receivable                              | -                          | -                           | -0-                  | 11,320               |
| Internal balances  | (226,653)                  | 226,653                     | -0-                  | -                    |
| <b>Total current assets</b>  | <b>49,425,781</b>          | <b>24,760,259</b>           | <b>74,186,040</b>    | <b>44,708,698</b>    |
| Noncurrent assets  |                            |                             |                      |                      |
| Deferred expenses  | -                          | 300,472                     | 300,472              | -                    |
| Bond issuance costs  | -                          | 113,962                     | 113,962              | -                    |
| Noncurrent portion of land contract receivable                           | -                          | -                           | -0-                  | 710,734              |
| Receivables - other  | -                          | -                           | -0-                  | 185,796              |
| Restricted cash and cash equivalents                                     | -                          | 2,551,319                   | 2,551,319            | -                    |
| Capital assets not being depreciated                                     | 2,179,679                  | 48,832                      | 2,228,511            | 16,722,542           |
| Capital assets being depreciated, net                                    | 24,878,894                 | 31,104,985                  | 55,983,879           | 56,877,652           |
| <b>Total noncurrent assets</b>   | <b>27,058,573</b>          | <b>34,119,570</b>           | <b>61,178,143</b>    | <b>74,496,724</b>    |
| <b>TOTAL ASSETS</b>  | <b>76,484,354</b>          | <b>58,879,829</b>           | <b>135,364,183</b>   | <b>119,205,422</b>   |
| <b>LIABILITIES</b>   |                            |                             |                      |                      |
| Current liabilities  |                            |                             |                      |                      |
| Accounts payable   | 1,826,590                  | 647,758                     | 2,474,348            | 186,843              |
| Accrued wages  | 883,309                    | 352,270                     | 1,235,579            | -                    |
| Other accrued liabilities  | 38,185                     | -                           | 38,185               | 170,807              |
| Accrued interest payable   | 158,423                    | 148,334                     | 306,757              | 298,364              |
| Performance bonds payable  | -                          | -                           | -0-                  | 38,250               |
| Due to other governmental units  | 73,000                     | 25,813                      | 98,813               | 454,430              |
| Unearned revenue   | 4,465,580                  | -                           | 4,465,580            | -                    |
| Current portion of capital lease obligation                              | -                          | 18,852                      | 18,852               | -                    |
| Current portion of compensated absences                                  | 1,382,952                  | 270,454                     | 1,653,406            | -                    |
| Current portion of estimated closure and post closure monitoring costs   | -                          | 205,000                     | 205,000              | -                    |
| Advances from State of Michigan  | -                          | -                           | -0-                  | 627,952              |
| Current portion of long-term debt  | 775,000                    | 1,800,000                   | 2,575,000            | 2,914,518            |
| <b>Total current liabilities</b>   | <b>9,603,039</b>           | <b>3,468,481</b>            | <b>13,071,520</b>    | <b>4,691,164</b>     |
| Noncurrent liabilities   |                            |                             |                      |                      |
| Noncurrent portion of compensated absences                               | -                          | 90,207                      | 90,207               | 305,321              |
| Other postemployment benefit obligation                                  | 3,279,644                  | 560,421                     | 3,840,065            | 952,865              |
| Noncurrent portion of estimated closure and post closure monitoring cost | -                          | 1,285,000                   | 1,285,000            | -                    |
| Noncurrent portion of capital lease obligation                           | -                          | 475,755                     | 475,755              | -                    |
| Noncurrent portion of long-term debt                                     | 16,720,000                 | 17,229,295                  | 33,949,295           | 33,594,195           |
| <b>Total noncurrent liabilities</b>                                      | <b>19,999,644</b>          | <b>19,640,678</b>           | <b>39,640,322</b>    | <b>34,852,381</b>    |
| <b>TOTAL LIABILITIES</b>   | <b>29,602,683</b>          | <b>23,109,159</b>           | <b>52,711,842</b>    | <b>39,543,545</b>    |
| <b>NET ASSETS</b>  |                            |                             |                      |                      |
| Invested in capital assets, net of related debt                          | 16,533,573                 | 12,124,522                  | 28,658,095           | 73,600,194           |
| Restricted for:  |                            |                             |                      |                      |
| Debt service   | 121,676                    | -                           | 121,676              | -                    |
| Capital projects   | 2,095,510                  | -                           | 2,095,510            | 1,188,597            |
| Endowments - nonexpendable   | 181,134                    | -                           | 181,134              | -                    |
| Unrestricted   | 27,949,778                 | 23,646,148                  | 51,595,926           | 4,873,086            |
| <b>TOTAL NET ASSETS</b>  | <b>\$ 46,881,671</b>       | <b>\$ 35,770,670</b>        | <b>\$ 82,652,341</b> | <b>\$ 79,661,877</b> |

See accompanying notes to financial statements.

Jackson County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

| Functions/Programs                         | Expenses      | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                | Component Units |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|-----------------|
|  |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                              |                          |                |                 |
|  |               |                      |                                    |                                  | Governmental Activities                         | Business-type Activities | Total          |                 |
| Primary government                         |               |                      |                                    |                                  |   |                          |                |                 |
| Governmental activities                    |               |                      |                                    |                                  |   |                          |                |                 |
| General government                         | \$ 23,650,817 | \$ 6,745,421         | \$ 7,157,518                       | \$ -                             | \$ (9,747,878)                                  | \$ -                     | \$ (9,747,878) | \$ -            |
| Public safety                              | 18,196,223    | 1,148,390            | 3,965,005                          | -                                | (13,082,828)                                    | -                        | (13,082,828)   | -               |
| Health and welfare                         | 9,521,311     | 799,753              | 4,814,395                          | -                                | (3,907,163)                                     | -                        | (3,907,163)    | -               |
| Community and economic development         | 1,463,740     | 279,240              | 90,795                             | -                                | (1,093,705)                                     | -                        | (1,093,705)    | -               |
| Recreation and culture                     | 3,188,894     | 882,320              | 103,615                            | -                                | (2,202,959)                                     | -                        | (2,202,959)    | -               |
| Interest on long-term debt                 | 803,914       | -                    | -                                  | -                                | (803,914)                                       | -                        | (803,914)      | -               |
| Total governmental activities              | 56,824,899    | 9,855,124            | 16,131,328                         | -0-                              | (30,838,447)                                    | -0-                      | (30,838,447)   | -0-             |
| Business-type activities                   |               |                      |                                    |                                  |   |                          |                |                 |
| Medical Care Facility                      | 16,060,347    | 15,992,786           | -                                  | -                                | -   | (67,561)                 | (67,561)       | -               |
| Delinquent tax                             | 560,542       | 2,497,605            | -                                  | -                                | -   | 1,937,063                | 1,937,063      | -               |
| Resource Recovery                          | 8,991,113     | 11,445,736           | -                                  | -                                | -   | 2,454,623                | 2,454,623      | -               |
| Foreclosure Tax Administration             | 426,210       | 580,854              | -                                  | -                                | -   | 154,644                  | 154,644        | -               |
| Personal Property Tax                      | 66,998        | 52,915               | -                                  | -                                | -   | (14,083)                 | (14,083)       | -               |
| Total business-type activities             | 26,105,210    | 30,569,896           | -0-                                | -0-                              | -0-   | 4,464,686                | 4,464,686      | -0-             |
| Total primary government                   | \$ 82,930,109 | \$ 40,425,020        | \$ 16,131,328                      | \$ -0-                           | (30,838,447)                                    | 4,464,686                | (26,373,761)   | -0-             |
| Component units                            |               |                      |                                    |                                  |   |                          |                |                 |
| Road Commission                            | \$ 16,558,569 | \$ 2,398,874         | \$ 13,094,008                      | \$ -                             | -   | -                        | -0-            | \$ (1,065,687)  |
| Economic Development Corporation           | 42,802        | 100                  | -                                  | -                                | -   | -                        | -0-            | (42,702)        |
| Land Bank Authority                        | 71,100        | 140,973              | -                                  | -                                | -   | -                        | -0-            | 69,873          |
| Brownfield Redevelopment Authority         | 81,930        | -                    | 80,630                             | -                                | -   | -                        | -0-            | (1,300)         |
| Drainage Districts                         | 1,316,358     | -                    | -                                  | 1,075,918                        | -   | -                        | -0-            | (240,440)       |
| Board of Public Works                      | 3,555,194     | -                    | -                                  | 3,439,904                        | -   | -                        | -0-            | (115,290)       |
| Total component units                      | \$ 21,625,953 | \$ 2,539,947         | \$ 13,174,638                      | \$ 4,515,822                     | -0-   | -0-                      | -0-            | (1,395,546)     |
| General revenues                           |               |                      |                                    |                                  |   |                          |                |                 |
| Property taxes                             |               |                      |                                    |                                  | 26,383,232                                      | -                        | 26,383,232     | -               |
| State shared revenue                       |               |                      |                                    |                                  | 1,236,701                                       | -                        | 1,236,701      | -               |
| Investment earnings                        |               |                      |                                    |                                  | 1,114,709                                       | 93,033                   | 1,207,742      | 90,467          |
| Other                                      |               |                      |                                    |                                  | 63,107  | 141,172                  | 204,279        | 25,796          |
| Transfers                                  |               |                      |                                    |                                  | 1,122,574                                       | (1,123,027)              | (453)          | -               |
| Total general revenues and transfers       |               |                      |                                    |                                  | 29,920,323                                      | (888,822)                | 29,031,501     | 116,263         |
| Change in net assets                       |               |                      |                                    |                                  | (918,124)                                       | 3,575,864                | 2,657,740      | (1,279,283)     |
| Restated net assets, beginning of the year |               |                      |                                    |                                  | 47,799,795                                      | 32,194,806               | 79,994,601     | 80,941,160      |
| Net assets, end of the year                |               |                      |                                    |                                  | \$ 46,881,671                                   | \$ 35,770,670            | \$ 82,652,341  | \$ 79,661,877   |

See accompanying notes to financial statements.

Jackson County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2009

|  | General              | Jail<br>Millage<br>Fund | Medical Care<br>Facility<br>Maintenance of<br>Effort Fund |
|--|----------------------|-------------------------|---|
| <b>ASSETS</b>                                  |                      |                         |   |
| Cash and cash equivalents                      | \$ 9,983,710         | \$ 348,956              | \$ 5,991,757  |
| Accounts receivable                            | 558,201              | -                       | -   |
| Taxes receivable                               | 2,133,004            | 2,046,120               | 584,479   |
| Due from other governmental units              | 1,223,214            | -                       | -   |
| Interest receivable                            | 223,908              | -                       | -   |
| Advances to other funds                        | 497,030              | -                       | -   |
| Inventories                                    | -                    | -                       | -   |
| Prepays  | 55,059               | -                       | -   |
| Due from other funds                           | 25,845               | -                       | -   |
|  | <u>\$ 14,699,971</u> | <u>\$ 2,395,076</u>     | <u>\$ 6,576,236</u>                                       |
| <b>TOTAL ASSETS</b>                            |                      |                         |   |
| <b>LIABILITIES AND FUND BALANCES</b>           |                      |                         |   |
| <b>LIABILITIES</b>                             |                      |                         |   |
| Accounts payable                               | \$ 403,837           | \$ -                    | \$ 241,809  |
| Accrued wages                                  | 580,628              | -                       | -   |
| Other accrued liabilities                      | -                    | -                       | -   |
| Advances to other funds                        | -                    | -                       | -   |
| Due to other governmental units                | -                    | -                       | -   |
| Due to other funds                             | -                    | -                       | -   |
| Deferred revenue                               | 1,213                | 2,100,000               | 600,000   |
|  | <u>985,678</u>       | <u>2,100,000</u>        | <u>841,809</u>  |
| <b>TOTAL LIABILITIES</b>                       |                      |                         |   |
| <b>FUND BALANCES</b>                           |                      |                         |   |
| Reserved for:                                  |                      |                         |   |
| Advances                                       | 824,530              | -                       | -   |
| Inventories                                    | -                    | -                       | -   |
| Prepays  | 55,059               | -                       | -   |
| Capital projects                               | -                    | -                       | -   |
| Debt service                                   | -                    | -                       | -   |
| Unreserved                                     |                      |                         |   |
| Designated for subsequent years' expenditures  | -                    | -                       | 225,000   |
| Undesignated, reported in:                     |                      |                         |   |
| General fund                                   | 12,834,704           | -                       | -   |
| Special revenue funds                          | -                    | 295,076                 | 5,509,427   |
| Permanent funds                                | -                    | -                       | -   |
|  | <u>13,714,293</u>    | <u>295,076</u>          | <u>5,734,427</u>  |
| <b>TOTAL FUND BALANCES</b>                     |                      |                         |   |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCES</b> |                      |                         |   |
|  | <u>\$ 14,699,971</u> | <u>\$ 2,395,076</u>     | <u>\$ 6,576,236</u>                                       |

See accompanying notes to financial statements.

| Building<br>Authority<br>Bonds | Nonmajor<br>Governmental<br>Funds | Total                |
|--------------------------------|-----------------------------------|----------------------|
| \$ 121,676                     | \$ 14,448,058                     | \$ 30,894,157        |
| -                              | 128,549                           | 686,750              |
| -                              | 1,037,545                         | 5,801,148            |
| 6,970,000                      | 726,421                           | 8,919,635            |
| -                              | -                                 | 223,908              |
| -                              | -                                 | 497,030              |
| -                              | 135,419                           | 135,419              |
| -                              | 2,100                             | 57,159               |
| -                              | -                                 | 25,845               |
| <u>\$ 7,091,676</u>            | <u>\$ 16,478,092</u>              | <u>\$ 47,241,051</u> |
| <br>                           |                                   |                      |
| \$ -                           | \$ 298,531                        | \$ 944,177           |
| -                              | 302,681                           | 883,309              |
| -                              | 38,185                            | 38,185               |
| -                              | 497,030                           | 497,030              |
| -                              | 73,000                            | 73,000               |
| -                              | 252,498                           | 252,498              |
| 6,970,000                      | 1,764,367                         | 11,435,580           |
| <br>                           |                                   |                      |
| 6,970,000                      | 3,226,292                         | 14,123,779           |
| <br>                           |                                   |                      |
| -                              | -                                 | 824,530              |
| -                              | 135,419                           | 135,419              |
| -                              | 2,100                             | 57,159               |
| -                              | 1,627,792                         | 1,627,792            |
| 121,676                        | -                                 | 121,676              |
| <br>                           |                                   |                      |
| -                              | 1,448,910                         | 1,673,910            |
| <br>                           |                                   |                      |
| -                              | -                                 | 12,834,704           |
| -                              | 9,856,445                         | 15,660,948           |
| -                              | 181,134                           | 181,134              |
| <u>121,676</u>                 | <u>13,251,800</u>                 | <u>33,117,272</u>    |
| <br>                           |                                   |                      |
| <u>\$ 7,091,676</u>            | <u>\$ 16,478,092</u>              | <u>\$ 47,241,051</u> |



Jackson County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

December 31, 2009

**Total fund balances - governmental funds** \$ 33,117,272

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

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

|                               |                     |            |
|-------------------------------|---------------------|------------|
| The cost of capital assets is | \$ 56,599,091       |            |
| Accumulated depreciation is   | <u>(29,540,518)</u> |            |
| Capital assets, net           |                     | 27,058,573 |

|   |  |           |
|---|--|-----------|
| Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. |  | 6,970,000 |
|---|--|-----------|

Internal service funds are used by management to charge the costs of certain activities to individual funds.

|   |  |           |
|---|--|-----------|
| Net assets of governmental activities accounted for in Internal Service Funds |  | 2,051,845 |
|---|--|-----------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

|   |                    |                     |
|---|--------------------|---------------------|
| Direct County obligations               | (17,495,000)       |                     |
| Other postemployment benefit obligation | (3,279,644)        |                     |
| Accrued interest payable                | (158,423)          |                     |
| Compensated absences                    | <u>(1,382,952)</u> |                     |
|   |                    | <u>(22,316,019)</u> |

**Net assets of governmental activities** \$ 46,881,671

See accompanying notes to financial statements.

Jackson County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2009

|   | General              | Jail<br>Millage<br>Fund | Medical Care<br>Facility<br>Maintenance of<br>Effort Fund |
|---|----------------------|-------------------------|---|
| <b>REVENUES</b>   |                      |                         |   |
| Taxes   | \$ 22,553,464        | \$ 2,136,255            | \$ 611,476  |
| Licenses and permits                                    | 156,335              | -                       | -   |
| Intergovernmental                                       | 6,141,528            | -                       | -   |
| Charges for services                                    | 5,079,399            | -                       | -   |
| Fines and forfeits                                      | 732,132              | -                       | -   |
| Interest and rents                                      | 1,205,421            | -                       | 60,942  |
| Contributions from local units                          | -                    | -                       | -   |
| Other   | 580,749              | 6,763                   | -   |
| <b>TOTAL REVENUES</b>                                   | <b>36,449,028</b>    | <b>2,143,018</b>        | <b>672,418</b>  |
| <b>EXPENDITURES</b>                                     |                      |                         |   |
| Current   |                      |                         |   |
| General government                                      | 15,908,581           | -                       | -   |
| Public safety   | 12,531,637           | -                       | -   |
| Health and welfare                                      | 2,602,846            | -                       | 241,809   |
| Community and economic development                      | 366,844              | -                       | -   |
| Recreation and culture                                  | 11,049               | -                       | -   |
| Other   | 4,673,345            | -                       | -   |
| Debt service  | -                    | -                       | -   |
| Capital outlay  | -                    | -                       | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>36,094,302</b>    | <b>-0-</b>              | <b>241,809</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>354,726</b>       | <b>2,143,018</b>        | <b>430,609</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                      |                         |   |
| Transfers in  | 7,780,600            | -                       | -   |
| Transfers out   | (5,510,959)          | (2,159,394)             | (250,000)   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>2,269,641</b>     | <b>(2,159,394)</b>      | <b>(250,000)</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>2,624,367</b>     | <b>(16,376)</b>         | <b>180,609</b>  |
| Restated fund balances, beginning of year               | 11,089,926           | 311,452                 | 5,553,818   |
| Fund balances, end of year                              | <u>\$ 13,714,293</u> | <u>\$ 295,076</u>       | <u>\$ 5,734,427</u>                                       |

See accompanying notes to financial statements.

| Building<br>Authority<br>Bonds | Nonmajor<br>Governmental<br>Funds | Total                |
|--------------------------------|-----------------------------------|----------------------|
| \$ -                           | \$ 1,082,037                      | \$ 26,383,232        |
| -                              | 280,961                           | 437,296              |
| -                              | 7,763,456                         | 13,904,984           |
| -                              | 2,509,731                         | 7,589,130            |
| -                              | 289,450                           | 1,021,582            |
| 206                            | 281,673                           | 1,548,242            |
| 1,754,122                      | -                                 | 1,754,122            |
| -                              | 1,840,154                         | 2,427,666            |
| <u>1,754,328</u>               | <u>14,047,462</u>                 | <u>55,066,254</u>    |
| -                              | 4,632,156                         | 20,540,737           |
| -                              | 2,339,693                         | 14,871,330           |
| -                              | 5,056,873                         | 7,901,528            |
| -                              | 923,931                           | 1,290,775            |
| -                              | 2,437,587                         | 2,448,636            |
| 1,097,669                      | -                                 | 5,771,014            |
| 1,509,331                      | -                                 | 1,509,331            |
| -                              | 917,416                           | 917,416              |
| <u>2,607,000</u>               | <u>16,307,656</u>                 | <u>55,250,767</u>    |
| (852,672)                      | (2,260,194)                       | (184,513)            |
| 852,795                        | 6,114,497                         | 14,747,892           |
| -                              | (5,889,277)                       | (13,809,630)         |
| <u>852,795</u>                 | <u>225,220</u>                    | <u>938,262</u>       |
| 123                            | (2,034,974)                       | 753,749              |
| <u>121,553</u>                 | <u>15,286,774</u>                 | <u>32,363,523</u>    |
| <u>\$ 121,676</u>              | <u>\$ 13,251,800</u>              | <u>\$ 33,117,272</u> |

Jackson County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

**Net change in fund balances - total governmental funds** \$ 753,749

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|  |                    |             |
|--|--------------------|-------------|
| Capital outlay                                     | \$ 778,484         |             |
| Depreciation expense                               | <u>(2,529,325)</u> |             |
| Excess of depreciation expense over capital outlay |                    | (1,750,841) |

|  |  |           |
|--|--|-----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. |  | (300,000) |
|--|--|-----------|

Internal service funds are used by management to charge the costs of certain activities to individual funds.

|  |                |           |
|--|----------------|-----------|
| Net operating income from governmental activities accounted for in internal service fund | 850,572        |           |
| Add: Interest revenue  | 17,946         |           |
| Subtract: internal activities (transfers)  | <u>184,312</u> |           |
|  |                | 1,052,830 |

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

|                             |  |         |
|-----------------------------|--|---------|
| Repayment of long-term debt |  | 700,000 |
|-----------------------------|--|---------|

Some items 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. These activities consist of:

|  |              |                    |
|--|--------------|--------------------|
| Decrease in accrued interest payable                   | 5,417        |                    |
| (Increase) in other postemployment benefit obligations | (1,384,662)  |                    |
| Decrease in compensated absences                       | <u>5,383</u> |                    |
|  |              | <u>(1,373,862)</u> |

|  |  |                            |
|--|--|----------------------------|
| <b>Change in net assets of governmental activities</b> |  | <u><u>\$ (918,124)</u></u> |
|--|--|----------------------------|

See accompanying notes to financial statements.

## Jackson County, Michigan

## Proprietary Funds

## STATEMENT OF NET ASSETS

December 31, 2009

|  | Business-type               |                                |                      |
|--|-----------------------------|--------------------------------|----------------------|
|  | Medical<br>Care<br>Facility | Delinquent<br>Tax<br>Revolving | Resource<br>Recovery |
| <b>ASSETS</b>  |                             |                                |                      |
| Current assets   |                             |                                |                      |
| Cash and cash equivalents  | \$ 1,354,018                | \$ 5,852,016                   | \$ 1,359,700         |
| Receivables  |                             |                                |                      |
| Accounts   | 3,042,080                   | 145,050                        | 924,900              |
| Interest   | -                           | 1,882,200                      | -                    |
| Delinquent taxes   | -                           | 7,174,573                      | -                    |
| Due from other governmental units  | 123,000                     | -                              | -                    |
| Due from other funds   | -                           | 1,455,364                      | -                    |
| Inventories  | -                           | -                              | 1,808,224            |
| Prepays  | -                           | -                              | 186,451              |
| <b>Total current assets</b>  | <b>4,519,098</b>            | <b>16,509,203</b>              | <b>4,279,275</b>     |
| Noncurrent assets  |                             |                                |                      |
| Deferred expenses  | -                           | -                              | 300,472              |
| Bond issuance costs  | 113,962                     | -                              | -                    |
| Restricted cash and cash equivalents   | 671,573                     | -                              | 1,879,746            |
| Capital assets not being depreciated   | -                           | -                              | 48,832               |
| Capital assets being depreciated, net  | 15,806,993                  | 14,898                         | 15,282,479           |
| <b>Total noncurrent assets</b>   | <b>16,592,528</b>           | <b>14,898</b>                  | <b>17,511,529</b>    |
| <b>TOTAL ASSETS</b>  | <b>21,111,626</b>           | <b>16,524,101</b>              | <b>21,790,804</b>    |
| <b>LIABILITIES</b>   |                             |                                |                      |
| Current liabilities  |                             |                                |                      |
| Accounts payable   | 393,067                     | 15,015                         | 239,464              |
| Accrued wages  | 344,069                     | 6,095                          | 636                  |
| Due to other governmental units  | 20,238                      | -                              | -                    |
| Due to other funds   | -                           | -                              | 802,500              |
| Accrued interest payable   | 103,362                     | -                              | 44,972               |
| Current portion of compensated absences                                      | 251,897                     | 13,641                         | -                    |
| Current portion of capital lease obligation                                  | 18,852                      | -                              | -                    |
| Current portion of estimated closure and post closure<br>monitoring costs    | -                           | -                              | 205,000              |
| Current portion of long term debt  | 470,000                     | -                              | 1,330,000            |
| <b>Total current liabilities</b>   | <b>1,601,485</b>            | <b>34,751</b>                  | <b>2,622,572</b>     |
| Noncurrent liabilities   |                             |                                |                      |
| Noncurrent portion of compensated absences                                   | 90,207                      | -                              | -                    |
| Noncurrent portion of estimated closure and<br>post closure monitoring costs | -                           | -                              | 1,285,000            |
| Post employment benefit obligation   | 560,421                     | -                              | -                    |
| Noncurrent portion of capital lease obligation                               | 475,755                     | -                              | -                    |
| Noncurrent portion of long-term debt   | 12,784,295                  | -                              | 4,445,000            |
| <b>Total noncurrent liabilities</b>  | <b>13,910,678</b>           | <b>-0-</b>                     | <b>5,730,000</b>     |
| <b>TOTAL LIABILITIES</b>   | <b>15,512,163</b>           | <b>34,751</b>                  | <b>8,352,572</b>     |
| <b>NET ASSETS</b>  |                             |                                |                      |
| Invested in capital assets, net of related debt                              | 2,552,698                   | 14,898                         | 9,556,311            |
| Unrestricted   | 3,046,765                   | 16,474,452                     | 3,881,921            |
| <b>TOTAL NET ASSETS</b>  | <b>\$ 5,599,463</b>         | <b>\$ 16,489,350</b>           | <b>\$ 13,438,232</b> |

See accompanying notes to financial statements.

| Activities                      |               |                              |
|---------------------------------|---------------|------------------------------|
| Nonmajor<br>Enterprise<br>Funds | Total         | Internal<br>Service<br>Funds |
| \$ 554,894                      | \$ 9,120,628  | \$ 1,357,987                 |
| 26,500                          | 4,138,530     | 464,836                      |
| -                               | 1,882,200     | -                            |
| -                               | 7,174,573     | -                            |
| 100,000                         | 223,000       | -                            |
| -                               | 1,455,364     | -                            |
| -                               | 1,808,224     | -                            |
| -                               | 186,451       | 1,111,435                    |
| 681,394                         | 25,988,970    | 2,934,258                    |
| -                               | 300,472       | -                            |
| -                               | 113,962       | -                            |
| -                               | 2,551,319     | -                            |
| -                               | 48,832        | -                            |
| 615                             | 31,104,985    | -                            |
| 615                             | 34,119,570    | -0-                          |
| 682,009                         | 60,108,540    | 2,934,258                    |
| 212                             | 647,758       | 882,413                      |
| 1,470                           | 352,270       | -                            |
| 5,575                           | 25,813        | -                            |
| 426,211                         | 1,228,711     | -                            |
| -                               | 148,334       | -                            |
| 4,916                           | 270,454       | -                            |
| -                               | 18,852        | -                            |
| -                               | 205,000       | -                            |
| -                               | 1,800,000     | -                            |
| 438,384                         | 4,697,192     | 882,413                      |
| -                               | 90,207        | -                            |
| -                               | 1,285,000     | -                            |
| -                               | 560,421       | -                            |
| -                               | 475,755       | -                            |
| -                               | 17,229,295    | -                            |
| -0-                             | 19,640,678    | -0-                          |
| 438,384                         | 24,337,870    | 882,413                      |
| 615                             | 12,124,522    | -                            |
| 243,010                         | 23,646,148    | 2,051,845                    |
| \$ 243,625                      | \$ 35,770,670 | \$ 2,051,845                 |

Jackson County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2009

|   | Business-type               |                                |                      |
|---|-----------------------------|--------------------------------|----------------------|
|   | Medical<br>Care<br>Facility | Delinquent<br>Tax<br>Revolving | Resource<br>Recovery |
| OPERATING REVENUES                                |                             |                                |                      |
| Charges for services                              | \$ 15,992,786               | \$ 2,497,605                   | \$ 11,445,736        |
| Interest and penalties on delinquent taxes        | -                           | 120,558                        | -                    |
| <b>TOTAL OPERATING REVENUES</b>                   | <b>15,992,786</b>           | <b>2,618,163</b>               | <b>11,445,736</b>    |
| OPERATING EXPENSES                                |                             |                                |                      |
| Personal services                                 | 8,112,095                   | 301,141                        | 20,297               |
| Contractual services                              | -                           | -                              | -                    |
| Other services and charges                        | 6,770,069                   | 243,422                        | 7,323,563            |
| Depreciation                                      | 550,049                     | 15,979                         | 1,272,385            |
| <b>TOTAL OPERATING EXPENSES</b>                   | <b>15,432,213</b>           | <b>560,542</b>                 | <b>8,616,245</b>     |
| <b>OPERATING INCOME</b>                           | <b>560,573</b>              | <b>2,057,621</b>               | <b>2,829,491</b>     |
| NONOPERATING REVENUES (EXPENSES)                  |                             |                                |                      |
| Interest revenue                                  | 6,868                       | 82,538                         | 3,627                |
| Interest expense                                  | (628,134)                   | -                              | (374,868)            |
| Other   | 18,852                      | 1,762                          | -                    |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES)</b> | <b>(602,414)</b>            | <b>84,300</b>                  | <b>(371,241)</b>     |
| <b>INCOME BEFORE TRANSFERS</b>                    | <b>(41,841)</b>             | <b>2,141,921</b>               | <b>2,458,250</b>     |
| TRANSFERS IN                                      | 250,000                     | 70,066                         | -                    |
| TRANSFERS OUT                                     | -                           | (1,311,325)                    | (131,768)            |
| <b>TOTAL TRANSFERS</b>                            | <b>250,000</b>              | <b>(1,241,259)</b>             | <b>(131,768)</b>     |
| <b>CHANGE IN NET ASSETS</b>                       | <b>208,159</b>              | <b>900,662</b>                 | <b>2,326,482</b>     |
| Restated net assets, beginning of year            | 5,391,304                   | 15,588,688                     | 11,111,750           |
| <b>Net assets, end of year</b>                    | <b>\$ 5,599,463</b>         | <b>\$16,489,350</b>            | <b>\$ 13,438,232</b> |

See accompanying notes to financial statements.

| Activities                      |                      | Governmental<br>Activities   |
|---------------------------------|----------------------|------------------------------|
| Nonmajor<br>Enterprise<br>Funds | Total                | Internal<br>Service<br>Funds |
| \$ 633,769                      | \$ 30,569,896        | \$ 11,689,011                |
| -                               | 120,558              | -                            |
| 633,769                         | 30,690,454           | 11,689,011                   |
| 64,153                          | 8,497,686            | -                            |
| -                               | -0-                  | 10,701,187                   |
| 428,441                         | 14,765,495           | 137,252                      |
| 614                             | 1,839,027            | -                            |
| 493,208                         | 25,102,208           | 10,838,439                   |
| 140,561                         | 5,588,246            | 850,572                      |
| -                               | 93,033               | 17,946                       |
| -                               | (1,003,002)          | -                            |
| -                               | 20,614               | -                            |
| -0-                             | (889,355)            | 17,946                       |
| 140,561                         | 4,698,891            | 868,518                      |
| -                               | 320,066              | 290,000                      |
| -                               | (1,443,093)          | (105,688)                    |
| -0-                             | (1,123,027)          | 184,312                      |
| 140,561                         | 3,575,864            | 1,052,830                    |
| 103,064                         | 32,194,806           | 999,015                      |
| <u>\$ 243,625</u>               | <u>\$ 35,770,670</u> | <u>\$ 2,051,845</u>          |



Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

|  | Business-type               |                                |                      |
|--|-----------------------------|--------------------------------|----------------------|
|  | Medical<br>Care<br>Facility | Delinquent<br>Tax<br>Revolving | Resource<br>Recovery |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |                             |                                |                      |
| Cash receipts from customers   | \$ 13,291,545               | \$ 2,499,367                   | \$ 11,922,635        |
| Cash paid to suppliers   | (6,495,417)                 | (229,743)                      | (409,310)            |
| Cash paid for employee services and benefits                           | (7,526,475)                 | (303,417)                      | (7,733,434)          |
| Cash operating receipts  | 29,917                      | -                              | -                    |
| Cash received from Quality Assurance<br>Supplement Program             | 1,702,933                   | -                              | -                    |
| Interest on delinquent taxes   | -                           | (165,285)                      | -                    |
| <b>NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b>            | <b>1,002,503</b>            | <b>1,800,922</b>               | <b>3,779,891</b>     |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>             |                             |                                |                      |
| Transfers in   | 250,000                     | 70,066                         | -                    |
| Transfers out  | -                           | (1,311,325)                    | (131,768)            |
| <b>NET CASH PROVIDED (USED) BY<br/>NONCAPITAL FINANCING ACTIVITIES</b> | <b>250,000</b>              | <b>(1,241,259)</b>             | <b>(131,768)</b>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>    |                             |                                |                      |
| Principal payments on long-term debt                                   | (465,000)                   | -                              | (1,900,000)          |
| Interest paid on long-term debt  | (591,101)                   | -                              | (374,868)            |
| Acquisition and construction of capital assets                         | (234,441)                   | -                              | (548,298)            |
| Payments for benefit obligation  | (265,736)                   | -                              | -                    |
| <b>NET CASH (USED) BY CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b> | <b>(1,556,278)</b>          | <b>-0-</b>                     | <b>(2,823,166)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |                             |                                |                      |
| Resident trust deposits  | 7,822                       | -                              | -                    |
| Interest revenue   | 6,868                       | 82,538                         | 3,627                |
| <b>NET CASH PROVIDED BY<br/>INVESTING ACTIVITIES</b>                   | <b>14,690</b>               | <b>82,538</b>                  | <b>3,627</b>         |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>        | <b>(289,085)</b>            | <b>642,201</b>                 | <b>828,584</b>       |
| Cash and cash equivalents, beginning of year                           | 2,314,676                   | 5,209,815                      | 2,410,862            |
| Cash and cash equivalents, end of year                                 | <u>\$ 2,025,591</u>         | <u>\$ 5,852,016</u>            | <u>\$ 3,239,446</u>  |

| Activities                      |                      | Governmental<br>Activities   |
|---------------------------------|----------------------|------------------------------|
| Nonmajor<br>Enterprise<br>Funds | Total                | Internal<br>Service<br>Funds |
| \$ 780,060                      | \$ 28,493,607        | \$ 11,224,175                |
| (305,912)                       | (7,440,382)          | (11,479,003)                 |
| (64,532)                        | (15,627,858)         | -                            |
| -                               | 29,917               | -                            |
| -                               | 1,702,933            | -                            |
| -                               | (165,285)            | -                            |
| 409,616                         | 6,992,932            | (254,828)                    |
| -                               | 320,066              | 290,000                      |
| -                               | (1,443,093)          | (105,688)                    |
| -0-                             | (1,123,027)          | 184,312                      |
| -                               | (2,365,000)          | -                            |
| -                               | (965,969)            | -                            |
| -                               | (782,739)            | -                            |
| -                               | (265,736)            | -                            |
| -0-                             | (4,379,444)          | -0-                          |
| -                               | 7,822                | -                            |
| -                               | 93,033               | 17,946                       |
| -0-                             | 100,855              | 17,946                       |
| 409,616                         | 1,591,316            | (52,570)                     |
| 145,278                         | 10,080,631           | 1,410,557                    |
| <u>\$ 554,894</u>               | <u>\$ 11,671,947</u> | <u>\$ 1,357,987</u>          |

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended December 31, 2009

|   | Business-type               |                                |                            |
|---|-----------------------------|--------------------------------|----------------------------|
|   | Medical<br>Care<br>Facility | Delinquent<br>Tax<br>Revolving | Resource<br>Recovery       |
| Reconciliation of operating income to net cash provided (used) by operating activities        |                             |                                |                            |
| Operating income  | \$ 560,573                  | \$ 2,057,621                   | \$ 2,829,491               |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities |                             |                                |                            |
| Depreciation  | 550,049                     | 15,979                         | 1,272,385                  |
| Amortization of benefit obligation  | 459,600                     | -                              | -                          |
| Provision for bad debt  | 158,203                     | -                              | -                          |
| Amortization of deferred expenses   | 5,605                       | -                              | 75,116                     |
| Other income  | -                           | 1,762                          | -                          |
| (Increase) decrease in receivables  | (1,126,594)                 | (471,661)                      | 421,604                    |
| Decrease in due from other governmental units   | -                           | -                              | -                          |
| Decrease in prepaids  | -                           | -                              | 46,615                     |
| Decrease in inventory   | -                           | -                              | 12,930                     |
| (Increase) decrease in due from other funds   | -                           | 252,345                        | -                          |
| Decrease in other current assets  | 83,710                      |                                |                            |
| Increase (decrease) in accounts payable   | 185,337                     | 13,679                         | (399,426)                  |
| Increase (decrease) in accrued liabilities  | 126,020                     | (15,917)                       | (13,007)                   |
| Increase (decrease) in other liabilities  | -                           | 13,641                         | (85,000)                   |
| Increase (decrease) in due to other funds   | -                           | (66,527)                       | (376,567)                  |
| (Decrease) in deferred revenue  | -                           | -                              | (4,250)                    |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                       | <b><u>\$ 1,002,503</u></b>  | <b><u>\$ 1,800,922</u></b>     | <b><u>\$ 3,779,891</u></b> |

See accompanying notes to financial statements.

| Activities                      |                     | Governmental<br>Activities   |
|---------------------------------|---------------------|------------------------------|
| Nonmajor<br>Enterprise<br>Funds | Total               | Internal<br>Service<br>Funds |
| \$ 140,561                      | \$ 5,588,246        | \$ 850,572                   |
| 614                             | 1,839,027           | -                            |
| -                               | 459,600             | -                            |
| -                               | 158,203             | -                            |
| -                               | 80,721              | -                            |
| -                               | 1,762               | -                            |
| (26,500)                        | (1,203,151)         | (464,836)                    |
| 172,791                         | 172,791             | -                            |
| -                               | 46,615              | (297,995)                    |
| -                               | 12,930              | -                            |
| -                               | 252,345             | -                            |
| (1,693)                         | (202,103)           | (342,569)                    |
| (379)                           | 96,717              | -                            |
| -                               | (71,359)            | -                            |
| 124,222                         | (318,872)           | -                            |
| -                               | (4,250)             | -                            |
| <u>\$ 409,616</u>               | <u>\$ 6,909,222</u> | <u>\$ (254,828)</u>          |



Jackson County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2009

|  | <u>Pension and<br/>Employee Benefit<br/>Trusts</u> |
|--|--|
| ADDITIONS  |  |
| Investment income                                |  |
| Net appreciation in fair<br>value of investments | \$ 25,105,857                                      |
| Interest and dividends                           | 2,409,093  |
| Less investment expense                          | <u>(614,005)</u>                                   |
| Net investment income                            | 26,900,945   |
| Contributions                                    |  |
| Employee   | 1,851,811  |
| Employer   | 1,964,353  |
| Other  | <u>1,005,711</u>                                   |
| Total contributions                              | <u>4,821,875</u>                                   |
| TOTAL ADDITIONS                                  | 31,722,820   |
| DEDUCTIONS                                       |  |
| Benefit payments                                 | 11,034,166   |
| Refund of contributions                          | 413,096  |
| Administrative expenses                          | <u>235,601</u>                                     |
| TOTAL DEDUCTIONS                                 | <u>11,682,863</u>                                  |
| CHANGE IN NET ASSETS                             | 20,039,957   |
| Net assets, beginning of year                    | <u>103,731,114</u>                                 |
| Net assets, end of year                          | <u><u>\$ 123,771,071</u></u>                       |

See accompanying notes to financial statements.

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2009

|   | Road<br>Commission   | Economic<br>Development<br>Corporation | Land<br>Bank<br>Authority | Brownfield<br>Redevelopment<br>Authority |
|---|----------------------|--|---------------------------|--|
| <b>ASSETS</b>                                   |                      |  |                           |  |
| Current assets                                  |                      |  |                           |  |
| Cash and cash equivalents                       | \$ 1,047,997         | \$ 212,043                             | \$ 122,032                | \$ 68,060                                |
| Receivables                                     | 2,106,690            | 1,047,468                              | -                         | -  |
| Due from other governmental units               | -                    | -                                      | -                         | -  |
| Inventories                                     | 2,200,852            | -                                      | 133,298                   | -  |
| Prepays   | 28,492               | -                                      | -                         | -  |
| Current portion of land contract receivable     | -                    | -                                      | -                         | 11,320                                   |
| <b>Total current assets</b>                     | <b>5,384,031</b>     | <b>1,259,511</b>                       | <b>255,330</b>            | <b>79,380</b>                            |
| Noncurrent assets                               |                      |  |                           |  |
| Noncurrent portion of land contract receivable  | -                    | -                                      | -                         | 710,734                                  |
| Receivables - other                             | 185,796              | -                                      | -                         | -  |
| Capital assets not being depreciated            | 16,722,542           | -                                      | -                         | -  |
| Capital assets, net of accumulated depreciation | 52,747,035           | -                                      | -                         | -  |
| <b>Total noncurrent assets</b>                  | <b>69,655,373</b>    | <b>-0-</b>                             | <b>-0-</b>                | <b>710,734</b>                           |
| <b>TOTAL ASSETS</b>                             | <b>75,039,404</b>    | <b>1,259,511</b>                       | <b>255,330</b>            | <b>790,114</b>                           |
| <b>LIABILITIES</b>                              |                      |  |                           |  |
| Current liabilities                             |                      |  |                           |  |
| Accounts payable                                | 162,598              | 11,129                                 | -                         | 11,320                                   |
| Accrued interest payable                        | -                    | -                                      | -                         | -  |
| Other accrued liabilities                       | 170,807              | -                                      | -                         | -  |
| Performance bonds payable                       | 38,250               | -                                      | -                         | -  |
| Due to other governmental units                 | 26,930               | -                                      | 100,000                   | 117,500                                  |
| Advances from State of Michigan                 | 627,952              | -                                      | -                         | -  |
| Current portion of long-term debt               | 66,518               | -                                      | -                         | -  |
| <b>Total current liabilities</b>                | <b>1,093,055</b>     | <b>11,129</b>                          | <b>100,000</b>            | <b>128,820</b>                           |
| Noncurrent liabilities                          |                      |  |                           |  |
| Noncurrent portion of compensated absences      | 305,321              | -                                      | -                         | -  |
| Net other postemployment benefit payable        | 952,865              | -                                      | -                         | -  |
| Noncurrent portion of long-term debt            | 410,506              | -                                      | -                         | -  |
| <b>TOTAL LIABILITIES</b>                        | <b>2,761,747</b>     | <b>11,129</b>                          | <b>100,000</b>            | <b>128,820</b>                           |
| <b>NET ASSETS</b>                               |                      |  |                           |  |
| Invested in capital assets, net of related debt | 69,469,577           | -                                      | -                         | -  |
| Restricted for capital projects                 | -                    | -                                      | -                         | -  |
| Unrestricted                                    | 2,808,080            | 1,248,382                              | 155,330                   | 661,294                                  |
| <b>TOTAL NET ASSETS</b>                         | <b>\$ 72,277,657</b> | <b>\$ 1,248,382</b>                    | <b>\$ 155,330</b>         | <b>\$ 661,294</b>                        |

See accompanying notes to financial statements.

| <u>Drainage<br/>Districts</u> | <u>Board of<br/>Public<br/>Works</u> | <u>Total</u>         |
|-------------------------------|--------------------------------------|----------------------|
| \$ 1,351,717                  | \$ 122,224                           | \$ 2,924,073         |
| 52,989                        | -                                    | 3,207,147            |
| 16,021,594                    | 20,181,922                           | 36,203,516           |
| -                             | -                                    | 2,334,150            |
| -                             | -                                    | 28,492               |
| -                             | -                                    | 11,320               |
| <u>17,426,300</u>             | <u>20,304,146</u>                    | <u>44,708,698</u>    |
| -                             | -                                    | 710,734              |
| -                             | -                                    | 185,796              |
| -                             | -                                    | 16,722,542           |
| <u>4,130,617</u>              | <u>-</u>                             | <u>56,877,652</u>    |
| <u>4,130,617</u>              | <u>-0-</u>                           | <u>74,496,724</u>    |
| 21,556,917                    | 20,304,146                           | 119,205,422          |
| 1,796                         | -                                    | 186,843              |
| 165,065                       | 133,299                              | 298,364              |
| -                             | -                                    | 170,807              |
| -                             | -                                    | 38,250               |
| 210,000                       | -                                    | 454,430              |
| -                             | -                                    | 627,952              |
| <u>1,908,000</u>              | <u>940,000</u>                       | <u>2,914,518</u>     |
| 2,284,861                     | 1,073,299                            | 4,691,164            |
| -                             | -                                    | 305,321              |
| -                             | -                                    | 952,865              |
| <u>13,953,000</u>             | <u>19,230,689</u>                    | <u>33,594,195</u>    |
| <u>16,237,861</u>             | <u>20,303,988</u>                    | <u>39,543,545</u>    |
| 4,130,617                     | -                                    | 73,600,194           |
| 1,188,439                     | 158                                  | 1,188,597            |
| -                             | -                                    | 4,873,086            |
| <u>\$ 5,319,056</u>           | <u>\$ 158</u>                        | <u>\$ 79,661,877</u> |



Jackson County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

| Functions/Programs                 | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                                  |                     |                                    |                    |                       |                    |
|------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---|----------------------------------|---------------------|------------------------------------|--------------------|-----------------------|--------------------|
|                                    |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Road Commission                                 | Economic Development Corporation | Land Bank Authority | Brownfield Redevelopment Authority | Drainage Districts | Board of Public Works | Total              |
| Governmental activities            |                      |                      |                                    |                                  |   |                                  |                     |                                    |                    |                       |                    |
| Road Commission                    | \$ 16,558,569        | \$2,398,874          | \$ 13,094,008                      | \$ -                             | \$ (1,065,687)                                  | \$ -                             | \$ -                | \$ -                               | \$ -               | \$ -                  | \$ (1,065,687)     |
| Economic Development Corporation   | 42,802               | 100                  | -                                  | -                                | -   | (42,702)                         | -                   | -                                  | -                  | -                     | (42,702)           |
| Land Bank Authority                | 71,100               | 140,973              | -                                  | -                                | -   | -                                | 69,873              | -                                  | -                  | -                     | 69,873             |
| Brownfield Redevelopment Authority | 81,930               | -                    | 80,630                             | -                                | -   | -                                | -                   | (1,300)                            | -                  | -                     | (1,300)            |
| Drainage Districts                 | 1,316,358            | -                    | -                                  | 1,075,918                        | -   | -                                | -                   | -                                  | (240,440)          | -                     | (240,440)          |
| Board of Public Works              | 3,555,194            | -                    | -                                  | 3,439,904                        | -   | -                                | -                   | -                                  | -                  | (115,290)             | (115,290)          |
| <b>TOTALS</b>                      | <b>\$ 21,625,953</b> | <b>\$2,539,947</b>   | <b>\$ 13,174,638</b>               | <b>\$4,515,822</b>               | <b>(1,065,687)</b>                              | <b>(42,702)</b>                  | <b>69,873</b>       | <b>(1,300)</b>                     | <b>(240,440)</b>   | <b>(115,290)</b>      | <b>(1,395,546)</b> |
| General revenues                   |                      |                      |                                    |                                  |   |                                  |                     |                                    |                    |                       |                    |
| Investment earnings                |                      |                      |                                    |                                  | 42,586  | 44,779                           | -                   | 2                                  | 2,671              | 429                   | 90,467             |
| Other                              |                      |                      |                                    |                                  | 25,796  | -                                | -                   | -                                  | -                  | -                     | 25,796             |
| Total general revenues             |                      |                      |                                    |                                  | 68,382  | 44,779                           | -0-                 | 2                                  | 2,671              | 429                   | 116,263            |
| CHANGE IN NET ASSETS               |                      |                      |                                    |                                  | (997,305)                                       | 2,077                            | 69,873              | (1,298)                            | (237,769)          | (114,861)             | (1,279,283)        |
| Net assets, beginning of year      |                      |                      |                                    |                                  | 73,274,962                                      | 1,246,305                        | 85,457              | 662,592                            | 5,556,825          | 115,019               | 80,941,160         |
| Net assets, end of year            |                      |                      |                                    |                                  | \$ 72,277,657                                   | \$ 1,248,382                     | \$ 155,330          | \$ 661,294                         | \$ 5,319,056       | \$ 158                | \$ 79,661,877      |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Jackson County was incorporated on August 1, 1832 and covers an area of 707 square miles divided into 19 townships, 7 villages, and 1 city. The County seat is located in the City of Jackson. The County operates under an elected county Board of Commissioners and provides services to its more than 160,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Jackson County (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government.

2. Blended Component Unit

Building Authority

The Jackson County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Building Authority is reported as part of the primary government because its sole purpose is to oversee the financing and construction of the County's public buildings.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Jackson County remains financially accountable for these entities or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete.

Jackson County Road Commission

The Jackson County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The Commission is governed by a three (3) member Board of County Road Commissioners appointed by the County Board of Commissioners. All long-term debt issuances excluding capital lease purchase agreements require County authorization. A copy of the Commission's audited financial statements can be obtained at their administrative offices.

Jackson County Economic Development Corporation

The Jackson County Economic Corporation was established pursuant to the provisions of Public Act 338 of 1974, as amended. The Economic Corporation is governed by a nine (9) member Board of Directors appointed by the County Board of Commissioners. The Economic Corporation may not issue debt without the County's approval and administers a significant amount of Federal economic development grant money which is received by the County. A copy of the Corporation's audited financial statements can be obtained at their administrative offices.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - concluded

Land Bank Authority

The Land Bank Authority is a public corporation, organized pursuant to Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Jackson County Treasurer. The Land Bank Authority is governed by an eleven (11) member board including the Jackson County Treasurer, who is, by law, its Chairperson, and ten (10) other members, including four (4) Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority. The Land Bank Authority Component Unit is reported on a fiscal year ended September 30, 2009. The financial statements of the Land Bank Authority are presented as part of Other Supplementary Information and are not audited separately.

Drainage Districts

The Drain Commissioner has the sole responsibility to administer the drainage districts established by the Drain Code of 1956. The Jackson County Drain Commissioner is responsible for planning, developing, and maintaining surface water drainage systems within the County. The Drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the Drainage Districts upon authorization of the County Board of Commissioners. The Drainage Districts are financially accountable to the County because the County has pledged its full faith and credit for the payment of the outstanding bond issues authorized by the Drain Commissioner. The combining financial statements for the Drainage Districts are presented as part of Other Supplementary Information and are not audited separately.

Brownfield Redevelopment Authority

The County created Brownfield Redevelopment Authority pursuant to the provisions of Public Act 381 of 1996 in order to revitalize environmentally distressed areas within a Brownfield redevelopment area. The five (5) member Board is appointed by the Jackson County Board of Commissioners. The Authority budget must be approved by the Jackson County Board of Commissioners. The financial statements of the Brownfield Redevelopment Authority are presented as part of Other Supplementary Information and are not audited separately.

Board of Public Works

Pursuant to Michigan Compiled Law 123.732, the County entered into a program of water supply and sanitary sewer facility construction. The Board of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works, which includes the County Drain Commissioner. The Board of Public Works is administered by a seven (7) member board comprised of six (6) appointed members and the Drain commissioner, which is an elected position. The Board manages water supply and sanitary sewer system construction projects that are bonded by the County. All general obligation bond issuances require County authorization and are backed by the full faith and credit of the County. The combining financial statements for the Board of Public Works are presented as part of Other Supplementary Information and are not audited separately.

4. Other Organizations

There are a considerable number of local governmental authorities and nonprofit agencies for which County Board of Commissioners have a statutory requirement to appoint Board members or individual Commissioners are invited to participate on the Boards of these organizations. In some cases, the County makes an appropriation to these organizations; however the County does not have any ongoing financial interests and/or financial responsibility to any of these organizations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Other Organizations - concluded

The County of Jackson has a contract to invest excess funds for Lifeways, Inc., a stand alone mental health agency. These funds are included in the Trust and Agency Fund financial statements. The County has also issued bonds on behalf of Lifeways through the Building Authority, a blended component unit of Jackson County.

5. Funds with Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2009.

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity (except for interfund services provided) has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. The Jail Millage Fund accounts for property tax collections used for servicing debt of bonds that were issued to finance new jail facilities.
- c. The Medical Care Facility Maintenance of Effort Fund accounts for the payments made to the State of Michigan for county residents being treated in the Medical Care Facility, a long-term health care facility owned and operated by Jackson County. Revenue is generated by a county-wide millage.
- d. The Building Authority Bonds Fund accounts for the payment of bonds related to construction projects managed by the Building Authority Board. Funding for these payments can come from rents, millages, and interfund transfers.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Basis of Presentation - concluded

FUND FINANCIAL STATEMENTS - CONCLUDED

- e. The Medical Care Facility Fund accounts for the activities of the long-term care of elderly residents of Jackson County in a medical care unit owned and operated by Jackson County.
- f. The Resource Recovery Facility accounts for the operations of the incinerator and landfills.
- g. The Delinquent Tax Revolving Fund accounts for the activities of the government's purchase and collection of delinquent property taxes. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

7. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for fiduciary agency funds since assets equal liabilities.

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Government-wide, proprietary fund, and similar trust fund financial statements are presented using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict 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 County has elected not to follow subsequent private-sector guidance.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

8. Basis of Accounting - concluded

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in various instruments with a maturity from date of purchase of 90 days or less.

10. Investments

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at fair value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

11. Restricted Assets

Certain resources have been classified as restricted on the balance sheet because their use is limited. These resources have been set aside in the Resource Recovery Facility Enterprise Fund in order to meet principal and interest repayment requirements and to provide for major repairs and replacements. The Medical Care Facility Enterprise Fund also has recorded restricted assets for operations of the facility and for future capital purchases.

12. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs, accounts receivable related to charges for services, special assessments, and notes and leases receivable made in connection with various programs.

Medical Care Facility receivables are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

13. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed. Reserved fund balance has been recorded to indicate that inventories are not currently available, spendable components of fund balance.

14. Prepays

Prepays consist of amounts paid in the current year that pertain to the following fiscal year. Reserved fund balances have been recorded in the applicable funds to indicate that prepaids are not currently available, spendable components of fund balance.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. Compensated Absences

County employees are granted vacation and sick leave in varying amounts according to their personnel contracts. Employees are paid for three-quarters of paid time off days earned and credited at the employee's current rate of pay upon separation of employment. Paid time off is accrued when incurred in proprietary funds and reported as a fund liability. Paid time off that has matured, for example, as a result of employee resignation or retirement, is reported as expenditure and a fund liability of the governmental fund that will pay it.

Accumulated vacation and sick pay amounts that are vested have been recorded in the government-wide financial statements.

16. Deferred and Unearned Revenue

Deferred revenue consists of amounts related to long-term receivables recorded at the fund level that are not available to finance current period expenditures and are therefore deferred and also amounts received for various grant programs that has not yet been earned. Unearned revenue recorded in governmental activities and proprietary funds are so labeled to indicate that the resources have been received, but not earned.

17. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

18. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Capital assets include land, buildings, equipment, vehicles, and drain infrastructure and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an initial individual cost of \$1,000 or more and an estimated useful life of more than two years.

Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

|                            |               |
|----------------------------|---------------|
| Buildings and improvements | 20 - 50 years |
| Equipment and furniture    | 3 - 15 years  |
| Vehicles                   | 3 - 15 years  |
| Drain Infrastructure       | 50 years      |

ROAD COMMISSION - COMPONENT UNIT

Capital assets, include buildings, property, equipment, and infrastructure assets (i.e., roads, bridges, and similar items), and are reported in the component unit financial statements (statement of net assets and statement of changes in net assets). Capital assets are defined by the Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated 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 market value at the date donated.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

18. Capital Assets - concluded

ROAD COMMISSION - COMPONENT UNIT - CONCLUDED

Depreciation is recorded over the estimated useful lives (ranging from five to fifty years) of the assets, using the straight line method as follows:

|                |               |
|----------------|---------------|
| Buildings      | 30 - 40 years |
| Equipment      | 5 - 15 years  |
| Infrastructure | 8 - 50 years  |

19. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

20. Internal Service Funds

The County uses internal service funds to account for operations that provide services (such as workers compensation, health insurance, land use planning, and graphic information) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

21. Fiduciary Funds

The County uses Agency Funds to account for assets held for other governments in an agency capacity (such as trust and agency, library fund, district court bond, and others). The County also uses Pension and other employee benefit trust funds to account for the activities of the County's pension and postemployment health benefit payments to qualified employees.

22. Federal Programs

Federal programs are accounted for in the funds to which the programs pertain. The Single Audit reports and financial data will have been presented as an additional section of the Comprehensive Annual Financial Report.

23. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

24. Budget Stabilization Fund

In April 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.



NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED**

25. Reserved Fund Balance

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance or net assets which the County has set aside for specific purposes. These reserves and designations are recorded at the fund level to indicate management plans for these funds.

26. Restricted Net Assets

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS**

Michigan statutes and County policy authorize the County to invest in U.S. Treasury Obligations, Federal Agency Securities, Federal Instrumentality Securities, Repurchase Agreements, Time Certificates of Deposit, Money Market Mutual Funds that limit assets of the fund to securities authorized in M.C.L. 129.91 as legal investments for public corporations, Eligible Bankers Acceptances, Prime Commercial Paper, Obligations of the State of Michigan or any of its political subdivisions, Investment Pools, and Joint Interlocal Investment Ventures. Pension fund investment policy is governed by the Pension Trustees and makes additional allowances for investments in equities, long-term securities, and other securities of relatively higher risk.

**Deposits, Investments and Securities Lending**

Following is a reconciliation of deposits and investments as of December 31, 2009:

|   | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> | <u>Total</u>          |
|---|-------------------------------|----------------------------|-----------------------|
| Statement of Net Assets:                                      |                               |                            |                       |
| Cash and cash equivalents                                     | \$ 43,924,091                 | \$ 2,924,073               | \$ 46,848,164         |
| Statement of Fiduciary Net Assets:                            |                               |                            |                       |
| Cash and cash equivalents                                     | 5,626,690                     | -                          | 5,626,690             |
| Investments   | <u>122,342,682</u>            | <u>-</u>                   | <u>122,342,682</u>    |
| Total   | <u>\$ 171,893,463</u>         | <u>\$ 2,924,073</u>        | <u>\$ 174,817,536</u> |
|   |                               |                            | <u>Total</u>          |
| Deposits and Investments:                                     |                               |                            |                       |
| Bank deposits (checking accounts and certificates of deposit) |                               |                            | \$ 11,083,888         |
| Investments in securities, mutual funds and similar vehicles: |                               |                            |                       |
| Treasurer's investment pool                                   |                               |                            | 40,969,047            |
| Employee retirement system                                    |                               |                            | 118,355,632           |
| Retiree health insurance fund                                 |                               |                            | 3,987,050             |
| Cash on hand  |                               |                            | 30,075                |
| Net effect of funds with different fiscal year ends           |                               |                            | <u>391,844</u>        |
| Total   |                               |                            | <u>\$ 174,817,536</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED**

**Bank Deposits and Treasurer's Investment Pool**

Custodial Credit Risk - Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2009, \$10,126,335 of the County's total bank balance of \$12,337,795 (total book balance was \$11,083,888) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution 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 County's investments as of December 31, 2009:

|                 |                      |
|-----------------|----------------------|
| U.S. Agencies   | \$ 9,725,000         |
| U.S. Treasuries | 16,864,375           |
| Money market    | <u>14,379,672</u>    |
| Total           | <u>\$ 40,969,047</u> |

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are not required for U.S. treasuries or money market funds. All of the County's investments comply with its policy regarding the types of investments it may hold.

As of December 31, 2009, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2009, the County had greater than 5% of its total investment portfolio concentrated as follows:

| <u>Investment Type</u> | <u>Issuer</u>                         | <u>% of Portfolio</u> |
|------------------------|---------------------------------------|-----------------------|
| U.S. Agencies          | Federal Home Loan Bank                | 11.0%                 |
|                        | Federal National Mortgage Association | 7.9%                  |
| U.S. Treasury          | Notes                                 | 41.2%                 |
| Money Market           | Comerica Bank                         | 26.5%                 |

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED****Bank Deposits and Treasurer's Investment Pool - concluded**Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the County to manage this risk by purchasing a mix of short and longer term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of December 31, 2009, maturities of the County's debt securities were as follows:

|                       | <u>Fair Value</u>   | <u>Investment maturities (fair value by years)</u> |                     |                     |                     |
|-----------------------|---------------------|--|---------------------|---------------------|---------------------|
|                       |                     | <u>Less than 1</u>                                 | <u>1-5</u>          | <u>6-15</u>         | <u>More than 15</u> |
| U.S. Agencies         | \$ 9,725,000        | \$ -   | \$ 4,500,000        | \$ 2,000,000        | \$ 3,225,000        |
| U.S. Treasuries       | <u>16,864,375</u>   | -  | <u>9,984,375</u>    | <u>6,880,000</u>    | -                   |
| Total debt securities | <u>\$26,589,375</u> | <u>\$ -0-</u>                                      | <u>\$14,484,375</u> | <u>\$ 8,880,000</u> | <u>\$ 3,225,000</u> |

The County assumes that its callable investments will not be called.

**Employees Retirement System Investments**

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2009:

Investments at fair value, as determined by quoted market prices:

|   |                       |
|---|-----------------------|
| Equities domestic:                            |                       |
| Not on securities loan                        | \$ 28,223,677         |
| On securities loan                            | 5,958,902             |
| Index fund                                    | 22,995,629            |
| Equities international                        | 25,503,687            |
| U.S. Treasuries                               | 2,100,016             |
| U.S. Agencies                                 | 6,023,507             |
| Corporate securities domestic:                |                       |
| Not on securities loan                        | 21,085,427            |
| On securities loan                            | 1,415,285             |
| Corporate collateralized mortgage obligations | 709,854               |
| Corporate securities international            | 1,623,579             |
| Money market funds                            | <u>2,716,069</u>      |
|   | <u>\$ 118,355,632</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED**

**Employees Retirement System Investments - continued**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that its investments in fixed income securities be limited to those rated BAA or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

Foreign Currency Risk

The County has no policy relating to foreign currency risk.

As of December 31, 2009, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

|           |                      |
|-----------|----------------------|
| AAA       | \$ 4,024,479         |
| AA+       | 562,840              |
| AA        | 70,555               |
| AA-       | 1,450,910            |
| A+        | 2,732,726            |
| A         | 2,817,814            |
| A-        | 4,392,764            |
| BBB+      | 5,217,877            |
| BBB       | 1,603,953            |
| BBB-      | 1,953,350            |
| BB+       | 1,052,450            |
| BB        | 429,600              |
| BB-       | 207,500              |
| Not Rated | <u>6,440,850</u>     |
|           | <u>\$ 32,957,668</u> |

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, 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 System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 5% of a System's assets be invested in any one corporation and no more than 5% of a System investment may be made in the outstanding stock of any corporation. The policy also provides that no more than 70% and no less than 50% of the System's assets may be invested in equity securities, and that no more than 50% and no less than 30% of System assets may be invested in bonds.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED**

**Employees Retirement System Investments - concluded**

Concentration of Credit Risk - concluded

At December 31, 2009, the System's investment portfolio is concentrated as follows:

| <u>Investment Type</u> | <u>Issuer</u>                          | <u>% of Portfolio</u> |
|------------------------|--|-----------------------|
| U.S. Agencies          | Federal Home Loan Mortgage Corporation | 2.5%                  |
|                        | Federal National Mortgage Association  | 2.1%                  |
| U.S. Treasury          | Notes                                  | 1.5%                  |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2009, maturities of the System's debt securities were as follows:

|   | <u>Investment maturities (fair value by years)</u> |                    |                     |                     |                     |
|---|--|--------------------|---------------------|---------------------|---------------------|
|   | <u>Fair Value</u>                                  | <u>Less than 1</u> | <u>1-5</u>          | <u>6-15</u>         | <u>More than 15</u> |
| U.S. Treasuries                               | \$ 2,100,016                                       | \$ 171,900         | \$ 1,394,583        | \$ 334,095          | \$ 199,438          |
| U.S. Agencies                                 | 6,023,507  | -                  | 799,908             | 4,767,266           | 456,333             |
| Corporate, domestic & international bonds     | 24,124,291   | -                  | 6,646,930           | 9,572,399           | 7,904,962           |
| Corporate collateralized mortgage obligations | <u>709,854</u>                                     | <u>-</u>           | <u>-</u>            | <u>-</u>            | <u>709,854</u>      |
| Total debt securities                         | <u>\$32,957,668</u>                                | <u>\$ 171,900</u>  | <u>\$ 8,841,421</u> | <u>\$14,673,760</u> | <u>\$ 9,270,587</u> |

Securities Lending

A contract approved by the System's Board of Directors permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED**

**Retiree's Health Insurance Fund**

Custodial Credit Risk

The Fund's investments are held in third-party safekeeping by a designated institution and that safekeeping agency follows the procedure of delivery vs. payment. Following is a summary of the Fund's investments as of December 31, 2009:

Investments at fair value, as determined by quoted market prices:

|                        |                         |
|------------------------|-------------------------|
| Equities domestic      | \$ 1,947,305            |
| Equities international | 563,610                 |
| U.S. Treasuries        | 142,698                 |
| U.S. Agencies          | 73,646                  |
| Corporate Bonds        | 1,088,289               |
| Money Market           | <u>171,502</u>          |
| <br>Total investments  | <br>\$ <u>3,987,050</u> |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's investments comply with its policy regarding the types of investments it may hold.

As of December 31, 2009, the Fund's investments in securities of U.S. instruments and in corporate securities were rated by Standard and Poor's as follows:

|           |                         |
|-----------|-------------------------|
| AAA       | \$ 239,353              |
| AA+       | 15,679                  |
| AA        | 5,430                   |
| AA-       | 42,582                  |
| A+        | 89,669                  |
| A         | 292,674                 |
| A-        | 79,716                  |
| BBB+      | 97,505                  |
| BBB       | 78,959                  |
| BBB-      | 98,518                  |
| BB+       | 49,551                  |
| BB        | 13,633                  |
| B+        | 14,446                  |
| B         | 63,648                  |
| B-        | 16,584                  |
| Not Rated | <u>106,686</u>          |
|           | <br>\$ <u>1,304,633</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS - CONCLUDED**

**Retiree's Health Insurance Fund - concluded**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2009, concentrations in securities of any one issuer greater than 5% of investment fair value were as follows:

| <u>Investment Type</u> | <u>Issuer</u>        | <u>% of Portfolio</u> |
|------------------------|----------------------|-----------------------|
| U.S. Notes             | U.S. Treasury Notes  | 10.9%                 |
| Corporate Securities   | Morgan Stanley Notes | 15.5%                 |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2009, maturities of the Fund's debt securities were as follows:

|                           | <u>Fair Value</u>   | <u>Investment maturities (fair value by years)</u> |                   |                   |                     |
|---------------------------|---------------------|--|-------------------|-------------------|---------------------|
|                           |                     | <u>Less than 1</u>                                 | <u>1-5</u>        | <u>6-15</u>       | <u>More than 15</u> |
| U.S. Treasuries           | \$ 142,698          | \$ 6,023   | \$ 104,476        | \$ 32,199         | \$ -                |
| U.S. Agencies             | 73,646              | -  | 73,646            | -                 | -                   |
| Corporate, domestic bonds | 1,057,279           | 225,259  | 476,605           | 141,934           | 213,481             |
| International Bonds       | <u>31,010</u>       | <u>-</u>   | <u>31,010</u>     | <u>-</u>          | <u>-</u>            |
| Total debt securities     | <u>\$ 1,304,633</u> | <u>\$ 231,282</u>                                  | <u>\$ 685,737</u> | <u>\$ 174,133</u> | <u>\$ 213,481</u>   |

The County assumes that its callable investments will not be called.

**NOTE C: RECEIVABLES AND DEFERRED REVENUE**

Receivables in the governmental activities are as follows:

|                   |                      |
|-------------------|----------------------|
| Property taxes    | \$ 5,801,148         |
| Other:            |                      |
| Accounts          | 1,151,586            |
| Interest          | 223,908              |
| Intergovernmental | <u>8,919,635</u>     |
|                   | <u>10,295,129</u>    |
| Total             | <u>\$ 16,096,277</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE C: RECEIVABLES AND DEFERRED REVENUE - CONCLUDED**

Receivables in the business-type activities are composed of the following:

|                                       |                      |
|---------------------------------------|----------------------|
| Delinquent property taxes             | \$ 7,174,573         |
| Due from other governmental units     | 223,000              |
| Other:                                |                      |
| Accounts                              | 4,238,530            |
| Interest                              | 1,882,200            |
| Less: allowance for doubtful accounts | <u>( 100,000 )</u>   |
|                                       | <u>6,020,730</u>     |
| Total                                 | <u>\$ 13,418,303</u> |

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 earned. At the end of the current year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

|  | <u>Unavailable</u>  | <u>Unearned</u>     |
|--|---------------------|---------------------|
| Property taxes receivable:                                 |                     |                     |
| Medical Care Facility - Maintenance of Effort Fund         | \$ -                | \$ 600,000          |
| Jail Millage Fund  | -                   | 2,100,000           |
| Nonmajor governmental funds                                | -                   | 1,065,000           |
| Federal stimulus energy grant                              | -                   | 687,500             |
| Long-term receivable - Building Authority Debt Service     | 6,970,000           | -                   |
| Miscellaneous revenues received in advance of being earned | <u>-</u>            | <u>13,080</u>       |
|  | <u>\$ 6,970,000</u> | <u>\$ 4,465,580</u> |

**NOTE D: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

| <u>Fund</u>                                 | <u>Transfer in</u>   | <u>Transfer out</u>  |
|---|----------------------|----------------------|
| General                                     | \$ 7,780,600         | \$ 5,510,959         |
| Jail Millage                                | -                    | 2,159,394            |
| Medical Care Facility Maintenance of Effort | -                    | 250,000              |
| Building Authority Reserve                  | 852,795              | -                    |
| Delinquent Tax Revolving                    | 70,066               | 1,311,325            |
| Nonmajor Governmental Funds                 | 6,114,497            | 5,889,277            |
| Medical Care Facility                       | 250,000              | -                    |
| Resource Recovery Facility                  | -                    | 131,768              |
| Internal Service Funds                      | <u>290,000</u>       | <u>105,688</u>       |
|   | 15,357,958           | 15,358,411           |
| Adjustments for different fiscal year end:  | <u>2,531</u>         | <u>2,078</u>         |
|   | <u>\$ 15,360,489</u> | <u>\$ 15,360,489</u> |



Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE D: INTERFUND TRANSFERS - CONCLUDED**

Transfers were 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.

**NOTE E: INTERFUND RECEIVABLES AND PAYABLES**

|  |                     |
|--|---------------------|
| Due to General Fund from:                  |                     |
| Nonmajor governmental funds                | \$ <u>25,845</u>    |
| Due to Delinquent Tax Revolving Fund from: |                     |
| Resource Recovery Facility Fund            | \$ 802,500          |
| Nonmajor enterprise funds                  | 426,211             |
| Nonmajor governmental funds                | <u>226,653</u>      |
|  | \$ <u>1,455,364</u> |
| Due to Component unit funds from:          |                     |
| Component unit funds                       | \$ <u>133,724</u>   |

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE F: ADVANCES**

|   |                   |
|---|-------------------|
| Advance to Nonmajor governmental fund from: |                   |
| General Fund                                | \$ <u>497,030</u> |

Amounts appearing as advances in the fund financial statements represent long-term loans made from one fund to another. Repayment schedules, for the most part, have not been established.

An additional \$327,500 is shown as reserved fund balance in the General Fund to indicate the presence of advances to the Drainage Districts and Brownfield Redevelopment Authority component units. These items are shown on the balance sheet(s) as due from other governmental units.

**NOTE G: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

PRIMARY GOVERNMENT

|  | Restated<br>Balance<br><u>Jan. 1, 2009</u> | Additions/<br><u>Reclassification</u> | Deletions/<br><u>Reclassification</u> | Balance<br><u>Dec. 31, 2009</u> |
|--|--|---------------------------------------|---------------------------------------|---------------------------------|
| <b>Governmental Activities</b>         |  |                                       |                                       |                                 |
| Capital assets, not being depreciated: |  |                                       |                                       |                                 |
| Land                                   | \$ 1,817,012                               | \$ -                                  | \$ -                                  | \$ 1,817,012                    |
| Construction in progress               | <u>205,301</u>                             | <u>184,632</u>                        | <u>( 27,266 )</u>                     | <u>362,667</u>                  |
| Subtotal                               | 2,022,313                                  | 184,632                               | ( 27,266 )                            | 2,179,679                       |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE G: CAPITAL ASSETS - CONTINUED**

Capital asset activity for the year ended December 31, 2009, was as follows:

PRIMARY GOVERNMENT - CONTINUED

|  | Restated<br>Balance<br><u>Jan. 1, 2009</u> | Additions/<br>Reclassification | Deletions/<br>Reclassification | Balance<br><u>Dec. 31, 2009</u> |
|--|--|--------------------------------|--------------------------------|---------------------------------|
| <b>Governmental Activities</b>                     |  |                                |                                |                                 |
| Capital assets, being depreciated:                 |  |                                |                                |                                 |
| Buildings and improvements                         | \$ 41,695,549                              | \$ 295,168                     | \$ -                           | \$ 41,990,717                   |
| Equipment and furniture                            | 10,043,172                                 | 105,493                        | -                              | 10,148,665                      |
| Vehicles   | <u>2,059,573</u>                           | <u>220,457</u>                 | <u>-</u>                       | <u>2,280,030</u>                |
| <br>Total capital assets,<br>being depreciated     | <br>53,798,294                             | <br>621,118                    | <br>-0-                        | <br>54,419,412                  |
| Less accumulated depreciation for:                 |  |                                |                                |                                 |
| Buildings and improvements                         | ( 17,860,038 )                             | ( 1,470,336 )                  | -                              | ( 19,330,374 )                  |
| Equipment and furniture                            | ( 7,348,310 )                              | ( 808,158 )                    | -                              | ( 8,156,468 )                   |
| Vehicles   | <u>( 1,802,845 )</u>                       | <u>( 250,831 )</u>             | <u>-</u>                       | <u>( 2,053,676 )</u>            |
| <br>Total accumulated depreciation                 | <br><u>( 27,011,193 )</u>                  | <br><u>( 2,529,325 )</u>       | <br><u>-0-</u>                 | <br><u>( 29,540,518 )</u>       |
| <br>Total capital assets<br>being depreciated, net | <br><u>26,787,101</u>                      | <br><u>( 1,908,207 )</u>       | <br><u>-0-</u>                 | <br><u>24,878,894</u>           |
| <br>Governmental activities<br>capital assets, net | <br><u>\$ 28,809,414</u>                   | <br><u>\$( 1,723,575 )</u>     | <br><u>\$( 27,266 )</u>        | <br><u>\$ 27,058,573</u>        |

Depreciation expense was charged to governmental activities as follows:

|                                   |                         |
|-----------------------------------|-------------------------|
| Governmental activities           |                         |
| General government                | \$ 766,598              |
| Public safety                     | 1,018,638               |
| Health and welfare                | 428,947                 |
| Recreational and culture          | <u>315,142</u>          |
| <br>Total governmental activities | <br><u>\$ 2,529,325</u> |

|  | Restated<br>Balance<br><u>Jan. 1, 2009</u> | Additions     | Deletions         | Balance<br><u>Dec. 31, 2009</u> |
|--|--|---------------|-------------------|---------------------------------|
| <b>Business-type Activities</b>                |  |               |                   |                                 |
| Capital assets, not being depreciated:         |  |               |                   |                                 |
| Land   | \$ 48,832                                  | \$ -          | \$ -              | \$ 48,832                       |
| Capital assets, being depreciated:             |  |               |                   |                                 |
| Land improvements                              | 65,192                                     | -             | -                 | 65,192                          |
| Buildings and improvements                     | 38,789,653                                 | 722,793       | -                 | 39,512,446                      |
| Equipment                                      | <u>14,292,603</u>                          | <u>59,946</u> | <u>( 29,636 )</u> | <u>14,322,913</u>               |
| <br>Total capital assets,<br>being depreciated | <br>53,147,448                             | <br>782,739   | <br>( 29,636 )    | <br>53,900,551                  |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE G: CAPITAL ASSETS - CONTINUED**

PRIMARY GOVERNMENT - CONCLUDED

|   | Restated<br>Balance<br><u>Jan. 1, 2009</u> | <u>Additions</u>       | <u>Deletions</u>   | Balance<br><u>Dec. 31, 2009</u> |
|---|--|------------------------|--------------------|---------------------------------|
| <b>Business-type Activities - concluded</b>     |  |                        |                    |                                 |
| Less accumulated depreciation for:              |  |                        |                    |                                 |
| Land improvements                               | \$( 65,192 )                               | \$ -                   | \$ -               | \$( 65,192 )                    |
| Buildings and improvements                      | ( 12,917,684 )                             | ( 1,437,262 )          | -                  | ( 14,354,946 )                  |
| Equipment                                       | ( 8,000,699 )                              | ( 401,765 )            | 27,036             | ( 8,375,428 )                   |
| Total accumulated depreciation                  | <u>( 20,983,575 )</u>                      | <u>( 1,839,027 )</u>   | <u>27,036</u>      | <u>( 22,795,566 )</u>           |
| Total capital assets<br>being depreciated, net  | <u>32,163,873</u>                          | <u>( 1,056,288 )</u>   | <u>( 2,600 )</u>   | <u>31,104,985</u>               |
| Business-type activities<br>capital assets, net | <u>\$ 32,212,705</u>                       | <u>\$( 1,056,288 )</u> | <u>\$( 2,600 )</u> | <u>\$ 31,153,817</u>            |

Depreciation expense was charged to business-type activities as follows:

|                                |                     |
|--------------------------------|---------------------|
| Business-type activities       |                     |
| Medical Care Facility          | \$ 550,049          |
| Delinquent Tax Fund            | 15,979              |
| Resource Recovery              | 1,272,385           |
| Nonmajor Enterprise Funds      | <u>614</u>          |
| Total business-type activities | <u>\$ 1,839,027</u> |

DISCRETELY PRESENTED COMPONENT UNITS

|  | Balance<br><u>Jan. 1, 2009</u> | <u>Additions</u>     | <u>Deletions</u> | Balance<br><u>Dec. 31, 2009</u> |
|--|--------------------------------|----------------------|------------------|---------------------------------|
| <b>Component Unit - Drainage Districts</b> |                                |                      |                  |                                 |
| Capital assets, being depreciated:         |                                |                      |                  |                                 |
| Infrastructure - drains                    | \$12,242,656                   | \$ -                 | \$ -             | \$12,242,656                    |
| Less accumulated depreciation for:         |                                |                      |                  |                                 |
| Infrastructure - drains                    | <u>( 7,935,914 )</u>           | <u>( 176,125 )</u>   | <u>-</u>         | <u>( 8,112,039 )</u>            |
| Drainage districts<br>capital assets, net  | <u>\$ 4,306,742</u>            | <u>\$( 176,125 )</u> | <u>\$ -0-</u>    | <u>\$ 4,130,617</u>             |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE G: CAPITAL ASSETS - CONCLUDED**

DISCRETELY PRESENTED COMPONENT UNITS - CONCLUDED

|   | <u>Balance<br/>Jan. 1, 2009</u> | <u>Additions/<br/>Reclassification</u> | <u>Deletions/<br/>Reclassification</u> | <u>Balance<br/>Dec. 31, 2009</u> |
|---|---------------------------------|--|--|----------------------------------|
| <b>Component Unit - Road Commission</b>   |                                 |  |  |                                  |
| Capital assets not being depreciated      |                                 |  |  |                                  |
| Land and land improvements                | \$ 1,029,834                    | \$ -                                   | \$ -                                   | \$ 1,029,834                     |
| Land - infrastructure                     | <u>15,632,919</u>               | <u>59,789</u>                          | <u>-</u>                               | <u>15,692,708</u>                |
| Subtotal                                  | 16,662,753                      | 59,789                                 | -0-                                    | 16,722,542                       |
| Capital assets being depreciated/depleted |                                 |  |  |                                  |
| Buildings and improvements                | 6,087,799                       | 85,143                                 | -                                      | 6,172,942                        |
| Equipment                                 | 15,178,788                      | 32,202                                 | -                                      | 15,210,990                       |
| Gravel pits                               | 548,074                         | -                                      | -                                      | 548,074                          |
| Infrastructure - Roads                    | <u>81,063,597</u>               | <u>4,385,241</u>                       | <u>( 1,967,128 )</u>                   | <u>83,481,710</u>                |
| Total                                     | 102,878,258                     | 4,502,586                              | ( 1,967,128 )                          | 105,413,716                      |
| Less accumulated depreciation/depletion   |                                 |  |  |                                  |
| Buildings and improvements                | ( 4,539,891 )                   | ( 163,184 )                            | -                                      | ( 4,703,075 )                    |
| Equipment                                 | ( 12,642,149 )                  | ( 1,022,309 )                          | -                                      | ( 13,664,458 )                   |
| Gravel pits                               | ( 147,019 )                     | -                                      | -                                      | ( 147,019 )                      |
| Infrastructure - Roads                    | <u>( 32,176,143 )</u>           | <u>( 3,943,114 )</u>                   | <u>1,967,128</u>                       | <u>( 34,152,129 )</u>            |
| Total                                     | <u>( 49,505,202 )</u>           | <u>( 5,128,607 )</u>                   | <u>1,967,128</u>                       | <u>( 52,666,681 )</u>            |
| Net capital assets being depreciated      | <u>53,373,056</u>               | <u>( 626,021 )</u>                     | <u>-</u>                               | <u>52,747,035</u>                |
| Total Net Capital Assets                  | <u>\$ 70,035,809</u>            | <u>\$ ( 566,232 )</u>                  | <u>\$ -0-</u>                          | <u>\$ 69,469,577</u>             |

**NOTE H: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2009:

PRIMARY GOVERNMENT

|                               | <u>Balance<br/>Jan. 1, 2009</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>Dec. 31, 2009</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|-------------------------------|---------------------------------|------------------|------------------|----------------------------------|--|
| Governmental Activities       |                                 |                  |                  |                                  |  |
| Series 1999A G.O. Bonds       | \$ 675,000                      | \$ -             | \$ 50,000        | \$ 625,000                       | \$ 50,000                                  |
| Series 2002 G.O. Bonds        | 10,925,000                      | -                | 400,000          | 10,525,000                       | 450,000                                    |
| Series 2006 G.O. Bonds        | 6,595,000                       | -                | 250,000          | 6,345,000                        | 275,000                                    |
| Compensated absences          | <u>1,388,335</u>                | <u>3,283,031</u> | <u>3,288,414</u> | <u>1,382,952</u>                 | <u>1,382,952</u>                           |
| Total Governmental Activities | 19,583,335                      | 3,283,031        | 3,988,414        | 18,877,952                       | 2,157,952                                  |

## Jackson County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONTINUED**

## PRIMARY GOVERNMENT - CONCLUDED

|                                     | Balance<br>Jan. 1, 2009    | Additions                  | Deletions                  | Balance<br>Dec. 31, 2009   | Amounts<br>Due Within<br>One Year |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------------|
| Business-type Activities            |                            |                            |                            |                            |                                   |
| 2005 Revenue Refunding Bonds        | \$ 3,475,000               | \$ -                       | \$ 950,000                 | \$ 2,525,000               | \$ 370,000                        |
| Unlimited Tax G.O. Refunding Bonds  | 4,200,000                  | -                          | 950,000                    | 3,250,000                  | 960,000                           |
| Series 2005 Refunding Bonds         | 13,750,000                 | -                          | 90,000                     | 13,660,000                 | 95,000                            |
| Limited Tax G.O. Bonds, Series 2000 | 750,000                    | -                          | 375,000                    | 375,000                    | 375,000                           |
| Less deferred amount on refunding   | ( 819,100 )                | -                          | ( 38,395 )                 | ( 780,705 )                | -                                 |
| Total Business-type Activities      | 21,355,900                 | -                          | 2,326,605                  | 19,029,295                 | 1,800,000                         |
| Compensated absences                | 332,614                    | 91,410                     | 63,363                     | 360,661                    | 270,454                           |
| Total Business-type Activities      | 21,688,514                 | 91,410                     | 2,389,968                  | 19,389,956                 | 2,070,454                         |
| <b>TOTAL PRIMARY GOVERNMENT</b>     | <b><u>\$41,271,849</u></b> | <b><u>\$ 3,374,441</u></b> | <b><u>\$ 6,378,382</u></b> | <b><u>\$38,267,908</u></b> | <b><u>\$ 4,228,406</u></b>        |

## COMPONENT UNITS

|                                   | Balance<br>Jan. 1, 2009 | Additions | Deletions | Balance<br>Dec. 31, 2009 | Amounts<br>Due Within<br>One Year |
|-----------------------------------|-------------------------|-----------|-----------|--------------------------|-----------------------------------|
| Road Commission                   |                         |           |           |                          |                                   |
| Building Improvement Lease        | \$ 213,548              | \$ -      | \$ 21,832 | \$ 191,716               | \$ 23,596                         |
| Building Improvement Lease        | 37,420                  | -         | 4,331     | 33,089                   | 4,518                             |
| Road Equipment Lease              | 4,396                   | -         | 4,396     | -0-                      | -                                 |
| Road Equipment Lease              | 291,900                 | -         | 39,681    | 252,219                  | 38,404                            |
| Compensated absences              | 298,959                 | 7,539     | 1,177     | 305,321                  | -                                 |
| Total Road Commission             | 846,223                 | 7,539     | 71,417    | 782,345                  | 66,518                            |
| Board of Public Works             |                         |           |           |                          |                                   |
| General Obligation Bonds          |                         |           |           |                          |                                   |
| 2002 Village of Parma             | 1,525,000               | -         | 75,000    | 1,450,000                | 75,000                            |
| Revolving Loan Funds              |                         |           |           |                          |                                   |
| Village of Parma                  | 830,000                 | -         | 50,000    | 780,000                  | 50,000                            |
| 2003 Vineyard Lake Section        | 5,100,000               | -         | 300,000   | 4,800,000                | 300,000                           |
| 2002B Grass Lake Section          | 430,000                 | -         | 25,000    | 405,000                  | 25,000                            |
| Revolving Loan Funds              |                         |           |           |                          |                                   |
| Village of Grass Lake             | 1,790,000               | -         | 100,000   | 1,690,000                | 100,000                           |
| 2005 Round/Farewell Lakes Section | 3,150,000               | -         | 225,000   | 2,925,000                | 225,000                           |
| 2005 Southern Regional            |                         |           |           |                          |                                   |
| Interceptor Section               | 4,600,000               | -         | 125,000   | 4,475,000                | 150,000                           |
| 2008 Rives Sanitary Sewer         | 1,075,000               | -         | 15,000    | 1,060,000                | 15,000                            |
| 2008 Village of Parma Section     | 412,132                 | 2,173,557 | -         | 2,585,689                | -                                 |
| Total Board of Public Works       | 18,912,132              | 2,173,557 | 915,000   | 20,170,689               | 940,000                           |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONTINUED**

COMPONENT UNITS - CONCLUDED

|  | Balance<br>Jan. 1, 2009 | Additions           | Deletions           | Balance<br>Dec. 31, 2009 | Amounts<br>Due Within<br>One Year |
|--|-------------------------|---------------------|---------------------|--------------------------|-----------------------------------|
| Drainage Districts                               |                         |                     |                     |                          |                                   |
| Special Assessment Bonds                         |                         |                     |                     |                          |                                   |
| 1994 Clark Lake                                  | \$ 305,000              | \$ -                | \$ -                | \$ 305,000               | \$ -                              |
| 1993 Village of Grass Lake                       | 920,000                 | -                   | 145,000             | 775,000                  | 150,000                           |
| 2002 Clark Lake Refunding                        | 1,490,000               | -                   | 495,000             | 995,000                  | 490,000                           |
| 1990 Village of Springport                       | 25,000                  | -                   | 25,000              | -0-                      | -                                 |
| 1997 Village of Brooklyn                         | 975,000                 | -                   | 100,000             | 875,000                  | 100,000                           |
| 2000 Wolf Lake                                   | 525,000                 | -                   | 250,000             | 275,000                  | 275,000                           |
| 2001 Napoleon Township                           | 850,000                 | -                   | 50,000              | 800,000                  | 50,000                            |
| 2004 Lake Columbia                               | 9,500,000               | -                   | 500,000             | 9,000,000                | 500,000                           |
| 2005 Spring Arbor Township                       | 430,000                 | -                   | 25,000              | 405,000                  | 25,000                            |
| 2006 Wolf Lake Refunding                         | <u>2,335,000</u>        | -                   | -                   | <u>2,335,000</u>         | <u>270,000</u>                    |
| Total General Obligation Bonds                   | 17,355,000              | -0-                 | 1,590,000           | 15,765,000               | 1,860,000                         |
| Notes payable                                    |                         |                     |                     |                          |                                   |
| Otter Creek and East Branch<br>Intercounty Drain | <u>144,000</u>          | -                   | <u>48,000</u>       | <u>96,000</u>            | <u>48,000</u>                     |
| Total Drainage Districts                         | <u>17,499,000</u>       | -                   | <u>1,638,000</u>    | <u>15,861,000</u>        | <u>1,908,000</u>                  |
| TOTAL COMPONENT UNITS                            | <u>37,257,355</u>       | <u>2,181,096</u>    | <u>2,624,417</u>    | <u>36,814,034</u>        | <u>2,914,518</u>                  |
| TOTAL REPORTING ENTITY                           | <u>\$78,529,204</u>     | <u>\$ 5,555,537</u> | <u>\$ 9,002,799</u> | <u>\$75,081,942</u>      | <u>\$ 6,797,186</u>               |

PRIMARY GOVERNMENT

General Long-Term Debt Bonds

Bonds payable at December 31, 2009, were as follows:

|  |                     |
|--|---------------------|
| \$950,000 1999A Building Authority Serial Bonds, due in annual installments of \$50,000 to \$75,000 through 2019, with interest at 5.3 to 6.0 percent. Purpose - financing general county buildings.           | \$ 625,000          |
| \$12,750,000 2002 Building Authority Serial Bonds, due in an annual installments of \$400,000 to \$1,175,000 through 2022, with interest at 3.400 to 4.625 percent. Purpose - financing county jail buildings. | 10,525,000          |
| \$7,045,000 2006 Building Authority Serial Bonds, due in annual installments of \$250,000 to \$520,000 through 2026, with interest at 4.75 to 5.00 percent. Purpose - financing Lifeways building.             | <u>6,345,000</u>    |
|  | <u>\$17,495,000</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONTINUED**

PRIMARY GOVERNMENT - CONCLUDED

Business-type Activities Long-Term Debt Bonds

|   |                     |
|---|---------------------|
| \$6,300,000 2005 Resource and Energy Revenue Refunding Bonds, maturing serially to 2013 in annual amounts ranging from \$370,000 to \$950,000, with interest rates ranging from 3.00 to 3.75 percent.   | \$ 2,525,000        |
| \$10,850,000 2005 Unlimited Tax General Obligation Refunding Bonds, maturing serially to 2013 in annual amounts ranging from \$495,000 to \$1,000,000, with interest rates ranging from 3.50 to 3.875 percent.  | 3,250,000           |
| \$14,000,000 2005 Refunding Bonds, maturing serially in annual amounts ranging from \$85,000 to \$885,000 to May 1, 2030, with interest rates ranging from 3.150 to 5.125 percent. This debt is being serviced by the Medical Care Facility.                                | 13,660,000          |
| \$12,900,000 2000 Limited Tax General Obligation Bonds (partial refunding in 2005), maturing serially in annual amounts ranging from \$325,000 to \$370,000 to May 1, 2010, with an interest rate of 5.5 percent. This debt is being serviced by the Medical Care Facility. | <u>375,000</u>      |
|   | <u>\$19,810,000</u> |

ADVANCE REFUNDING - PRIOR

On March 1, 2005, the County issued \$6,300,000 in Revenue Refunding Bonds, with an average rate of 3.23% to advance refund \$6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was \$3,715,000 at December 31, 2009.

On January 1, 2005, the County issued \$10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund \$10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$3,420,000 at December 31, 2009.

On May 1, 2005, the County issued \$14,000,000 in Refunding Bonds with interest ranging from 3.150% to 5.125% to advance refund \$12,900,000 of outstanding 2000 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$12,900,000 at December 31, 2009.

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$1,382,952 for governmental activities and \$360,661 for business-type activities for vacation and sick at December 31, 2009. Of these amounts, \$1,382,952 and \$270,454 have been recorded as current liabilities. Compensated absences are normally liquidated by the fund in which the individual employees are budgeted.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

Capital Leases

The Road Commission has entered into lease purchase agreements which qualify as capital leases for accounting purposes (title transfers to Road Commission) and therefore have been recorded at the present value of future minimum lease payments as of the date of inception. The following are additional details regarding the leases.

|  |                   |
|--|-------------------|
| \$266,372 Building improvements capital lease payable, maturing serially in quarterly installments of \$9,490, including interest at a rate of 7.84 percent. | \$ 191,716        |
| \$39,518 Building improvements capital lease payable, maturing serially in quarterly installments of \$1,463 including interest at a rate of 4.25 percent.   | <u>33,089</u>     |
|  | <u>\$ 224,805</u> |

Notes Payable

|   |                   |
|---|-------------------|
| \$291,900 note payable to Kansas State Bank, maturing serially in annual payments of \$49,219 with a \$137,665 balloon payment due in 2013, including interest at 4.2880 percent. | <u>\$ 252,219</u> |
|---|-------------------|

Compensated Absences

In accordance with County Road Commission policies, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave and compensatory time under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$305,321 at December 31, 2009.

COMPONENT UNIT - BOARD OF PUBLIC WORKS

Water Supply and Sewage Disposal System Bonds

|   |              |
|---|--------------|
| \$1,800,000 Village of Parma 2002 Water Supply Facilities Bonds, maturing in annual amounts ranging from \$75,000 to \$150,000 through 2021 at an interest rate ranging from 3.00 to 5.50 percent.                            | \$ 1,450,000 |
| \$1,110,000 State Drinking Water Revolving Loan Funds - Village of Parma, maturing in annual amounts ranging from \$50,000 to \$70,000 through 2022 at an interest rate of 2.50 percent.                                      | 780,000      |
| \$6,100,000 Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 Bonds, maturing in annual amounts ranging from \$300,000 to \$375,000 through 2023 at an interest rate ranging from 2.5 to 4.5 percent. | 4,800,000    |
| \$565,000 Jackson County Water Supply Facility Grass Lake Area Section Series 2002B Bonds, maturing in annual amounts ranging from \$25,000 to \$50,000 through 2022 at an interest rate ranging from 3.75 to 6.00 percent.   | 405,000      |
| \$2,255,000 State Drinking Water Revolving Loan Funds - Village of Grass Lake, maturing in annual amounts ranging from \$100,000 to \$140,000 through 2023 at an annual interest rate of 2.5 percent.                         | 1,690,000    |



Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNIT - BOARD OF PUBLIC WORKS - CONCLUDED**

Water Supply and Sewage Disposal System Bonds - concluded

|  |                     |
|--|---------------------|
| \$3,900,000 Jackson County Wastewater Disposal Facility Round/Farwell Lakes Area Section Bonds, Series 2005, maturing in annual amounts ranging from \$225,000 to \$250,000 through 2022 at an interest rate ranging from 3.0 to 4.0 percent.          | \$ 2,925,000        |
| \$4,600,000 Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section Bonds, Series 2005, maturing in annual amounts ranging from \$125,000 to \$425,000 through 2025 at an interest rate ranging from 4.125 to 4.500 percent. | 4,475,000           |
| \$1,075,000 Jackson County Wastewater Disposal Rives Township Sewer System Section Bonds, Series 2008, maturing in annual amounts ranging from \$15,000 to \$40,000 through 2047 at an interest rate of 4.125 percent.                                 | 1,060,000           |
| \$2,780,000 Jackson County Wastewater Disposal Facility Section Bonds, Series 2008, maturing in annual amounts ranging from \$110,000 to \$175,000 through 2030 at an interest rate of 2.50 percent.   | <u>2,585,689</u>    |
|  | <u>\$20,170,689</u> |

**COMPONENT UNIT - DRAINAGE DISTRICTS**

Special Assessment Debt

Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Jackson County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Jackson. Special assessment debts currently outstanding are as follows at December 31, 2009:

Drain Special Assessment Bonds

|  |            |
|--|------------|
| \$7,875,000 Clark Lake 1994 Waste Water Disposal System Bonds (partial refunding in 2002), maturing in annual amounts of \$155,000 and \$150,000 in 2012 and 2013 at 3.0 percent interest.   | \$ 305,000 |
| \$2,700,000 Village of Grass Lake 1993 Sanitary Sewage Disposal System Bonds, maturing serially in annual amounts ranging from \$145,000 to \$160,000 through 2014 at an interest rate of 2.0 percent.   | 775,000    |
| \$4,300,000 Clark Lake 2002 Refunding Bonds, maturing serially in annual amounts ranging from \$490,000 to \$505,000 through 2011 at an interest rate ranging from 4.00 to 4.25 percent.   | 995,000    |
| \$1,550,000 Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$100,000 to \$150,000 through 2016 at an interest rate of 5.00 percent.                                   | 875,000    |
| \$4,900,000 Wolf Lake 2000 Waste Water Disposal System Limited Tax General Obligation Bonds (partial refunding in 2006), maturing serially in annual amounts ranging from \$250,000 to \$275,000 through 2019 at an interest rate ranging from 5.45 to 5.60 percent. | 275,000    |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNIT - DRAINAGE DISTRICTS - CONCLUDED**

Drain Special Assessment Bonds - concluded

|  |                     |
|--|---------------------|
| \$1,125,000 Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$50,000 to \$75,000 through 2020 at an interest rate ranging from 4.1 to 5.0 percent. | \$ 800,000          |
| \$11,000,000 Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$500,000 to \$700,000 through 2024 at an interest rate ranging from 3.500 to 4.750 percent.    | 9,000,000           |
| \$480,000 Spring Arbor Township 2005 Water Supply Facilities Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$25,000 to \$30,000 through 2025 at an interest rate ranging from 3.55 to 4.75 percent.         | 405,000             |
| \$2,335,000 Wolf Lake 2006 Waste Water Disposal System Refunding Bonds, maturing serially in annual amounts ranging from \$250,000 to \$270,000 through 2019 at an interest rate ranging from 3.75 to 4.00 percent.                                  | <u>2,335,000</u>    |
|  | <u>\$15,765,000</u> |

Drain Notes

|   |                  |
|---|------------------|
| \$240,000 Otter Creek and East Branch Intercounty Drain Notes, maturing serially in annual amounts of \$48,000 at an interest rate of 4.98 percent. | <u>\$ 96,000</u> |
|---|------------------|

ADVANCE REFUNDING

During 2006, the Drain Commission issued \$2,335,000 of Wolf Lake 2006 Refunding Bonds with interest rates ranging from 3.75 to 4.00 percent to advance refund \$2,575,000 of outstanding Wolf Lake 2000 Waste Water Disposal System Bonds. The balance of the defeased bonds outstanding was \$2,575,000 at December 31, 2009.

The annual requirements to pay the debt principal and interest outstanding for the above Bonds and Notes are as follows:

| Year Ending<br>December 31, | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                     |
|-----------------------------|--------------------------------|---------------------|---------------------------------|---------------------|
|                             | <u>Principal</u>               | <u>Interest</u>     | <u>Principal</u>                | <u>Interest</u>     |
| 2010                        | \$ 775,000                     | \$ 786,456          | \$ 1,800,000                    | \$ 709,555          |
| 2011                        | 775,000                        | 754,495             | 2,270,000                       | 714,786             |
| 2012                        | 825,000                        | 722,368             | 2,305,000                       | 630,962             |
| 2013                        | 975,000                        | 678,757             | 1,460,000                       | 567,520             |
| 2014                        | 1,025,000                      | 647,194             | 55,000                          | 521,177             |
| 2015-2019                   | 6,650,000                      | 2,465,957           | 3,115,000                       | 2,241,184           |
| 2020-2024                   | 5,450,000                      | 894,631             | 3,500,000                       | 1,536,148           |
| 2025-2029                   | 1,020,000                      | 77,000              | 3,955,000                       | 692,754             |
| 2030                        | 150,000                        | -                   | 855,000                         | 14,607              |
|                             | <u>\$17,495,000</u>            | <u>\$ 7,026,858</u> | <u>\$19,810,000</u>             | <u>\$ 7,628,693</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE H: LONG-TERM DEBT - CONCLUDED**

| Year Ending<br>December 31, | Component Units                                |                     |                   |                  |
|-----------------------------|--|---------------------|-------------------|------------------|
|                             | Board of Public Works<br>Water and Sewer Bonds |                     | Road Commission   |                  |
|                             | Principal                                      | Interest            | Principal         | Interest         |
| 2010                        | \$ 940,000                                     | \$ 730,719          | \$ 66,518         | \$ 26,513        |
| 2011                        | 1,085,000                                      | 698,582             | 70,266            | 22,764           |
| 2012                        | 1,110,000                                      | 663,050             | 74,248            | 18,782           |
| 2013                        | 1,145,000                                      | 625,363             | 166,915           | 14,551           |
| 2014                        | 1,250,000                                      | 584,219             | 37,549            | 6,262            |
| 2015-2019                   | 6,685,000                                      | 2,206,679           | 61,528            | 3,431            |
| 2020-2024                   | 5,975,000                                      | 897,355             | -                 | -                |
| 2025-2029                   | 1,350,689                                      | 212,929             | -                 | -                |
| 2030-2034                   | 150,000  | 114,469             | -                 | -                |
| 2035-2039                   | 170,000  | 81,881              | -                 | -                |
| 2040-2044                   | 190,000  | 44,963              | -                 | -                |
| 2045-2047                   | 120,000  | 7,425               | -                 | -                |
|                             | <u>\$20,170,689</u>                            | <u>\$ 6,867,634</u> | <u>\$ 477,024</u> | <u>\$ 92,303</u> |

| Year Ending<br>December 31, | Drainage Districts<br>Bonds Payable |                     | Drainage Districts<br>Notes Payable |                   |
|-----------------------------|-------------------------------------|---------------------|-------------------------------------|-------------------|
|                             | Principal                           | Interest            | Principal                           | Interest          |
|                             | 2010                                | \$ 1,860,000        | \$ 617,563                          | \$ 48,000         |
| 2011                        | 1,670,000                           | 540,219             | 48,000                              | 52,781            |
| 2012                        | 1,345,000                           | 493,213             | -                                   | -                 |
| 2013                        | 1,340,000                           | 443,594             | -                                   | -                 |
| 2014                        | 1,185,000                           | 395,944             | -                                   | -                 |
| 2015-2019                   | 4,785,000                           | 1,316,356           | -                                   | -                 |
| 2020-2024                   | 3,550,000                           | 420,769             | -                                   | -                 |
| 2025-2029                   | 30,000                              | 713                 | -                                   | -                 |
|                             | <u>\$15,765,000</u>                 | <u>\$ 4,228,371</u> | <u>\$ 96,000</u>                    | <u>\$ 110,343</u> |

**NOTE I: OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

Jackson County provides health insurance benefits for its retired employees and Medical Care Facility employees retired prior to 1988, as established by County Board Resolution. Substantially all of the County's employees may become eligible for this benefit if they reach normal retirement age while working for the County. Medical Care Facility employees who have retired since 1988 and Road Commission retirees are covered under separate plans. The County's General Fund and Retiree Health Fund covered the cost of other postemployment benefits (OPEB) for all other eligible employees. Health insurance benefits are accounted/paid through the Self-Funded Managed Care Insurance Fund.

The Retiree Health Fund is reported as an employee benefit trust fund in the accompanying financial statements. The Fund does not issue a separate or stand-alone report.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED**

Plan Description - concluded

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Summary of Significant Policies

The Retiree Health Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Securities traded on a national or international exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values, as determined by the custodian under the direction of the Board, with the assistance of a valuation service.

Plan Membership

Plan membership consisted of the following at December 31, 2008 (the date of the latest actuarial valuation):

|   |            |
|---|------------|
| Retirees and beneficiaries currently receiving benefits         | 397        |
| Terminated employees entitled to but not yet receiving benefits | -          |
| Active participants   | <u>482</u> |
| Total   | <u>879</u> |

Funding Policy

Calculation of the Net OPEB obligation is based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 22.37% of annual covered payroll. Benefits are currently funded mostly on a pay-as-you-go basis, with pre-funding contributions made periodically as amounts become available to contribute.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONCLUDED**

Annual OPEB Cost and Net OPEB Obligation

For 2009, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

|  |                     |
|--|---------------------|
| Annual required contribution                   | \$ 5,124,605        |
| Interest on net OPEB obligation                | 151,599             |
| Adjustment to annual required contribution     | <u>( 93,573 )</u>   |
| Annual OPEB cost (expense)                     | 5,182,631           |
| Contributions made                             | <u>(3,797,969 )</u> |
| Increase in net OPEB obligation (asset)        | 1,384,662           |
| Net OPEB obligation (asset), beginning of year | <u>1,894,982</u>    |
| Net OPEB obligation (asset), end of year       | <u>\$ 3,279,644</u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2008 and 2007, was as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Actual Contributions</u> | <u>Percentage of OPEB Cost Contributed</u> | <u>Net OPEB Obligation (asset)</u> |
|-------------------|-------------------------|-----------------------------|--|------------------------------------|
| 12/31/07          | \$ 5,133,001            | \$ 4,391,305                | 85.6%                                      | \$ 741,696                         |
| 12/31/08          | 5,438,229               | 4,284,943                   | 78.8                                       | 1,894,982                          |
| 12/31/09          | 5,182,631               | 3,797,969                   | 73.3                                       | 3,279,644                          |

The funded status of the Plan as of December 31, 2009, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Schedule of Funding Progress

| <u>Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Entry Age</u> | <u>Unfunded Liability (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|-----------------------|----------------------------------|--|----------------------------------|---------------------|------------------------|--|
| 2009                  | \$ 2,955,983                     | \$67,867,311   | \$(64,911,328 )                  | 4.4%                | \$21,538,544           | 301.4%   |

The Schedule of Funding Progress included in the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN**

Plan Description

The County administers the Jackson County Employees' Retirement System ("Plan"), a single-employer defined benefit plan provided by authority of Section 12a of Act No. 156 of the Public Acts of 1851, which was adopted and established by the County in accordance with Michigan Compiled Laws Section 46.12a. The Plan is included as a pension trust fund in the County's financial statements and a stand-alone financial report of the Plan has not been issued. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements.

Substantially all full-time employees are covered by the Plan. The Plan is a defined benefit plan which pays upon retirement a benefit range (depending on Group) calculated at 2%, 2.25% or 2.5% of final average compensation times years of credited service. Generally, retirement may begin at age 60 with eight (8) years continuous service or as early as age 55 with ten (10) years continuous service with a reduction in the benefit. Non-union retirement may begin at age 55 with 10 years of credited service or age 60 with 8 or more years of service. Effective with new hires starting employment 1/1/2006 and after, employee will be eligible to retire at any age with 30 years of service, age 55 with 25 years of service and age 60 with 10 years of service.

Membership in the Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

|   |                     |
|---|---------------------|
| Retirees and beneficiaries receiving benefits                       | 633                 |
| Terminated plan members entitled to, but not yet receiving benefits | 78                  |
| Active plan members   | <u>776</u>          |
| Total   | <u><u>1,487</u></u> |

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The Plan's investments are reported at fair value for investment accounts and are held at a commercial bank acting as a custodian. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under direction of the Pension Board, with the assistance of a valuation service. Administrative costs of the Plan are financed through investment earnings.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONCLUDED**

Funding Policy

Employee Contributions

Eligible employees are required to contribute 2.50% to 7.85% of their annual compensation to the Plan. Such aggregate contributions amounted to \$1,434,779 for the year ended December 31, 2009.

The County made \$1,964,353 in contributions to the Plan during 2009.

The funded status of the Plan as of December 31, 2009, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Schedule of Funding Progress

| Valuation Date    | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|-------------------|---------------------------|---|---------------------------|--------------|-----------------|---|
| December 31, 2009 | \$ 134,978                | \$ 152,937                                    | \$( 17,960 )              | 88.3%        | \$31,553        | 56.9%                                   |

The Schedule of Funding Progress included in the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

The annual required contribution for the current year was determined as part of a December 31, 2009 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 8% investment rate of return on the investments, compounded annually and projected salary increases of 5% per year compounded annually, attributable to inflation, and additional projected salary increases ranging from 0 to 3.8% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. Assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 10 years on an open basis.

Three (3) Year Trend Information

|                               | Year Ended December 31, |              |              |
|-------------------------------|-------------------------|--------------|--------------|
|                               | <u>2007</u>             | <u>2008</u>  | <u>2009</u>  |
| Annual pension cost           | \$ 2,324,801            | \$ 2,156,285 | \$ 1,964,353 |
| Percentage of APC contributed | 100 %                   | 100 %        | 100 %        |
| Net pension obligation        | -                       | -            | -            |

Defined contribution plan

Effective January 1, 2008, the County established a defined contribution plan administered by the Municipal Employees' Retirement System ("MERS") for substantially all new full time employees with employees fully vested after 5 years of service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employer contributions are a minimum of 1% of eligible compensation and a potential matching of 5% of the employee's contribution. The employees are required to contribute a minimum of 1% of eligible compensation up to a maximum of 12%. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. For the year ended December 31, 2009, the County and employees contributed \$60,552 and \$82,436, respectively, to this Plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE K: RISK MANAGEMENT**

PRIMARY GOVERNMENT

Risk Management/Self-Insurance Programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

Liability - The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for liability, vehicle physical damage and property and crime coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2009, the balance of the County's member retention fund was \$127,553.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

| <u>Type of Risk</u>     | <u>Maximum Retention<br/>Per Occurrence</u>     |
|-------------------------|---|
| Liability               | \$100,000                                       |
| Vehicle physical damage | \$15,000 per vehicle<br>\$30,000 per occurrence |
| Property and crime      | 10% of remaining up to<br>\$100,000 of a loss   |

County of Jackson Self-Funded Managed Care Insurance

On August 1, 1993, the County Proper and the Jackson County Road Commission began operating a self-funding health insurance program for their employees and retirees. An administrative agent has been hired to monitor claims and ensure that only those meeting the member's policies are paid. "Stop-Loss" insurance has been obtained, through payment of monthly premiums, to cover the cost of individual claims in excess of \$100,000. This is done to minimize the member's risk.

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2009 were based upon the cost of obtaining traditional health insurance. These contributions are expensed by the members when made, and recognized as revenue by the Insurance Fund upon receipt.

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage since August 1, 1993.



Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE K: RISK MANAGEMENT - CONCLUDED**

PRIMARY GOVERNMENT - CONTINUED

County of Jackson Self-Funded Managed Care Insurance - concluded

Claims payable, including incurred but not reported amounts, which are estimated by management based on projected experience, are reported as liabilities in the Internal Service Fund at December 31, 2009. The change in the claims liability for 2009 and 2008 is as follows:

|   | <u>2009</u>         | <u>2008</u>         |
|---|---------------------|---------------------|
| Claims liability at beginning of period | \$ 900,762          | \$ 871,293          |
| Claims and changes in estimates         | 8,635,334           | 9,745,467           |
| Claims payments                         | <u>(8,726,914 )</u> | <u>(9,715,998 )</u> |
| Claims liability at end of year         | <u>\$ 809,182</u>   | <u>\$ 900,762</u>   |

Workers' Compensation - The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Self-Insured Workers' Compensation Fund). The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$400,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

|                                    | <u>2009</u>        | <u>2008</u>        |
|------------------------------------|--------------------|--------------------|
| Unpaid claims, beginning of year   | \$ 236,378         | \$ 73,790          |
| Incurred claims (including IBNR's) | 19,058             | 387,775            |
| Claim payments                     | <u>( 212,724 )</u> | <u>( 225,187 )</u> |
| Unpaid claims, end of year         | <u>\$ 42,712</u>   | <u>\$ 236,378</u>  |

COMPONENT UNIT - ROAD COMMISSION

The Jackson County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for its liability insurance. The Self-Insurance Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Self-Insurance Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event a reinsurance company does not meet its obligation to the Pool, responsibility for payment of any unreimbursed claims reverts to the Pool, and, indirectly, to the Pool members.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE L: COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies and health care intermediaries, including Medicare and Medicaid, are subject to audit and adjustment by those grantor agencies or intermediaries. 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 grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. A summary of the more significant matters follow:

Jackson County Landfill - The Michigan Department of Natural Resources (MDNR) has ordered that a cleanup process be undertaken at the site of a former County landfill - McGill Road. The County developed an investigative work plan that was approved by the MDNR. There are no cost estimates available for this project. It is anticipated, however, that the State of Michigan and City of Jackson will share in the costs, as former operators at the cleanup site. It is impossible to predict, however, whether further environmental action will be required by the MDNR or whether the County's portion of related costs would be significant or minimal.

Grant Agreements - Under the terms of various State and Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

Resource and Energy Conversion System - As part of this system, the County operates a waste-to-energy incinerator facility, with steam and electricity being sold to the State of Michigan under the terms of a contracted agreement. In an effort to ensure an adequate supply of waste for the facility, the County enacted a flow control ordinance. In simple terms, such an ordinance restricts the exporting of trash to other facilities.

In early 1994, the U.S. Supreme Court struck down a flow control ordinance as an unconstitutional restraint on trade. If this decision were applied to Jackson County's ordinance, it could have an adverse effect on the facility's finances.

**NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE**

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one hundred percent of the tax levy will take place on July 1. The Act also required that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation. For the year ended December 31, 2009, the County recognized the July 1, 2009 tax levy.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE - CONCLUDED**

The assessed value of real and personal property is established by the local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Property taxes are levied based on the taxable value of the property (as defined under Proposal A). Taxable value is determined by using such factors as equalized value, assessed value, and capped value, along with a value change multiplier.

The taxable value of real and personal property for the July 1, 2009 levy was \$4.43 billion. The general operating tax rate for this levy was at the maximum rate of 5.1187 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.2473 mills for the Department on Aging, 0.4851 mills for the new County Jail Facility and 0.1398 mills for the Medical Care Facility.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

**NOTE N: MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The \$1,490,000 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2009 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. Included are estimated costs for groundwater monitoring, leachate hauling and disposal, and final cover monitoring in accordance with laws of the State of Michigan Department of Environmental Quality. The County closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

**NOTE O: RESTATEMENT OF NET ASSETS/FUND BALANCE**

The County has retroactively adjusted the beginning net assets of the governmental and business-type activities to reflect management's decision to reclassify the Fair Fund from an enterprise fund to a special revenue fund. The beginning governmental and business-type activities have been increased and decreased, respectively, by \$884,101. The County voted to change the Fair Fund from an enterprise fund to a governmental fund as it was not self-sustaining. Beginning fund balance (deficit) of \$(179,572) is reported as part of restated fund balance in the governmental funds.

Beginning fund balance has been restated for the Brownfield Redevelopment Authority, a component unit of the County, to reflect corrections of accounting errors. In the prior year the Brownfield Redevelopment Authority included a long term receivable in the financial statements of a governmental fund. The Brownfield Redevelopment Authority's deferred revenue was therefore understated (and fund balance was overstated) by \$710,734. The net adjustment of \$710,734 for the Brownfield Redevelopment Authority results in restated fund (deficit) of \$(48,142) as of December 31, 2008.

**NOTE P: FUND BALANCE DEFICITS**

The following funds reported fund balance deficits at December 31, 2009:

|                                    |    |         |
|------------------------------------|----|---------|
| Fair Fund                          | \$ | 273,793 |
| Personal Property Tax              |    | 10,902  |
| Brownfield Redevelopment Authority |    | 49,440  |

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE Q: GASB PRONOUNCEMENTS**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The County will implement Statement No. 54 beginning with the fiscal year ending December 31, 2011.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended December 31, 2009

|                                       | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------|-------------------|-------------------|---|
|                                       | Original          | Final             |                   |   |
| <b>REVENUES</b>                       |                   |                   |                   |   |
| <b>Taxes</b>                          |                   |                   |                   |   |
| Current and delinquent property taxes | \$ 22,141,500     | \$ 22,505,625     | \$ 22,466,724     | \$ (38,901)   |
| Payments in lieu of taxes             | 60,000            | 60,000            | 65,506            | 5,506   |
| Mobile home park taxes                | 23,000            | 23,000            | 21,234            | (1,766)   |
| <b>Total taxes</b>                    | <b>22,224,500</b> | <b>22,588,625</b> | <b>22,553,464</b> | <b>(35,161)</b>   |
| <b>Licenses and permits</b>           |                   |                   |                   |   |
| Dog licenses                          | 102,000           | 102,000           | 95,604            | (6,396)   |
| Marriage license fees                 | 4,500             | 4,500             | 5,135             | 635   |
| Gun permits                           | 17,300            | 50,895            | 55,596            | 4,701   |
| <b>Total licenses and permits</b>     | <b>123,800</b>    | <b>157,395</b>    | <b>156,335</b>    | <b>(1,060)</b>  |
| <b>Intergovernmental</b>              |                   |                   |                   |   |
| Cigarette tax                         | 15,000            | 15,000            | 11,602            | (3,398)   |
| Liquor licenses                       | 729,325           | 729,325           | 701,163           | (28,162)  |
| State court funding distribution      | 1,100,000         | 1,100,000         | 1,036,537         | (63,463)  |
| Child abuse and neglect               | 50,729            | 30,329            | 22,950            | (7,379)   |
| Crime victims rights                  | 101,000           | 101,000           | 101,000           | -0-   |
| Remonumentation                       | 64,594            | 64,594            | 53,054            | (11,540)  |
| Judges supplement                     | 622,158           | 592,158           | 591,932           | (226)   |
| Road patrol                           | 236,898           | 206,775           | 222,691           | 15,916  |
| Marine safety grant                   | 49,259            | 59,191            | 59,191            | -0-   |
| Community corrections board           | 197,700           | 111,253           | 112,296           | 1,043   |
| Senior citizen programs               | 228,370           | 221,120           | 220,648           | (472)   |
| Senior citizen - home delivered meals | 408,000           | 425,630           | 438,671           | 13,041  |
| Senior citizen - congregate meals     | 165,000           | 168,750           | 175,272           | 6,522   |
| Medicaid waiver                       | 260,130           | 224,894           | 222,057           | (2,837)   |
| Circuit court reimbursement           | 12,000            | 55,794            | 41,845            | (13,949)  |
| District court reimbursement          | 204,000           | 146,000           | 143,960           | (2,040)   |
| Parole violators - county jail        | 160,000           | 130,000           | 132,440           | 2,440   |
| Diverted felons - county jail         | 80,000            | 119,973           | 130,630           | 10,657  |
| CRP Prosecuting Attorney              | 167,605           | 187,605           | 209,788           | 22,183  |
| LAWNET narcotics                      | 24,427            | 18,000            | 21,045            | 3,045   |
| Emergency management                  | 25,290            | 33,356            | 31,637            | (1,719)   |
| Police service contracts              | 519,270           | 504,230           | 506,201           | 1,971   |
| Non Profit organizations - sheriff    | 82,780            | 91,058            | 91,059            | 1   |
| Emergency dispatch                    | 88,403            | 88,403            | 86,160            | (2,243)   |
| Respite care grant                    | 45,000            | 50,000            | 49,369            | (631)   |
| Revenue sharing                       | -                 | -                 | 523,936           | 523,936   |
| Other grants                          | 92,400            | 218,407           | 204,394           | (14,013)  |
| <b>Total intergovernmental</b>        | <b>5,729,338</b>  | <b>5,692,845</b>  | <b>6,141,528</b>  | <b>448,683</b>  |

## Jackson County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONCLUDED

Year Ended December 31, 2009

|   | Budgeted Amounts     |                      | Actual               | Variance with                          |
|---|----------------------|----------------------|----------------------|--|
|   | Original             | Final                |                      | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES - CONCLUDED</b>                           |                      |                      |                      |  |
| Charges for services                                  |                      |                      |                      |  |
| District court costs                                  | \$ 1,967,000         | \$ 1,675,300         | \$ 1,624,923         | \$ (50,377)                            |
| District court other                                  | 1,374,800            | 1,334,600            | 1,346,757            | 12,157                                 |
| Probate court costs                                   | 151,000              | 123,439              | 117,312              | (6,127)                                |
| Medical examiner                                      | 50,500               | 55,500               | 58,917               | 3,417                                  |
| Prosecuting attorney                                  | 850                  | 850                  | 988                  | 138                                    |
| Treasurer   | 10,000               | 10,000               | 7,715                | (2,285)                                |
| Clerk   | 502,104              | 445,703              | 474,939              | 29,236                                 |
| Register of deeds                                     | 620,075              | 576,025              | 557,590              | (18,435)                               |
| Geographic information systems                        | 120,000              | 105,000              | 114,366              | 9,366                                  |
| Sheriff department                                    | 96,256               | 109,872              | 103,434              | (6,438)                                |
| Jail  | 384,500              | 371,569              | 370,579              | (990)                                  |
| Equalization  | 25,000               | 26,000               | 22,481               | (3,519)                                |
| Animal control  | 37,200               | 42,598               | 38,272               | (4,326)                                |
| Real estate transfer tax                              | 385,000              | 223,981              | 235,611              | 11,630                                 |
| Miscellaneous services                                | 1,200                | 1,200                | 5,515                | 4,315                                  |
| Total charges for services                            | 5,725,485            | 5,101,637            | 5,079,399            | (22,238)                               |
| Fines and forfeits                                    |                      |                      |                      |  |
| District court  | 24,000               | 18,600               | 11,738               | (6,862)                                |
| Ordinance fines                                       | 802,000              | 718,200              | 720,394              | 2,194                                  |
| Total fines and forfeits                              | 826,000              | 736,800              | 732,132              | (4,668)                                |
| Interest and rents                                    |                      |                      |                      |  |
| Investment earnings                                   | 1,000,000            | 850,000              | 1,008,500            | 158,500                                |
| Rental fees   | 190,097              | 199,341              | 196,921              | (2,420)                                |
| Total interest and rents                              | 1,190,097            | 1,049,341            | 1,205,421            | 156,080                                |
| Other   |                      |                      |                      |  |
| Reimbursements  | 92,970               | 88,346               | 98,857               | 10,511                                 |
| Donations - general                                   | 365,050              | 354,355              | 357,479              | 3,124                                  |
| Miscellaneous revenue                                 | 103,979              | 117,559              | 124,413              | 6,854                                  |
| Total other   | 561,999              | 560,260              | 580,749              | 20,489                                 |
| <b>TOTAL REVENUES</b>                                 | <b>36,381,219</b>    | <b>35,886,903</b>    | <b>36,449,028</b>    | <b>562,125</b>                         |
| <b>OTHER FINANCING SOURCES</b>                        |                      |                      |                      |  |
| Transfers in  | 7,843,418            | 7,731,297            | 7,780,600            | 49,303                                 |
| <b>TOTAL OTHER FINANCING SOURCES</b>                  | <b>7,843,418</b>     | <b>7,731,297</b>     | <b>7,780,600</b>     | <b>49,303</b>                          |
| <b>TOTAL REVENUES AND<br/>OTHER FINANCING SOURCES</b> | <b>\$ 44,224,637</b> | <b>\$ 43,618,200</b> | <b>\$ 44,229,628</b> | <b>\$ 611,428</b>                      |

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2009

|                                   | Budgeted Amounts  |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
|                                   | Original          | Final             | Actual            |   |
| <b>EXPENDITURES</b>               |                   |                   |                   |   |
| General government                |                   |                   |                   |   |
| Board of Commissioners            | \$ 220,152        | \$ 230,136        | \$ 215,094        | \$ 15,042   |
| Administration                    | 327,551           | 320,967           | 314,685           | 6,282   |
| Elections                         | 133,770           | 143,213           | 139,230           | 3,983   |
| Clerk                             | 949,879           | 935,193           | 928,003           | 7,190   |
| County controller                 | 601,540           | 598,991           | 581,373           | 17,618  |
| Equalization                      | 543,679           | 490,123           | 484,935           | 5,188   |
| Geographic information system     | 235,043           | 233,543           | 220,052           | 13,491  |
| Prosecuting attorney              | 2,198,561         | 2,194,511         | 2,169,233         | 25,278  |
| Register of Deeds                 | 315,251           | 315,251           | 301,441           | 13,810  |
| Public defender                   | 1,200,000         | 1,155,891         | 1,037,355         | 118,536   |
| Remonumentation                   | 64,594            | 64,594            | 53,053            | 11,541  |
| Treasurer                         | 123,502           | 126,002           | 124,537           | 1,465   |
| MSU cooperative extension service | 326,391           | 326,391           | 315,663           | 10,728  |
| Information technology            | 773,560           | 780,060           | 775,260           | 4,800   |
| Courthouse and grounds            | 1,777,897         | 1,771,287         | 1,709,280         | 62,007  |
| Drain commissioner                | 266,999           | 277,221           | 263,401           | 13,820  |
| Circuit court                     | 2,251,949         | 2,202,057         | 2,178,174         | 23,883  |
| District court                    | 3,585,966         | 3,468,831         | 3,434,846         | 33,985  |
| Probate court                     | 197,935           | 168,396           | 166,916           | 1,480   |
| Human services building           | 371,778           | 317,308           | 303,192           | 14,116  |
| Jury board                        | 220,172           | 197,715           | 192,858           | 4,857   |
| <b>Total general government</b>   | <b>16,686,169</b> | <b>16,317,681</b> | <b>15,908,581</b> | <b>409,100</b>  |
| Public safety                     |                   |                   |                   |   |
| Sheriff                           | 4,222,984         | 4,197,260         | 4,192,561         | 4,699   |
| Road patrol                       | 283,496           | 258,879           | 256,543           | 2,336   |
| Marine safety                     | 76,787            | 83,677            | 81,357            | 2,320   |
| Corrections                       | 254,402           | 195,579           | 194,639           | 940   |
| Traffic enforcement               | -                 | 9,000             | 1,091             | 7,909   |
| Emergency management              | 158,802           | 169,060           | 165,422           | 3,638   |
| LAWNET                            | 217,322           | 231,439           | 230,648           | 791   |
| County jail                       | 5,500,708         | 5,696,910         | 5,582,670         | 114,240   |
| Youth grant                       | 148,055           | 167,660           | 163,340           | 4,320   |
| Dispatch                          | 1,432,142         | 1,254,393         | 1,234,738         | 19,655  |
| Animal control                    | 434,298           | 429,882           | 428,628           | 1,254   |
| <b>Total public safety</b>        | <b>12,728,996</b> | <b>12,693,739</b> | <b>12,531,637</b> | <b>162,102</b>  |
| Health and welfare                |                   |                   |                   |   |
| Medical examiner                  | 310,070           | 335,070           | 330,070           | 5,000   |
| Public health                     | 597,312           | 564,993           | 558,057           | 6,936   |
| Mental health services            | 198,116           | 194,580           | 191,907           | 2,673   |
| Veteran's affairs                 | 147,844           | 151,844           | 147,464           | 4,380   |
| Home delivery meals - seniors     | 1,065,050         | 1,025,400         | 1,009,619         | 15,781  |
| Congregate meals - seniors        | 312,540           | 324,020           | 313,943           | 10,077  |
| Grandparents initiative           | 49,042            | 52,402            | 51,786            | 616   |
| <b>Total health and welfare</b>   | <b>2,679,974</b>  | <b>2,648,309</b>  | <b>2,602,846</b>  | <b>45,463</b>   |



## Jackson County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONCLUDED

Year Ended December 31, 2009

|  | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
|  | Original             | Final                |                      |   |
| <b>EXPENDITURES - CONCLUDED</b>                |                      |                      |                      |   |
| Community economic and development             |                      |                      |                      |   |
| Senior center                                  | \$ 391,001           | \$ 373,891           | \$ 366,844           | \$ 7,047  |
| Recreation and culture                         |                      |                      |                      |   |
| Summer youth programs                          | -                    | 15,000               | 11,049               | 3,951   |
| Other  |                      |                      |                      |   |
| Retirees benefits                              | 3,161,131            | 2,646,717            | 2,646,605            | 112   |
| Professional services                          | 146,000              | 139,797              | 137,501              | 2,296   |
| Accrued sick and vacation payoff               | 100,000              | 80,265               | 82,098               | (1,833)   |
| Contingency                                    | 45,043               | 359,172              | -                    | 359,172   |
| Insurance and bonds                            | 725,000              | 725,000              | 724,076              | 924   |
| Other  | 167,854              | 260,454              | 258,532              | 1,922   |
| Total other                                    | <u>5,207,345</u>     | <u>5,055,722</u>     | <u>4,673,345</u>     | <u>362,593</u>  |
| Appropriations                                 |                      |                      |                      |   |
| General government                             |                      |                      |                      |   |
| Regional planning                              | 55,340               | 55,340               | 55,340               | -0-   |
| Soil conservation                              | 20,000               | 20,000               | 20,000               | -0-   |
| Total general government                       | <u>75,340</u>        | <u>75,340</u>        | <u>75,340</u>        | <u>-0-</u>  |
| Public safety                                  |                      |                      |                      |   |
| Jackson traffic safety program                 | 150,000              | 132,000              | 127,223              | 4,777   |
| Guardian                                       | 35,000               | 35,000               | 35,000               | -0-   |
| Total public safety                            | <u>185,000</u>       | <u>167,000</u>       | <u>162,223</u>       | <u>4,777</u>  |
| Public works                                   |                      |                      |                      |   |
| Transportation system                          | 100,000              | 100,000              | 100,000              | -0-   |
| Health and welfare                             |                      |                      |                      |   |
| Retired Citizen Volunteer Program              | 15,000               | 15,000               | 15,000               | -0-   |
| Region II aging commission                     | 11,814               | 11,814               | 11,814               | -0-   |
| Substance abuse - liquor tax                   | 360,163              | 360,163              | 345,156              | 15,007  |
| Food system economic                           | 15,000               | 15,000               | 15,000               | -0-   |
| Enterprise group                               | 100,000              | 100,000              | 100,000              | -0-   |
| Total health and welfare                       | <u>501,977</u>       | <u>501,977</u>       | <u>486,970</u>       | <u>15,007</u>   |
| Total appropriations                           | <u>862,317</u>       | <u>844,317</u>       | <u>824,533</u>       | <u>19,784</u>   |
| TOTAL EXPENDITURES                             | <u>37,693,485</u>    | <u>37,104,342</u>    | <u>36,094,302</u>    | <u>1,010,040</u>  |
| <b>OTHER FINANCING USES</b>                    |                      |                      |                      |   |
| Transfers out                                  | <u>6,531,152</u>     | <u>6,513,858</u>     | <u>5,510,959</u>     | <u>1,002,899</u>  |
| TOTAL EXPENDITURES AND<br>OTHER FINANCING USES | <u>\$ 44,224,637</u> | <u>\$ 43,618,200</u> | <u>\$ 41,605,261</u> | <u>\$ 2,012,939</u>                                     |

Jackson County, Michigan

Jail Millage Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2009

|                                 | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|------------------|--------------|--------------|---|
|                                 | Original         | Final        |              |   |
| REVENUES                        |                  |              |              |   |
| Taxes                           | \$ 2,146,000     | \$ 2,146,000 | \$ 2,136,255 | \$ (9,745)  |
| Other                           | 13,394           | 13,394       | 6,763        | (6,631)   |
| TOTAL REVENUES                  | 2,159,394        | 2,159,394    | 2,143,018    | (16,376)  |
| OTHER FINANCING (USES)          |                  |              |              |   |
| Transfers out                   | (2,159,394)      | (2,159,394)  | (2,159,394)  | -0-   |
| NET CHANGE IN FUND BALANCE      | -0-              | -0-          | (16,376)     | (16,376)  |
| Fund balance, beginning of year | 311,452          | 311,452      | 311,452      | -0-   |
| Fund balance, end of year       | \$ 311,452       | \$ 311,452   | \$ 295,076   | \$ (16,376)   |

Jackson County, Michigan  
 Medical Care Facility Maintenance of Effort Fund  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2009

|   | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| REVENUES                                |                     |                     |                     |   |
| Taxes                                   | \$ 626,000          | \$ 626,000          | \$ 611,476          | \$ (14,524)   |
| Interest                                | 30,000              | 30,000              | 60,942              | 30,942  |
| TOTAL REVENUES                          | 656,000             | 656,000             | 672,418             | 16,418  |
| EXPENDITURES                            |                     |                     |                     |   |
| Current                                 |                     |                     |                     |   |
| Health and welfare                      | 406,000             | 406,000             | 241,809             | 164,191   |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | 250,000             | 250,000             | 430,609             | 180,609   |
| OTHER FINANCING USES                    |                     |                     |                     |   |
| Transfers out                           | (250,000)           | (250,000)           | (250,000)           | -0-   |
| NET CHANGE IN FUND BALANCE              | -0-                 | -0-                 | 180,609             | 180,609   |
| Fund balance, beginning of year         | 5,553,818           | 5,553,818           | 5,553,818           | -0-   |
| Fund balance, end of year               | <u>\$ 5,553,818</u> | <u>\$ 5,553,818</u> | <u>\$ 5,734,427</u> | <u>\$ 180,609</u>                                       |

Jackson County

SCHEDULES OF FUNDING PROGRESS

December 31, 2009

Defined Benefit Pension Plan

(amounts in thousands)

| Actuarial<br>Valuation<br>Date | Value of<br>Assets<br>(a) | Liability (AAL)<br>Entry Age<br>(b) | Unfunded<br>(Overfunded)<br>AAL[UAAL(OAAL)]<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | (OAAL) UAAL<br>as a<br>Percentage of<br>Covered Payroll<br>[(b-a)/c] |
|--------------------------------|---------------------------|-------------------------------------|--|--------------------------|---------------------------|--|
| 12/31/2009                     | \$134,978                 | \$152,937                           | (\$17,960)   | 88.3%                    | \$31,553                  | 56.9%  |
| 12/31/2008                     | \$138,532                 | \$146,517                           | (\$7,985)  | 94.6%                    | \$32,803                  | 24.3%  |
| 12/31/2007                     | \$144,465                 | \$140,898                           | \$3,567  | 102.5%                   | \$32,298                  | (11.0%)  |

Other Post-employment Benefits Plan

| Actuarial<br>Valuation<br>Date | Value of<br>Assets<br>(a) | Liability (AAL)<br>Entry Age<br>(b) | UAAL<br>(Underfunded)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>[(b-a)/c] |
|--------------------------------|---------------------------|-------------------------------------|--------------------------------|--------------------------|---------------------------|--|
| 12/31/2009                     | \$2,955,983               | \$67,867,311                        | (\$64,911,328)                 | 4.4%                     | \$21,538,544              | 301.4%   |
| 12/31/2008                     | \$4,256,725               | \$70,170,573                        | (\$65,913,848)                 | 6.1%                     | \$22,842,590              | 327.0%   |

Jackson County

SCHEDULES OF EMPLOYER CONTRIBUTIONS

December 31, 2009

Defined Benefit Pension Plan

| <u>Year<br/>Ended<br/>Dec. 31,</u> | <u>Annual<br/>Pension<br/>Cost</u> | <u>Percentage<br/>Contributed</u> |
|------------------------------------|------------------------------------|-----------------------------------|
| 2009                               | \$ 1,964,353                       | 92.4%                             |
| 2008                               | 2,156,285                          | 100%                              |
| 2007                               | 2,324,801                          | 100%                              |

Other Post-employment Benefits Plan

| <u>Year<br/>Ended<br/>Dec. 31,</u> | <u>Annual<br/>OPEB<br/>Cost</u> | <u>Percentage<br/>Contributed</u> |
|------------------------------------|---------------------------------|-----------------------------------|
| 2009                               | \$ 5,182,631                    | 85.6%                             |
| 2008                               | 5,438,229                       | 78.8%                             |
| 2007                               | 5,133,001                       | 73.3%                             |

Jackson County

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2009

**NOTE A: BUDGETARY INFORMATION**

The general and special revenue funds are under formal approval budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consists only of those amounts contained in the formal budget approved and amended by the Board of Commissioners. The budgets are adopted at the activity level and control is exercised at that level. The County Administrator/Controller is authorized to transfer line item budget amounts up to \$10,000. Amounts over \$10,000 will be referred to the appropriate Committee, Personnel or Finance, and then to the Board of Commissioners for final action. Supplemental budgetary appropriations (immaterial) were made during the year. Appropriations lapse at year end.

**NOTE B: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

PRIMARY GOVERNMENT

In the budgetary comparison schedules and other supplementary information section, the County's budgeted expenditures in the General Fund and Special Revenue Funds have been shown at the activity level. The approved budgets of the County have been adopted at the activity level for the General Fund for Special Revenue Funds.

During the year ended December 31, 2009, the County incurred expenditures in two (2) Special Revenue Funds in excess of the amounts appropriated as follows:

|                         | <u>Amounts<br/>Appropriated</u> | <u>Amounts<br/>Expended</u> | <u>Variance</u> |
|-------------------------|---------------------------------|-----------------------------|-----------------|
| Special Revenue Funds   |                                 |                             |                 |
| County Law Library Fund |                                 |                             |                 |
| General government      | \$ 6,468                        | \$ 6,558                    | \$ 90           |
| Revenue Sharing Reserve |                                 |                             |                 |
| Transfers out           | 3,317,901                       | 3,414,907                   | 97,006          |

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2009

**NOTE C: FUNDED STATUS AND FUNDING PROGRESS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by the employer in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Defined Benefit Pension Plan

|   |                        |
|---|------------------------|
| Actuarial cost method                                       | Individual entry age   |
| Amortization method   | Level percent open     |
| Remaining amortization period                               | 15 years               |
| Asset valuation method                                      | 5-year smoothed market |
| Actuarial assumptions:                                      |                        |
| Investment rate of return                                   | 7.50%                  |
| Projected salary increases<br>(includes inflation at 4.50%) | 4.50 - 8.00%           |
| Cost of living adjustments                                  | None                   |

Other Postemployment Benefit Plan

|                               |                      |
|-------------------------------|----------------------|
| Actuarial Valuation:          |                      |
| Frequency                     | Annual               |
| Latest valuation date         | 12/31/2008           |
| Actuarial cost method         | Individual Entry Age |
| Amortization method           | Level percent open   |
| Remaining amortization period | 30 years             |
| Asset valuation method        | Normal cost          |
| Actuarial assumptions:        |                      |
| Investment rates of return    | 8.0%                 |
| Healthcare cost trend rates   |                      |
| Medical                       | 5.0%                 |
| Includes inflation at:        | 5.0%                 |

## **OTHER SUPPLEMENTARY INFORMATION**



Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

December 31, 2009

|  | Special             |                           |                                 |   |
|--|---------------------|---------------------------|---------------------------------|---|
|  | Parks<br>Commission | Friend<br>of the<br>Court | Budget<br>Stabilization<br>Fund | Public<br>Improvement<br>and Building<br>Fund |
| <b>ASSETS</b>  |                     |                           |                                 |   |
| Cash and cash equivalents                                | \$ 77,580           | \$ 480,870                | \$ 1,447,924                    | \$ 1,030,494                                  |
| Accounts receivable                                      | 6,040               | 11,292                    | -                               | -   |
| Taxes receivable   | -                   | -                         | -                               | -   |
| Due from other governmental units                        | -                   | 335,740                   | -                               | -   |
| Inventories  | 76,718              | -                         | -                               | -   |
| Prepays  | -                   | -                         | -                               | -   |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 160,338</b>   | <b>\$ 827,902</b>         | <b>\$ 1,447,924</b>             | <b>\$ 1,030,494</b>                           |
| <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>           |                     |                           |                                 |   |
| <b>LIABILITIES</b>                                       |                     |                           |                                 |   |
| Accounts payable   | \$ 17,535           | \$ 485                    | \$ -                            | \$ 15,562                                     |
| Accrued wages  | 10,586              | 94,680                    | -                               | -   |
| Other accrued liabilities                                | -                   | -                         | -                               | -   |
| Advances from other funds                                | -                   | 497,030                   | -                               | -   |
| Due to other governmental units - State                  | -                   | -                         | -                               | -   |
| Due to other funds                                       | -                   | -                         | -                               | -   |
| Deferred revenue   | -                   | -                         | -                               | -   |
| <b>TOTAL LIABILITIES</b>                                 | <b>28,121</b>       | <b>592,195</b>            | <b>-0-</b>                      | <b>15,562</b>                                 |
| <b>FUND BALANCES (DEFICIT)</b>                           |                     |                           |                                 |   |
| Reserved for:  |                     |                           |                                 |   |
| Inventories  | 76,718              | -                         | -                               | -   |
| Prepays  | -                   | -                         | -                               | -   |
| Capital projects   | -                   | -                         | -                               | -   |
| Designated for subsequent years' expenditures            | -                   | -                         | -                               | -   |
| Undesignated, reported in:                               |                     |                           |                                 |   |
| Special revenue funds                                    | 55,499              | 235,707                   | 1,447,924                       | 1,014,932                                     |
| Permanent funds  | -                   | -                         | -                               | -   |
| <b>TOTAL FUND BALANCES (DEFICIT)</b>                     | <b>132,217</b>      | <b>235,707</b>            | <b>1,447,924</b>                | <b>1,014,932</b>                              |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCES (DEFICIT)</b> | <b>\$ 160,338</b>   | <b>\$ 827,902</b>         | <b>\$ 1,447,924</b>             | <b>\$ 1,030,494</b>                           |

Revenue

| Omnibus<br>Forfeitures<br>Fund | Prosecuting<br>Attorney Drug<br>Enforcement<br>Fund | Drug<br>Enforcement<br>Fund | County<br>Law<br>Library | Michigan<br>Justice<br>Training<br>Fund |
|--------------------------------|---|-----------------------------|--------------------------|---|
| \$ 414                         | \$ 91,682   | \$ 64,557                   | \$ 5,203                 | \$ 63,095                               |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | 2,100                                   |
| <u>\$ 414</u>                  | <u>\$ 91,682</u>                                    | <u>\$ 64,557</u>            | <u>\$ 5,203</u>          | <u>\$ 65,195</u>                        |
| \$ -                           | \$ -  | \$ 3,980                    | \$ -                     | \$ -                                    |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -0-                            | -0-   | 3,980                       | -0-                      | -0-                                     |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | 2,100                                   |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| 414                            | 91,682  | 60,577                      | 5,203                    | 63,095                                  |
| -                              | -   | -                           | -                        | -                                       |
| <u>414</u>                     | <u>91,682</u>                                       | <u>60,577</u>               | <u>5,203</u>             | <u>65,195</u>                           |
| <u>\$ 414</u>                  | <u>\$ 91,682</u>                                    | <u>\$ 64,557</u>            | <u>\$ 5,203</u>          | <u>\$ 65,195</u>                        |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2009

|  | Special                    |                           |                  |                            |
|--|----------------------------|---------------------------|------------------|----------------------------|
|  | Social<br>Services<br>Fund | Veterans<br>Trust<br>Fund | Airport<br>Fund  | Joint<br>Narcotics<br>Fund |
| <b>ASSETS</b>  |                            |                           |                  |                            |
| Cash and cash equivalents                                | \$ 197,027                 | \$ 207                    | \$ 24,404        | \$ 284,541                 |
| Accounts receivable                                      | -                          | -                         | 7,247            | -                          |
| Taxes receivable   | -                          | -                         | -                | -                          |
| Due from other governmental units                        | -                          | -                         | -                | -                          |
| Inventories  | -                          | -                         | -                | -                          |
| Prepays  | -                          | -                         | -                | -                          |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 197,027</b>          | <b>\$ 207</b>             | <b>\$ 31,651</b> | <b>\$ 284,541</b>          |
| <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>           |                            |                           |                  |                            |
| <b>LIABILITIES</b>                                       |                            |                           |                  |                            |
| Accounts payable   | \$ -                       | \$ -                      | \$ 18,307        | \$ 1,160                   |
| Accrued wages  | -                          | -                         | 6,116            | -                          |
| Other accrued liabilities                                | -                          | -                         | -                | -                          |
| Advances from other funds                                | -                          | -                         | -                | -                          |
| Due to other governmental units                          | 73,000                     | -                         | -                | -                          |
| Due to other funds                                       | -                          | -                         | -                | -                          |
| Deferred revenue   | -                          | -                         | 2,264            | -                          |
| <b>TOTAL LIABILITIES</b>                                 | <b>73,000</b>              | <b>-0-</b>                | <b>26,687</b>    | <b>1,160</b>               |
| <b>FUND BALANCES (DEFICIT)</b>                           |                            |                           |                  |                            |
| Reserved for:  |                            |                           |                  |                            |
| Inventories  | -                          | -                         | -                | -                          |
| Prepays  | -                          | -                         | -                | -                          |
| Capital projects   | -                          | -                         | -                | -                          |
| Designated for subsequent years' expenditures            | -                          | -                         | -                | -                          |
| Undesignated, reported in:                               |                            |                           |                  |                            |
| Special revenue funds                                    | 124,027                    | 207                       | 4,964            | 283,381                    |
| Permanent funds  | -                          | -                         | -                | -                          |
| <b>TOTAL FUND BALANCES (DEFICIT)</b>                     | <b>124,027</b>             | <b>207</b>                | <b>4,964</b>     | <b>283,381</b>             |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCES (DEFICIT)</b> | <b>\$ 197,027</b>          | <b>\$ 207</b>             | <b>\$ 31,651</b> | <b>\$ 284,541</b>          |

| Community<br>Development<br>Block<br>Grant | Register<br>of Deeds<br>Automation<br>Fund | Revenue                              |                       |                  | Golf<br>Courses |
|--|--|--------------------------------------|-----------------------|------------------|-----------------|
|  |  | Airport<br>Runway<br>Project<br>Fund | Child<br>Care<br>Fund |                  |                 |
| \$ -                                       | \$ 489,544                                 | \$ 462,429                           | \$ 1,855,575          | \$ 6,927         |                 |
| -  | -  | -                                    | 147                   | 1,795            |                 |
| -  | -  | -                                    | -                     | -                |                 |
| 45,908                                     | -  | -                                    | 344,773               | -                |                 |
| -  | -  | -                                    | -                     | 58,701           |                 |
| -  | -  | -                                    | -                     | -                |                 |
| <u>\$ 45,908</u>                           | <u>\$ 489,544</u>                          | <u>\$ 462,429</u>                    | <u>\$ 2,200,495</u>   | <u>\$ 67,423</u> |                 |
| <br>                                       |  |                                      |                       |                  |                 |
| \$ 45,908                                  | \$ 5,193                                   | \$ -                                 | \$ 29,632             | \$ -             |                 |
| -  | -  | -                                    | 64,424                | 2,341            |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | -  | -                                    | -                     | -                |                 |
| 45,908                                     | 5,193                                      | -0-                                  | 94,056                | 2,341            |                 |
| <br>                                       |  |                                      |                       |                  |                 |
| -  | -  | -                                    | -                     | 58,701           |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | -  | -                                    | -                     | -                |                 |
| -  | 484,351                                    | 462,429                              | 2,106,439             | 6,381            |                 |
| -  | -  | -                                    | -                     | -                |                 |
| <u>-0-</u>                                 | <u>484,351</u>                             | <u>462,429</u>                       | <u>2,106,439</u>      | <u>65,082</u>    |                 |
| <br>                                       |  |                                      |                       |                  |                 |
| <u>\$ 45,908</u>                           | <u>\$ 489,544</u>                          | <u>\$ 462,429</u>                    | <u>\$ 2,200,495</u>   | <u>\$ 67,423</u> |                 |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2009

|  |                              | Special                                   |                                    |                                       |
|--|------------------------------|---|------------------------------------|---------------------------------------|
|  | Health<br>Department<br>Fund | Department<br>on Aging<br>Millage<br>Fund | Falling<br>Waters<br>Trail<br>Fund | Revenue<br>Sharing<br>Reserve<br>Fund |
| <b>ASSETS</b>  |                              |   |                                    |                                       |
| Cash and cash equivalents                                | \$ 2,884,759                 | \$ 388,902                                | \$ 264,052                         | \$ 1,315,792                          |
| Accounts receivable                                      | 101,388                      | -   | -                                  | -                                     |
| Taxes receivable   | -                            | 1,037,545                                 | -                                  | -                                     |
| Due from other governmental units                        | -                            | -   | -                                  | -                                     |
| Inventories  | -                            | -   | -                                  | -                                     |
| Prepays  | -                            | -   | -                                  | -                                     |
| <b>TOTAL ASSETS</b>                                      | <b><u>\$ 2,986,147</u></b>   | <b><u>\$ 1,426,447</u></b>                | <b><u>\$ 264,052</u></b>           | <b><u>\$ 1,315,792</u></b>            |
| <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>           |                              |   |                                    |                                       |
| <b>LIABILITIES</b>                                       |                              |   |                                    |                                       |
| Accounts payable   | \$ 101,715                   | \$ -                                      | \$ 169                             | \$ -                                  |
| Accrued wages  | 123,151                      | -   | -                                  | -                                     |
| Other accrued liabilities                                | 38,185                       | -   | -                                  | -                                     |
| Advances from other funds                                | -                            | -   | -                                  | -                                     |
| Due to other governmental units - State                  | -                            | -   | -                                  | -                                     |
| Due to other funds                                       | -                            | -   | -                                  | -                                     |
| Deferred revenue   | -                            | 1,065,000                                 | -                                  | -                                     |
| <b>TOTAL LIABILITIES</b>                                 | <b>263,051</b>               | <b>1,065,000</b>                          | <b>169</b>                         | <b>-0-</b>                            |
| <b>FUND BALANCES (DEFICIT)</b>                           |                              |   |                                    |                                       |
| Reserved for:  |                              |   |                                    |                                       |
| Inventories  | -                            | -   | -                                  | -                                     |
| Prepays  | -                            | -   | -                                  | -                                     |
| Capital projects   | -                            | -   | -                                  | -                                     |
| Designated for subsequent years' expenditures            | 36,113                       | -   | -                                  | 1,412,797                             |
| Undesignated, reported in:                               |                              |   |                                    |                                       |
| Special revenue funds                                    | 2,686,983                    | 361,447                                   | 263,883                            | (97,005)                              |
| Permanent funds  | -                            | -   | -                                  | -                                     |
| <b>TOTAL FUND BALANCES (DEFICIT)</b>                     | <b><u>2,723,096</u></b>      | <b><u>361,447</u></b>                     | <b><u>263,883</u></b>              | <b><u>1,315,792</u></b>               |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCES (DEFICIT)</b> | <b><u>\$ 2,986,147</u></b>   | <b><u>\$ 1,426,447</u></b>                | <b><u>\$ 264,052</u></b>           | <b><u>\$ 1,315,792</u></b>            |

| Revenue          | Capital Project                  |  |                               |                           |
|------------------|----------------------------------|--|-------------------------------|---------------------------|
| Fair<br>Fund     | Equipment<br>Replacement<br>Fund | Sheriff<br>Department<br>Equipment<br>Fund | Building<br>Authority<br>Fund | Justice<br>Center<br>Fund |
| \$ 800           | \$ 512,294                       | \$ 738,156                                 | \$ 687,500                    | \$ 892,196                |
| -                | 640                              | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| <u>\$ 800</u>    | <u>\$ 512,934</u>                | <u>\$ 738,156</u>                          | <u>\$ 687,500</u>             | <u>\$ 892,196</u>         |
| \$ 11,109        | \$ 45,216                        | \$ 2,560                                   | \$ -                          | \$ -                      |
| 1,383            | -                                | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| 252,498          | -                                | -  | -                             | -                         |
| 9,603            | -                                | -  | 687,500                       | -                         |
| 274,593          | 45,216                           | 2,560                                      | 687,500                       | -0-                       |
| -                | -                                | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| -                | -                                | 735,596                                    | -                             | 892,196                   |
| -                | -                                | -  | -                             | -                         |
| (273,793)        | 467,718                          | -  | -                             | -                         |
| -                | -                                | -  | -                             | -                         |
| <u>(273,793)</u> | <u>467,718</u>                   | <u>735,596</u>                             | <u>-0-</u>                    | <u>892,196</u>            |
| <u>\$ 800</u>    | <u>\$ 512,934</u>                | <u>\$ 738,156</u>                          | <u>\$ 687,500</u>             | <u>\$ 892,196</u>         |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

December 31, 2009

|  | Permanent                                   |                              |                           | Total                |
|--|---|------------------------------|---------------------------|----------------------|
|  | Department<br>on Aging<br>Endowment<br>Fund | Preston<br>Endowment<br>Fund | Cemetery<br>Trust<br>Fund |                      |
| <b>ASSETS</b>  |   |                              |                           |                      |
| Cash and cash equivalents                                | \$ 63,361                                   | \$ 114,698                   | \$ 3,075                  | \$ 14,448,058        |
| Accounts receivable                                      | -   | -                            | -                         | 128,549              |
| Taxes receivable   | -   | -                            | -                         | 1,037,545            |
| Due from other governmental units                        | -   | -                            | -                         | 726,421              |
| Inventories  | -   | -                            | -                         | 135,419              |
| Prepays  | -   | -                            | -                         | 2,100                |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 63,361</b>                            | <b>\$ 114,698</b>            | <b>\$ 3,075</b>           | <b>\$ 16,478,092</b> |
| <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>           |   |                              |                           |                      |
| <b>LIABILITIES</b>                                       |   |                              |                           |                      |
| Accounts payable   | \$ -  | \$ -                         | \$ -                      | 298,531              |
| Accrued wages  | -   | -                            | -                         | 302,681              |
| Other accrued liabilities                                | -   | -                            | -                         | 38,185               |
| Advances from other funds                                | -   | -                            | -                         | 497,030              |
| Due to other governmental units - State                  | -   | -                            | -                         | 73,000               |
| Due to other funds                                       | -   | -                            | -                         | 252,498              |
| Deferred revenue   | -   | -                            | -                         | 1,764,367            |
| <b>TOTAL LIABILITIES</b>                                 | <b>-0-</b>                                  | <b>-0-</b>                   | <b>-0-</b>                | <b>3,226,292</b>     |
| <b>FUND BALANCES (DEFICIT)</b>                           |   |                              |                           |                      |
| Reserved for:  |   |                              |                           |                      |
| Inventories  | -   | -                            | -                         | 135,419              |
| Prepays  | -   | -                            | -                         | 2,100                |
| Capital projects   | -   | -                            | -                         | 1,627,792            |
| Designated for subsequent years' expenditures            | -   | -                            | -                         | 1,448,910            |
| Undesignated, reported in:                               |   |                              |                           |                      |
| Special revenue funds                                    | -   | -                            | -                         | 9,856,445            |
| Permanent funds  | 63,361                                      | 114,698                      | 3,075                     | 181,134              |
| <b>TOTAL FUND BALANCES (DEFICIT)</b>                     | <b>63,361</b>                               | <b>114,698</b>               | <b>3,075</b>              | <b>13,251,800</b>    |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCES (DEFICIT)</b> | <b>\$ 63,361</b>                            | <b>\$ 114,698</b>            | <b>\$ 3,075</b>           | <b>\$ 16,478,092</b> |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2009

|  | Special             |                           |                                 |   |
|--|---------------------|---------------------------|---------------------------------|---|
|  | Parks<br>Commission | Friend<br>of the<br>Court | Budget<br>Stabilization<br>Fund | Public<br>Improvement<br>and Building<br>Fund |
| REVENUES   |                     |                           |                                 |   |
| Taxes  | \$ -                | \$ -                      | \$ -                            | \$ -  |
| Licenses and permits                                   | -                   | -                         | -                               | -   |
| Intergovernmental                                      | -                   | 2,499,759                 | -                               | -   |
| Charges for services                                   | 287,479             | 282,965                   | -                               | -   |
| Fines and forfeits                                     | -                   | -                         | -                               | -   |
| Interest and rents                                     | -                   | -                         | -                               | 11,672  |
| Other  | -                   | -                         | -                               | 18,582  |
| <b>TOTAL REVENUES</b>                                  | <b>287,479</b>      | <b>2,782,724</b>          | <b>-0-</b>                      | <b>30,254</b>                                 |
| EXPENDITURES   |                     |                           |                                 |   |
| Current  |                     |                           |                                 |   |
| General government                                     | -                   | 2,787,995                 | -                               | 260,141                                       |
| Public safety  | -                   | -                         | -                               | -   |
| Health and welfare                                     | -                   | -                         | -                               | -   |
| Community and economic development                     | -                   | -                         | -                               | 87,648  |
| Recreation and culture                                 | 905,684             | -                         | -                               | 15,220  |
| Capital outlay   | -                   | 40,610                    | -                               | 243,248                                       |
| <b>TOTAL EXPENDITURES</b>                              | <b>905,684</b>      | <b>2,828,605</b>          | <b>-0-</b>                      | <b>606,257</b>                                |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES        | (618,205)           | (45,881)                  | -0-                             | (576,003)                                     |
| OTHER FINANCING SOURCES (USES)                         |                     |                           |                                 |   |
| Transfers in   | 674,562             | 131,884                   | -                               | 377,000                                       |
| Transfers out  | (42,176)            | -                         | -                               | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>        | <b>632,386</b>      | <b>131,884</b>            | <b>-0-</b>                      | <b>377,000</b>                                |
| <b>NET CHANGE IN FUND BALANCES</b>                     | <b>14,181</b>       | <b>86,003</b>             | <b>-0-</b>                      | <b>(199,003)</b>                              |
| Restated fund balances (deficit),<br>beginning of year | 118,036             | 149,704                   | 1,447,924                       | 1,213,935                                     |
| <b>Fund balances (deficit), end of year</b>            | <b>\$ 132,217</b>   | <b>\$ 235,707</b>         | <b>\$ 1,447,924</b>             | <b>\$ 1,014,932</b>                           |



| Revenue                        |   |                             |                          |   |
|--------------------------------|---|-----------------------------|--------------------------|---|
| Omnibus<br>Forfeitures<br>Fund | Prosecuting<br>Attorney Drug<br>Enforcement<br>Fund | Drug<br>Enforcement<br>Fund | County<br>Law<br>Library | Michigan<br>Justice<br>Training<br>Fund |
| \$ -                           | \$ -  | \$ -                        | \$ -                     | \$ -                                    |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | 11,166                                  |
| -                              | -   | -                           | -                        | -                                       |
| 331                            | 38,822  | 36,751                      | 6,468                    | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | 57,425                                  |
| 331                            | 38,822  | 36,751                      | 6,468                    | 68,591                                  |
| -                              | 24,812  | -                           | 6,558                    | -                                       |
| -                              | -   | 7,161                       | -                        | 74,866                                  |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | -                           | -                        | -                                       |
| -0-                            | 24,812  | 7,161                       | 6,558                    | 74,866                                  |
| 331                            | 14,010  | 29,590                      | (90)                     | (6,275)                                 |
| -                              | -   | -                           | -                        | -                                       |
| -                              | -   | (30,000)                    | -                        | (8,910)                                 |
| -0-                            | -0-   | (30,000)                    | -0-                      | (8,910)                                 |
| 331                            | 14,010  | (410)                       | (90)                     | (15,185)                                |
| 83                             | 77,672  | 60,987                      | 5,293                    | 80,380                                  |
| \$ 414                         | \$ 91,682   | \$ 60,577                   | \$ 5,203                 | \$ 65,195                               |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2009

|   | Special                    |                           |                  |                            |
|---|----------------------------|---------------------------|------------------|----------------------------|
|   | Social<br>Services<br>Fund | Veterans<br>Trust<br>Fund | Airport<br>Fund  | Joint<br>Narcotics<br>Fund |
| <b>REVENUES</b>   |                            |                           |                  |                            |
| Taxes   | \$ -                       | \$ -                      | \$ -             | \$ -                       |
| Licenses and permits                                    | -                          | -                         | 13,237           | -                          |
| Intergovernmental                                       | 337,624                    | 34,759                    | -                | -                          |
| Charges for services                                    | -                          | -                         | 7,187            | -                          |
| Fines and forfeits                                      | -                          | -                         | -                | 207,078                    |
| Interest and rents                                      | -                          | -                         | 245,636          | 505                        |
| Other   | -                          | -                         | 31,262           | -                          |
| <b>TOTAL REVENUES</b>                                   | <b>337,624</b>             | <b>34,759</b>             | <b>297,322</b>   | <b>207,583</b>             |
| <b>EXPENDITURES</b>                                     |                            |                           |                  |                            |
| Current   |                            |                           |                  |                            |
| General government                                      | -                          | -                         | -                | 112,630                    |
| Public safety   | -                          | -                         | -                | -                          |
| Health and welfare                                      | 326,505                    | 37,223                    | -                | -                          |
| Community and economic development                      | -                          | -                         | 455,305          | -                          |
| Recreation and culture                                  | -                          | -                         | -                | -                          |
| Capital outlay  | -                          | -                         | -                | -                          |
| <b>TOTAL EXPENDITURES</b>                               | <b>326,505</b>             | <b>37,223</b>             | <b>455,305</b>   | <b>112,630</b>             |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>11,119</b>              | <b>(2,464)</b>            | <b>(157,983)</b> | <b>94,953</b>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                            |                           |                  |                            |
| Transfers in  | 29,000                     | -                         | 180,021          | -                          |
| Transfers out   | -                          | -                         | (27,890)         | (60,155)                   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>29,000</b>              | <b>-0-</b>                | <b>152,131</b>   | <b>(60,155)</b>            |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>40,119</b>              | <b>(2,464)</b>            | <b>(5,852)</b>   | <b>34,798</b>              |
| Restated fund balances (deficit),<br>beginning of year  | 83,908                     | 2,671                     | 10,816           | 248,583                    |
| Fund balances (deficit), end of year                    | <u>\$ 124,027</u>          | <u>\$ 207</u>             | <u>\$ 4,964</u>  | <u>\$ 283,381</u>          |

| Revenue                                    |  |                                      |                       |                 |
|--|--|--------------------------------------|-----------------------|-----------------|
| Community<br>Development<br>Block<br>Grant | Register<br>of Deeds<br>Automation<br>Fund | Airport<br>Runway<br>Project<br>Fund | Child<br>Care<br>Fund | Golf<br>Courses |
| \$ -                                       | \$ -                                       | \$ -                                 | \$ -                  | \$ -            |
| -  | -  | -                                    | -                     | -               |
| 241,525                                    | -  | 54,870                               | 2,234,107             | -               |
| -  | 142,240                                    | -                                    | 1,433                 | 594,840         |
| -  | -  | -                                    | -                     | -               |
| -  | 767  | -                                    | 22,810                | -               |
| -  | -  | -                                    | -                     | -               |
| 241,525                                    | 143,007                                    | 54,870                               | 2,258,350             | 594,840         |
| -  | 57,870                                     | -                                    | 1,379,480             | -               |
| -  | -  | -                                    | 2,257,666             | -               |
| -  | -  | -                                    | 878,995               | -               |
| 241,525                                    | -  | 139,453                              | -                     | -               |
| -  | -  | -                                    | -                     | 554,433         |
| -  | -  | -                                    | -                     | -               |
| 241,525                                    | 57,870                                     | 139,453                              | 4,516,141             | 554,433         |
| -0-  | 85,137                                     | (84,583)                             | (2,257,791)           | 40,407          |
| -  | -  | 75,000                               | 3,440,584             | -               |
| -  | -  | -                                    | (499,406)             | (41,544)        |
| -0-  | -0-  | 75,000                               | 2,941,178             | (41,544)        |
| -0-  | 85,137                                     | (9,583)                              | 683,387               | (1,137)         |
| -  | 399,214                                    | 472,012                              | 1,423,052             | 66,219          |
| \$ -0-                                     | \$ 484,351                                 | \$ 462,429                           | \$ 2,106,439          | \$ 65,082       |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2009

|   | Special                      |   |                                    |                                       |
|---|------------------------------|---|------------------------------------|---------------------------------------|
|   | Health<br>Department<br>Fund | Department<br>on Aging<br>Millage<br>Fund | Falling<br>Waters<br>Trail<br>Fund | Revenue<br>Sharing<br>Reserve<br>Fund |
| <b>REVENUES</b>   |                              |   |                                    |                                       |
| Taxes   | \$ -                         | \$ 1,082,037                              | \$ -                               | \$ -                                  |
| Licenses and permits                                    | 267,724                      | -   | -                                  | -                                     |
| Intergovernmental                                       | 2,207,721                    | -   | 78,208                             | -                                     |
| Charges for services                                    | 401,298                      | -   | -                                  | -                                     |
| Fines and forfeits                                      | -                            | -   | -                                  | -                                     |
| Interest and rents                                      | -                            | -   | -                                  | -                                     |
| Other   | 483,016                      | 7,625                                     | 24,668                             | -                                     |
| <b>TOTAL REVENUES</b>                                   | <b>3,359,759</b>             | <b>1,089,662</b>                          | <b>102,876</b>                     | <b>-0-</b>                            |
| <b>EXPENDITURES</b>                                     |                              |   |                                    |                                       |
| Current   |                              |   |                                    |                                       |
| General government                                      | -                            | -   | -                                  | -                                     |
| Public safety   | -                            | -   | -                                  | -                                     |
| Health and welfare                                      | 3,814,150                    | -   | -                                  | -                                     |
| Community and economic development                      | -                            | -   | -                                  | -                                     |
| Recreation and culture                                  | -                            | -   | 44,149                             | -                                     |
| Capital outlay  | -                            | -   | -                                  | -                                     |
| <b>TOTAL EXPENDITURES</b>                               | <b>3,814,150</b>             | <b>-0-</b>                                | <b>44,149</b>                      | <b>-0-</b>                            |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(454,391)</b>             | <b>1,089,662</b>                          | <b>58,727</b>                      | <b>-0-</b>                            |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                              |   |                                    |                                       |
| Transfers in  | 655,520                      | -   | -                                  | -                                     |
| Transfers out   | (23,922)                     | (1,122,187)                               | -                                  | (3,414,907)                           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>631,598</b>               | <b>(1,122,187)</b>                        | <b>-0-</b>                         | <b>(3,414,907)</b>                    |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>177,207</b>               | <b>(32,525)</b>                           | <b>58,727</b>                      | <b>(3,414,907)</b>                    |
| Restated fund balances (deficit),<br>beginning of year  | 2,545,889                    | 393,972                                   | 205,156                            | 4,730,699                             |
| <b>Fund balances (deficit), end of year</b>             | <b>\$ 2,723,096</b>          | <b>\$ 361,447</b>                         | <b>\$ 263,883</b>                  | <b>\$ 1,315,792</b>                   |

| Revenue             | Capital Projects                  |  |                               |                           |
|---------------------|-----------------------------------|--|-------------------------------|---------------------------|
| Fair<br>Fund        | Equipment/<br>Replacement<br>Fund | Sheriff<br>Department<br>Equipment<br>Fund | Building<br>Authority<br>Fund | Justice<br>Center<br>Fund |
| \$ -                | \$ -                              | \$ -                                       | \$ -                          | \$ -                      |
| -                   | -                                 | -  | -                             | -                         |
| -                   | 63,717                            | -  | -                             | -                         |
| 792,289             | -                                 | -  | -                             | -                         |
| -                   | -                                 | -  | -                             | -                         |
| 88                  | -                                 | -  | -                             | -                         |
| 31,503              | 12,360                            | 1,167,090                                  | -                             | -                         |
| 823,880             | 76,077                            | 1,167,090                                  | -0-                           | -0-                       |
| -                   | -                                 | -  | -                             | -                         |
| -                   | -                                 | -  | -                             | -                         |
| -                   | -                                 | -  | -                             | -                         |
| -                   | -                                 | -  | -                             | -                         |
| 918,101             | -                                 | -  | -                             | -                         |
| -                   | 374,547                           | 244,186                                    | 14,825                        | -                         |
| 918,101             | 374,547                           | 244,186                                    | 14,825                        | -0-                       |
| (94,221)            | (298,470)                         | 922,904                                    | (14,825)                      | -0-                       |
| -                   | 387,700                           | -  | 14,825                        | 148,401                   |
| -                   | -                                 | (618,180)                                  | -                             | -                         |
| -0-                 | 387,700                           | (618,180)                                  | 14,825                        | 148,401                   |
| (94,221)            | 89,230                            | 304,724                                    | -0-                           | 148,401                   |
| (179,572)           | 378,488                           | 430,872                                    | -                             | 743,795                   |
| <u>\$ (273,793)</u> | <u>\$ 467,718</u>                 | <u>\$ 735,596</u>                          | <u>\$ -0-</u>                 | <u>\$ 892,196</u>         |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONCLUDED

Year Ended December 31, 2009

|   | Permanent                                   |                              |                           | Total                |
|---|---|------------------------------|---------------------------|----------------------|
|   | Department<br>on Aging<br>Endowment<br>Fund | Preston<br>Endowment<br>Fund | Cemetery<br>Trust<br>Fund |                      |
| <b>REVENUES</b>   |   |                              |                           |                      |
| Taxes   | \$ -  | \$ -                         | \$ -                      | \$ 1,082,037         |
| Licenses and permits                                    | -   | -                            | -                         | 280,961              |
| Intergovernmental                                       | -   | -                            | -                         | 7,763,456            |
| Charges for services                                    | -   | -                            | -                         | 2,509,731            |
| Fines and forfeits                                      | -   | -                            | -                         | 289,450              |
| Interest and rents                                      | -   | 195                          | -                         | 281,673              |
| Other   | 6,623                                       | -                            | -                         | 1,840,154            |
| <b>TOTAL REVENUES</b>                                   | <b>6,623</b>                                | <b>195</b>                   | <b>-0-</b>                | <b>14,047,462</b>    |
| <b>EXPENDITURES</b>                                     |   |                              |                           |                      |
| Current   |   |                              |                           |                      |
| General government                                      | 2,369                                       | 300                          | 1                         | 4,632,156            |
| Public safety   | -   | -                            | -                         | 2,339,693            |
| Health and welfare                                      | -   | -                            | -                         | 5,056,873            |
| Community and economic development                      | -   | -                            | -                         | 923,931              |
| Recreation and culture                                  | -   | -                            | -                         | 2,437,587            |
| Capital outlay  | -   | -                            | -                         | 917,416              |
| <b>TOTAL EXPENDITURES</b>                               | <b>2,369</b>                                | <b>300</b>                   | <b>1</b>                  | <b>16,307,656</b>    |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>4,254</b>                                | <b>(105)</b>                 | <b>(1)</b>                | <b>(2,260,194)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |                              |                           |                      |
| Transfers in  | -   | -                            | -                         | 6,114,497            |
| Transfers out   | -   | -                            | -                         | (5,889,277)          |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-0-</b>                                  | <b>-0-</b>                   | <b>-0-</b>                | <b>225,220</b>       |
| <b>NET CHANGE IN FUND BALANCE</b>                       | <b>4,254</b>                                | <b>(105)</b>                 | <b>(1)</b>                | <b>(2,034,974)</b>   |
| Restated fund balances (deficit),<br>beginning of year  | 59,107                                      | 114,803                      | 3,076                     | 15,286,774           |
| <b>Fund balances (deficit), end of year</b>             | <b>\$ 63,361</b>                            | <b>\$ 114,698</b>            | <b>\$ 3,075</b>           | <b>\$ 13,251,800</b> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL

Year Ended December 31, 2009

|  | Final<br>Budget   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|
| <u>Parks Commission</u>                            |                   |                   |   |
| <b>REVENUES</b>                                    |                   |                   |   |
| Charges for services                               |                   |                   |   |
| Cascades falls                                     | \$ 134,625        | \$ 134,624        | \$ (1)  |
| Parks  | 152,523           | 152,855           | 332   |
| <b>TOTAL REVENUES</b>                              | <b>287,148</b>    | <b>287,479</b>    | <b>331</b>  |
| <b>EXPENDITURES</b>                                |                   |                   |   |
| Current  |                   |                   |   |
| Recreation and culture                             |                   |                   |   |
| Administration                                     | 281,855           | 281,031           | 824   |
| Cascade Falls                                      | 99,381            | 92,876            | 6,505   |
| Parks  | 318,570           | 314,052           | 4,518   |
| Equipment and shop                                 | 154,928           | 154,715           | 213   |
| Our-County Parks                                   | 63,242            | 63,010            | 232   |
| <b>TOTAL EXPENDITURES</b>                          | <b>917,976</b>    | <b>905,684</b>    | <b>12,292</b>   |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <b>(630,828)</b>  | <b>(618,205)</b>  | <b>12,623</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                   |                   |   |
| Transfers in                                       | 674,562           | 674,562           | -0-   |
| Transfers out                                      | (42,176)          | (42,176)          | -0-   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>    | <b>632,386</b>    | <b>632,386</b>    | <b>-0-</b>  |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <b>1,558</b>      | <b>14,181</b>     | <b>12,623</b>   |
| Fund balance, beginning of year                    | 118,036           | 118,036           | -0-   |
| Fund balance, end of year                          | <u>\$ 119,594</u> | <u>\$ 132,217</u> | <u>\$ 12,623</u>  |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------|---|
| <u>Friend of the Court</u>                             |                         |                   |   |
| <b>REVENUES</b>  |                         |                   |   |
| Intergovernmental                                      |                         |                   |   |
| Federal  | \$ 2,488,593            | \$ 2,499,759      | \$ 11,166   |
| Charges for services                                   | <u>300,843</u>          | <u>282,965</u>    | <u>(17,878)</u>   |
| <b>TOTAL REVENUES</b>                                  | 2,789,436               | 2,782,724         | (6,712)   |
| <b>EXPENDITURES</b>                                    |                         |                   |   |
| Current  |                         |                   |   |
| General government                                     | 2,918,948               | 2,787,995         | 130,953   |
| Capital outlay   | <u>-</u>                | <u>40,610</u>     | <u>(40,610)</u>   |
| <b>TOTAL EXPENDITURES</b>                              | 2,918,948               | 2,828,605         | 90,343  |
| <b>EXCESS OF REVENUES<br/>    (UNDER) EXPENDITURES</b> | (129,512)               | (45,881)          | 83,631  |
| <b>OTHER FINANCING SOURCES</b>                         |                         |                   |   |
| Transfers in   | <u>129,512</u>          | <u>131,884</u>    | <u>2,372</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                      | -0-                     | 86,003            | 86,003  |
| Fund balance, beginning of year                        | <u>149,704</u>          | <u>149,704</u>    | <u>-0-</u>  |
| Fund balance, end of year                              | <u>\$ 149,704</u>       | <u>\$ 235,707</u> | <u>\$ 86,003</u>  |

Budget Stabilization Fund

|                                 |                     |                     |               |
|---------------------------------|---------------------|---------------------|---------------|
| Revenues/expenditures           | \$ -                | \$ -                | \$ -0-        |
| Fund balance, beginning of year | <u>1,447,924</u>    | <u>1,447,924</u>    | <u>-0-</u>    |
| Fund balance, end of year       | <u>\$ 1,447,924</u> | <u>\$ 1,447,924</u> | <u>\$ -0-</u> |



Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | Final<br>Budget   | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|---------------------|---|
| <u>Public Improvement and Building Fund</u>        |                   |                     |   |
| <b>REVENUES</b>                                    |                   |                     |   |
| Interest   | \$ -              | \$ 11,672           | \$ 11,672   |
| Other  | 10,000            | 18,582              | 8,582   |
| <b>TOTAL REVENUES</b>                              | <b>10,000</b>     | <b>30,254</b>       | <b>20,254</b>   |
| <b>EXPENDITURES</b>                                |                   |                     |   |
| Current  |                   |                     |   |
| General government                                 | 399,386           | 260,141             | 139,245   |
| Recreation and culture                             | 47,197            | 15,220              | 31,977  |
| Community and economic development                 | 103,000           | 87,648              | 15,352  |
| Capital outlay                                     | 282,647           | 243,248             | 39,399  |
| <b>TOTAL EXPENDITURES</b>                          | <b>832,230</b>    | <b>606,257</b>      | <b>225,973</b>  |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <b>(822,230)</b>  | <b>(576,003)</b>    | <b>246,227</b>  |
| <b>OTHER FINANCING SOURCES</b>                     |                   |                     |   |
| Transfers in                                       | 377,000           | 377,000             | -0-   |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <b>(445,230)</b>  | <b>(199,003)</b>    | <b>246,227</b>  |
| Fund balance, beginning of year                    | 1,213,935         | 1,213,935           | -0-   |
| Fund balance, end of year                          | <u>\$ 768,705</u> | <u>\$ 1,014,932</u> | <u>\$ 246,227</u>                                       |

Omnibus Forfeitures Fund

|                                   |              |               |               |
|-----------------------------------|--------------|---------------|---------------|
| <b>REVENUES</b>                   |              |               |               |
| Fines and forfeitures             | \$ 2,500     | \$ 331        | \$ (2,169)    |
| <b>EXPENDITURES</b>               |              |               |               |
| Current                           |              |               |               |
| General government                | 2,500        | -             | 2,500         |
| <b>NET CHANGE IN FUND BALANCE</b> | <b>-0-</b>   | <b>331</b>    | <b>331</b>    |
| Fund balance, beginning of year   | 83           | 83            | -0-           |
| Fund balance, end of year         | <u>\$ 83</u> | <u>\$ 414</u> | <u>\$ 331</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|   | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|---|
| <u>Prosecuting Attorney Drug Enforcement Fund</u> |                  |                  |   |
| REVENUES  |                  |                  |   |
| Fines and forfeitures                             | \$ 40,000        | \$ 38,822        | \$ (1,178)  |
| EXPENDITURES                                      |                  |                  |   |
| Current   |                  |                  |   |
| General government                                | <u>40,000</u>    | <u>24,812</u>    | <u>15,188</u>   |
| NET CHANGE IN FUND BALANCE                        | -0-              | 14,010           | 14,010  |
| Fund balance, beginning of year                   | <u>77,672</u>    | <u>77,672</u>    | <u>-0-</u>  |
| Fund balance, end of year                         | <u>\$ 77,672</u> | <u>\$ 91,682</u> | <u>\$ 14,010</u>  |

|   |                  |                  |                 |
|---|------------------|------------------|-----------------|
| <u>Drug Enforcement Fund</u>            |                  |                  |                 |
| REVENUES                                |                  |                  |                 |
| Fines and forfeitures                   | \$ 35,000        | \$ 36,751        | \$ 1,751        |
| EXPENDITURES                            |                  |                  |                 |
| Current                                 |                  |                  |                 |
| Public safety                           | <u>8,000</u>     | <u>7,161</u>     | <u>839</u>      |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | 27,000           | 29,590           | 2,590           |
| OTHER FINANCING SOURCES (USES)          |                  |                  |                 |
| Transfers out                           | <u>(30,000)</u>  | <u>(30,000)</u>  | <u>-0-</u>      |
| NET CHANGE IN FUND BALANCE              | (3,000)          | (410)            | 2,590           |
| Fund balance, beginning of year         | <u>60,987</u>    | <u>60,987</u>    | <u>-0-</u>      |
| Fund balance, end of year               | <u>\$ 57,987</u> | <u>\$ 60,577</u> | <u>\$ 2,590</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|                                 | Final<br>Budget | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|-----------------|-----------------|---|
| <u>County Law Library</u>       |                 |                 |   |
| REVENUES                        |                 |                 |   |
| Fines and forfeitures           | \$ 6,468        | \$ 6,468        | \$ -0-  |
| EXPENDITURES                    |                 |                 |   |
| Current                         |                 |                 |   |
| General government              | 6,468           | 6,558           | (90)  |
| NET CHANGE IN FUND BALANCE      | -0-             | (90)            | (90)  |
| Fund balance, beginning of year | 5,293           | 5,293           | -0-   |
| Fund balance, end of year       | <u>\$ 5,293</u> | <u>\$ 5,203</u> | <u>\$ (90)</u>  |

Michigan Justice Training Fund

|  |                  |                  |                   |
|--|------------------|------------------|-------------------|
| REVENUES                                   |                  |                  |                   |
| Intergovernmental                          |                  |                  |                   |
| State                                      | \$ 40,000        | \$ 11,166        | \$ (28,834)       |
| Other                                      | 50,000           | 57,425           | 7,425             |
| TOTAL REVENUES                             | 90,000           | 68,591           | (21,409)          |
| EXPENDITURES                               |                  |                  |                   |
| Current                                    |                  |                  |                   |
| Public safety                              | 90,000           | 74,866           | 15,134            |
| EXCESS OF REVENUES<br>(UNDER) EXPENDITURES | -0-              | (6,275)          | (6,275)           |
| OTHER FINANCING SOURCES (USES)             |                  |                  |                   |
| Transfers out                              | (8,910)          | (8,910)          | -0-               |
| NET CHANGE IN FUND BALANCE                 | (8,910)          | (15,185)         | (6,275)           |
| Fund balance, beginning of year            | 80,380           | 80,380           | -0-               |
| Fund balance, end of year                  | <u>\$ 71,470</u> | <u>\$ 65,195</u> | <u>\$ (6,275)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|   | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-------------------|---|
| <u>Social Services Fund</u>                     |                         |                   |   |
| REVENUES  |                         |                   |   |
| Intergovernmental                               |                         |                   |   |
| State   | \$ 871,000              | \$ 337,624        | \$ (533,376)  |
| EXPENDITURES                                    |                         |                   |   |
| Current   |                         |                   |   |
| Health and welfare                              | <u>900,000</u>          | <u>326,505</u>    | <u>573,495</u>  |
| EXCESS OF REVENUES (UNDER)<br>OVER EXPENDITURES | (29,000)                | 11,119            | 40,119  |
| OTHER FINANCING SOURCES                         |                         |                   |   |
| Transfers in                                    | <u>29,000</u>           | <u>29,000</u>     | <u>-0-</u>  |
| NET CHANGE IN FUND BALANCE                      | -0-                     | 40,119            | 40,119  |
| Fund balance, beginning of year                 | <u>83,908</u>           | <u>83,908</u>     | <u>-0-</u>  |
| Fund balance, end of year                       | <u>\$ 83,908</u>        | <u>\$ 124,027</u> | <u>\$ 40,119</u>  |
| <u>Veterans Trust Fund</u>                      |                         |                   |   |
| REVENUES  |                         |                   |   |
| Intergovernmental                               |                         |                   |   |
| State   | \$ 50,000               | \$ 34,759         | \$ (15,241)   |
| EXPENDITURES                                    |                         |                   |   |
| Current   |                         |                   |   |
| Health and welfare                              | <u>50,000</u>           | <u>37,223</u>     | <u>12,777</u>   |
| NET CHANGE IN FUND BALANCE                      | -0-                     | (2,464)           | (2,464)   |
| Fund balance, beginning of year                 | <u>2,671</u>            | <u>2,671</u>      | <u>-0-</u>  |
| Fund balance, end of year                       | <u>\$ 2,671</u>         | <u>\$ 207</u>     | <u>\$ (2,464)</u>                                       |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|
| <u>Airport Fund</u>                                |                  |                  |   |
| <b>REVENUES</b>                                    |                  |                  |   |
| Licenses and permits                               | \$ 13,470        | \$ 13,237        | \$ (233)  |
| Charges for services                               | 11,700           | 7,187            | (4,513)   |
| Interest and rents                                 | 265,100          | 245,636          | (19,464)  |
| Other  | 37,544           | 31,262           | (6,282)   |
| <b>TOTAL REVENUES</b>                              | <b>327,814</b>   | <b>297,322</b>   | <b>(30,492)</b>   |
| <b>EXPENDITURES</b>                                |                  |                  |   |
| Current  |                  |                  |   |
| Community and economic development                 |                  |                  |   |
| Personal services                                  | 240,170          | 241,030          | (860)   |
| Administration                                     | 2,300            | 1,814            | 486   |
| Operating  | 189,100          | 172,777          | 16,323  |
| Repairs and maintenance                            | 48,375           | 39,684           | 8,691   |
| <b>TOTAL EXPENDITURES</b>                          | <b>479,945</b>   | <b>455,305</b>   | <b>24,640</b>   |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <b>(152,131)</b> | <b>(157,983)</b> | <b>(5,852)</b>  |
| <b>OTHER FINANCING SOURCES</b>                     |                  |                  |   |
| Transfers in                                       | 180,021          | 180,021          | -0-   |
| Transfers out                                      | (27,890)         | (27,890)         | -0-   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>    | <b>152,131</b>   | <b>152,131</b>   | <b>-0-</b>  |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <b>-0-</b>       | <b>(5,852)</b>   | <b>(5,852)</b>  |
| Fund balance, beginning of year                    | 10,816           | 10,816           | -0-   |
| Fund balance, end of year                          | <u>\$ 10,816</u> | <u>\$ 4,964</u>  | <u>\$ (5,852)</u>                                       |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | Final<br>Budget   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|
| <u>Joint Narcotics Fund</u>                        |                   |                   |   |
| REVENUES   |                   |                   |   |
| Fines and forfeitures                              | \$ 265,000        | \$ 207,078        | \$ (57,922)   |
| Interest revenue                                   | 10,000            | 505               | (9,495)   |
| <b>TOTAL REVENUE</b>                               | <b>275,000</b>    | <b>207,583</b>    | <b>(67,417)</b>   |
| EXPENDITURES                                       |                   |                   |   |
| Current  |                   |                   |   |
| General government                                 | 214,845           | 112,630           | 102,215   |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <b>60,155</b>     | <b>94,953</b>     | <b>34,798</b>   |
| OTHER FINANCING (USES)                             |                   |                   |   |
| Transfers out                                      | (60,155)          | (60,155)          | -0-   |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <b>-0-</b>        | <b>34,798</b>     | <b>34,798</b>   |
| Fund balance, beginning of year                    | 248,583           | 248,583           | -0-   |
| Fund balance, end of year                          | <u>\$ 248,583</u> | <u>\$ 283,381</u> | <u>\$ 34,798</u>  |

Community Development Block Grant

|                                    |               |               |               |
|------------------------------------|---------------|---------------|---------------|
| REVENUES                           |               |               |               |
| Intergovernmental                  |               |               |               |
| Federal                            | \$ 300,000    | \$ 241,525    | \$ (58,475)   |
| EXPENDITURES                       |               |               |               |
| Current                            |               |               |               |
| Community and economic development | 300,000       | 241,525       | 58,475        |
| <b>NET CHANGE IN FUND BALANCE</b>  | <b>-0-</b>    | <b>-0-</b>    | <b>-0-</b>    |
| Fund balance, beginning of year    | -             | -             | -0-           |
| Fund balance, end of year          | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|---|
| <u>Register Of Deeds Automation Fund</u> |                         |                   |   |
| REVENUES                                 |                         |                   |   |
| Charges for services                     | \$ 125,000              | \$ 142,240        | \$ 17,240   |
| Interest                                 | -                       | 767               | 767   |
|  | <u>125,000</u>          | <u>143,007</u>    | <u>18,007</u>   |
| TOTAL REVENUE                            |                         |                   |   |
| EXPENDITURES                             |                         |                   |   |
| Current                                  |                         |                   |   |
| General government                       | <u>176,000</u>          | <u>57,870</u>     | <u>(118,130)</u>  |
| NET CHANGE IN FUND BALANCE               | (51,000)                | 85,137            | 136,137   |
| Fund balance, beginning of year          | <u>399,214</u>          | <u>399,214</u>    | <u>-0-</u>  |
| Fund balance, end of year                | <u>\$ 348,214</u>       | <u>\$ 484,351</u> | <u>\$ 136,137</u>   |

Airport Runway Project Fund

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| REVENUES                                   |                   |                   |                   |
| Intergovernmental                          |                   |                   |                   |
| State                                      | \$ 100,000        | \$ 54,870         | \$ (45,130)       |
| EXPENDITURES                               |                   |                   |                   |
| Current                                    |                   |                   |                   |
| Community and economic development         | <u>175,000</u>    | <u>139,453</u>    | <u>35,547</u>     |
| EXCESS OF REVENUES<br>(UNDER) EXPENDITURES | (75,000)          | (84,583)          | (9,583)           |
| OTHER FINANCING SOURCES                    |                   |                   |                   |
| Transfers in                               | <u>75,000</u>     | <u>75,000</u>     | <u>-0-</u>        |
| NET CHANGE IN FUND BALANCE                 | -0-               | (9,583)           | (9,583)           |
| Fund balance, beginning of year            | <u>472,012</u>    | <u>472,012</u>    | <u>-0-</u>        |
| Fund balance, end of year                  | <u>\$ 472,012</u> | <u>\$ 462,429</u> | <u>\$ (9,583)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|
| <u>Child Care Fund</u>                             |                     |                     |   |
| <b>REVENUES</b>                                    |                     |                     |   |
| Intergovernmental                                  | \$ 2,579,042        | \$ 2,234,107        | \$ (344,935)  |
| Charges for services                               | 4,000               | 1,433               | (2,567)   |
| Interest and rents                                 | 110,000             | 22,810              | (87,190)  |
| <b>TOTAL REVENUES</b>                              | <b>2,693,042</b>    | <b>2,258,350</b>    | <b>(434,692)</b>  |
| <b>EXPENDITURES</b>                                |                     |                     |   |
| Current  |                     |                     |   |
| General government                                 | 2,349,392           | 1,379,480           | 969,912   |
| Public Safety                                      | 2,291,066           | 2,257,666           | 33,400  |
| Health and welfare                                 | 1,243,762           | 878,995             | 364,767   |
| <b>TOTAL EXPENDITURES</b>                          | <b>5,884,220</b>    | <b>4,516,141</b>    | <b>1,368,079</b>  |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <b>(3,191,178)</b>  | <b>(2,257,791)</b>  | <b>933,387</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                     |                     |   |
| Transfers in                                       | 3,690,584           | 3,440,584           | (250,000)   |
| Transfers out                                      | (499,406)           | (499,406)           | -0-   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>    | <b>3,191,178</b>    | <b>2,941,178</b>    | <b>(250,000)</b>  |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <b>-0-</b>          | <b>683,387</b>      | <b>683,387</b>  |
| Fund balance, beginning of year                    | 1,423,052           | 1,423,052           | -0-   |
| Fund balance, end of year                          | <u>\$ 1,423,052</u> | <u>\$ 2,106,439</u> | <u>\$ 683,387</u>                                       |



Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|
| <u>Golf Courses</u>                                |                  |                  |   |
| <b>REVENUES</b>                                    |                  |                  |   |
| Charges for services                               |                  |                  |   |
| Cascades golf course                               | \$ 515,303       | \$ 512,491       | \$ (2,812)  |
| Cascades short course                              | 82,349           | 82,349           | -0-   |
|  | <u>597,652</u>   | <u>594,840</u>   | <u>(2,812)</u>  |
| <b>TOTAL REVENUES</b>                              |                  |                  |   |
| <b>EXPENDITURES</b>                                |                  |                  |   |
| Current  |                  |                  |   |
| Recreation and culture                             |                  |                  |   |
| Cascades golf course                               | 452,235          | 451,752          | 483   |
| Cascades short course                              | 103,873          | 102,681          | 1,192   |
|  | <u>556,108</u>   | <u>554,433</u>   | <u>1,675</u>  |
| <b>TOTAL EXPENDITURES</b>                          |                  |                  |   |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | 41,544           | 40,407           | (1,137)   |
| <b>OTHER FINANCING (USES)</b>                      |                  |                  |   |
| Transfers out                                      | (41,544)         | (41,544)         | -0-   |
| <b>NET CHANGE IN FUND BALANCE</b>                  | -0-              | (1,137)          | (1,137)   |
| Fund balance, beginning of year                    | <u>66,219</u>    | <u>66,219</u>    | <u>-0-</u>  |
| Fund balance, end of year                          | <u>\$ 66,219</u> | <u>\$ 65,082</u> | <u>\$ (1,137)</u>                                       |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|
| <u>Health Department</u>                           |                     |                     |   |
| <b>REVENUES</b>                                    |                     |                     |   |
| Intergovernmental                                  | \$ 2,227,433        | \$ 2,207,721        | \$ (19,712)   |
| Licenses and permits                               | 273,882             | 267,724             | (6,158)   |
| Charges for services                               | 420,820             | 401,298             | (19,522)  |
| Interest and rent                                  | 300                 | -                   | (300)   |
| Other  | 493,045             | 483,016             | (10,029)  |
| <b>TOTAL REVENUES</b>                              | <b>3,415,480</b>    | <b>3,359,759</b>    | <b>(55,721)</b>   |
| <b>EXPENDITURES</b>                                |                     |                     |   |
| Current  |                     |                     |   |
| Health and welfare                                 | 4,203,580           | 3,814,150           | 389,430   |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <b>(788,100)</b>    | <b>(454,391)</b>    | <b>333,709</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                     |                     |   |
| Transfers in                                       | 759,346             | 655,520             | (103,826)   |
| Transfers out                                      | -                   | (23,922)            | (23,922)  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>    | <b>759,346</b>      | <b>631,598</b>      | <b>(127,748)</b>  |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <b>(28,754)</b>     | <b>177,207</b>      | <b>205,961</b>  |
| Fund balance, beginning of year                    | 2,545,889           | 2,545,889           | -0-   |
| Fund balance, end of year                          | <u>\$ 2,517,135</u> | <u>\$ 2,723,096</u> | <u>\$ 205,961</u>                                       |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended December 31, 2009

|                                    | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------------|-------------------|---|
| <u>Department of Aging Millage</u> |                         |                   |   |
| REVENUES                           |                         |                   |   |
| Taxes                              | \$ 1,087,000            | \$ 1,082,037      | \$ (4,963)  |
| Other                              | 11,000                  | 7,625             | (3,375)   |
| TOTAL REVENUES                     | 1,098,000               | 1,089,662         | (8,338)   |
| OTHER FINANCING (USES)             |                         |                   |   |
| Transfers out                      | (1,253,200)             | (1,122,187)       | 131,013   |
| NET CHANGE IN FUND BALANCE         | (155,200)               | (32,525)          | 122,675   |
| Fund balance, beginning of year    | 393,972                 | 393,972           | -0-   |
| Fund balance, end of year          | <u>\$ 238,772</u>       | <u>\$ 361,447</u> | <u>\$ 122,675</u>                                       |

Falling Waters Trail Fund

|                                 |                   |                   |                  |
|---------------------------------|-------------------|-------------------|------------------|
| REVENUES                        |                   |                   |                  |
| Intergovernmental               |                   |                   |                  |
| State                           | \$ -              | \$ 78,208         | \$ 78,208        |
| Other                           | 137,017           | 24,668            | (112,349)        |
| TOTAL REVENUES                  | 137,017           | 102,876           | (34,141)         |
| EXPENDITURES                    |                   |                   |                  |
| Current                         |                   |                   |                  |
| Recreation and culture          | 157,017           | 44,149            | 112,868          |
| NET CHANGE IN FUND BALANCE      | (20,000)          | 58,727            | 78,727           |
| Fund balance, beginning of year | 205,156           | 205,156           | -0-              |
| Fund balance, end of year       | <u>\$ 185,156</u> | <u>\$ 263,883</u> | <u>\$ 78,727</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONCLUDED

Year Ended December 31, 2009

|  | <u>Final<br/>Budget</u> | <u>Actual</u>       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------------|---|
| <u>Revenue Sharing Reserve Fund</u>                |                         |                     |   |
| OTHER FINANCING USES                               |                         |                     |   |
| Transfers out                                      | \$ (3,317,901)          | \$ (3,414,907)      | \$ (97,006)   |
| Fund balance, beginning of year                    | <u>4,730,699</u>        | <u>4,730,699</u>    | <u>-0-</u>  |
| Fund balance, end of year                          | <u>\$ 1,412,798</u>     | <u>\$ 1,315,792</u> | <u>\$ (97,006)</u>                                      |
| <u>Fair Fund</u>                                   |                         |                     |   |
| REVENUES   |                         |                     |   |
| Charges for service                                | \$ 1,038,795            | \$ 792,289          | \$ (246,506)  |
| Interest and rents                                 | 11,300                  | 88                  | (11,212)  |
| Other  | <u>23,490</u>           | <u>31,503</u>       | <u>8,013</u>  |
| TOTAL REVENUES                                     | 1,073,585               | 823,880             | (249,705)   |
| EXPENDITURES                                       |                         |                     |   |
| Current  |                         |                     |   |
| Recreation and culture                             |                         |                     |   |
| Personnel services                                 | 318,151                 | 293,855             | 24,296  |
| Cost of services                                   | <u>635,095</u>          | <u>624,246</u>      | <u>10,849</u>   |
| TOTAL EXPENDITURES                                 | <u>953,246</u>          | <u>918,101</u>      | <u>35,145</u>   |
| NET CHANGE IN FUND BALANCE                         | 120,339                 | (94,221)            | (214,560)   |
| Restated fund balance (deficit), beginning of year | <u>(179,572)</u>        | <u>(179,572)</u>    | <u>-0-</u>  |
| Fund balance (deficit), end of year                | <u>\$ (59,233)</u>      | <u>\$ (273,793)</u> | <u>\$ (214,560)</u>                                     |

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2009

|   | Foreclosure<br>Tax<br>Administration | Personal<br>Property<br>Tax | Total             |
|---|--------------------------------------|-----------------------------|-------------------|
| <b>ASSETS</b>                           |                                      |                             |                   |
| Current assets                          |                                      |                             |                   |
| Cash and cash equivalents               | \$ 554,238                           | \$ 656                      | \$ 554,894        |
| Accounts receivable                     | 26,500                               | -                           | 26,500            |
| Due from other governmental units       | 100,000                              | -                           | 100,000           |
|   | <hr/>                                | <hr/>                       | <hr/>             |
| Total current assets                    | 680,738                              | 656                         | 681,394           |
| Noncurrent assets                       |                                      |                             |                   |
| Capital assets being depreciated, net   | -                                    | 615                         | 615               |
|   | <hr/>                                | <hr/>                       | <hr/>             |
| TOTAL ASSETS                            | 680,738                              | 1,271                       | 682,009           |
| <b>LIABILITIES</b>                      |                                      |                             |                   |
| Current liabilities                     |                                      |                             |                   |
| Accounts payable                        | -                                    | 212                         | 212               |
| Accrued liabilities                     | -                                    | 1,470                       | 1,470             |
| Due to other governmental units         | -                                    | 5,575                       | 5,575             |
| Due to other funds                      | 426,211                              | -                           | 426,211           |
| Current portion of compensated absences | -                                    | 4,916                       | 4,916             |
|   | <hr/>                                | <hr/>                       | <hr/>             |
| TOTAL LIABILITIES                       | 426,211                              | 12,173                      | 438,384           |
| <b>NET ASSETS</b>                       |                                      |                             |                   |
| Invested in capital assets              | -                                    | 615                         | 615               |
| Unrestricted                            | 254,527                              | (11,517)                    | 243,010           |
|   | <hr/>                                | <hr/>                       | <hr/>             |
| TOTAL NET ASSETS (DEFICIT)              | <u>\$ 254,527</u>                    | <u>\$ (10,902)</u>          | <u>\$ 243,625</u> |

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2009

|  | Foreclosure<br>Tax<br>Administration | Personal<br>Property<br>Tax | Total             |
|--|--------------------------------------|-----------------------------|-------------------|
| OPERATING REVENUES                               |                                      |                             |                   |
| Charges for services                             | \$ 580,854                           | \$ 52,915                   | \$ 633,769        |
| OPERATING EXPENSES                               |                                      |                             |                   |
| Personal services                                | -                                    | 64,153                      | 64,153            |
| Other services and charges                       | 426,210                              | 2,231                       | 428,441           |
| Depreciation                                     | -                                    | 614                         | 614               |
| TOTAL OPERATING EXPENSES                         | <u>426,210</u>                       | <u>66,998</u>               | <u>493,208</u>    |
| OPERATING INCOME (LOSS)/<br>CHANGE IN NET ASSETS | 154,644                              | (14,083)                    | 140,561           |
| Net assets, beginning of year                    | <u>99,883</u>                        | <u>3,181</u>                | <u>103,064</u>    |
| Net assets (deficit), end of year                | <u>\$ 254,527</u>                    | <u>\$ (10,902)</u>          | <u>\$ 243,625</u> |

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

|  | Foreclosure<br>Tax<br>Administration | Personal<br>Property<br>Tax | Total             |
|--|--------------------------------------|-----------------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                      |                             |                   |
| Cash receipts from customers   | \$ 742,680                           | \$ 37,380                   | \$ 780,060        |
| Cash paid to suppliers   | (303,893)                            | (2,019)                     | (305,912)         |
| Cash paid for employee services and benefits   | -                                    | (64,532)                    | (64,532)          |
| <b>NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b>  | <b>438,787</b>                       | <b>(29,171)</b>             | <b>409,616</b>    |
| Cash and cash equivalents, beginning of year   | 115,451                              | 29,827                      | 145,278           |
| Cash and cash equivalents, end of year   | <u>\$ 554,238</u>                    | <u>\$ 656</u>               | <u>\$ 554,894</u> |
| <b>Reconciliation of operating income (loss) to net<br/>cash provided (used) by operating activities</b>   |                                      |                             |                   |
| Operating income (loss)  | \$ 154,644                           | \$ (14,083)                 | \$ 140,561        |
| Adjustments to reconcile operating income<br>(loss) to net cash provided (used) by<br>operating activities |                                      |                             |                   |
| Depreciation   | -                                    | 614                         | 614               |
| (Increase) in receivables  | (26,500)                             | -                           | (26,500)          |
| Decrease (increase) in due from other<br>governmental units  | 188,326                              | (15,535)                    | 172,791           |
| (Decrease) increase in accounts payable  | (1,905)                              | 212                         | (1,693)           |
| (Decrease) in accrued liabilities  | -                                    | (379)                       | (379)             |
| Increase in due to other funds   | 124,222                              | -                           | 124,222           |
| <b>NET CASH PROVIDED (USED)<br/>BY OPERATING ACTIVITIES</b>  | <b>\$ 438,787</b>                    | <b>\$ (29,171)</b>          | <b>\$ 409,616</b> |

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2009

|                           | Self - Insured<br>Workers<br>Compensation | Self - Funded<br>Managed Care<br>Insurance | Land Use<br>Planning | Community<br>Planning | Total               |
|---------------------------|---|--|----------------------|-----------------------|---------------------|
| <b>ASSETS</b>             |   |  |                      |                       |                     |
| Current assets            |   |  |                      |                       |                     |
| Cash and cash equivalents | \$ 110,821                                | \$ 1,219,734                               | \$ 23,661            | \$ 3,771              | \$ 1,357,987        |
| Accounts receivable       | -   | 464,836                                    | -                    | -                     | 464,836             |
| Prepays                   | 2,500                                     | 1,108,935                                  | -                    | -                     | 1,111,435           |
| <b>TOTAL ASSETS</b>       | <b>113,321</b>                            | <b>2,793,505</b>                           | <b>23,661</b>        | <b>3,771</b>          | <b>2,934,258</b>    |
| <b>LIABILITIES</b>        |   |  |                      |                       |                     |
| Current liabilities       |   |  |                      |                       |                     |
| Accounts payable          | 42,712                                    | 839,701                                    | -                    | -                     | 882,413             |
| <b>NET ASSETS</b>         |   |  |                      |                       |                     |
| Unrestricted              | <u>\$ 70,609</u>                          | <u>\$ 1,953,804</u>                        | <u>\$ 23,661</u>     | <u>\$ 3,771</u>       | <u>\$ 2,051,845</u> |



Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2009

|   | Self - Insured<br>Workers<br>Compensation | Self - Funded<br>Managed Care<br>Insurance | Land Use<br>Planning | Community<br>Planning | Total        |
|---|---|--|----------------------|-----------------------|--------------|
| OPERATING REVENUES                      |   |  |                      |                       |              |
| Charges for services                    | \$ 128,063                                | \$ 11,560,948                              | \$ -                 | \$ -                  | \$11,689,011 |
| OPERATING EXPENSES                      |   |  |                      |                       |              |
| Contractual services                    | 19,357                                    | 10,681,830                                 | -                    | -                     | 10,701,187   |
| Other services and charges              | 41,155                                    | 96,097                                     | -                    | -                     | 137,252      |
| TOTAL OPERATING EXPENSES                | 60,512                                    | 10,777,927                                 | -0-                  | -0-                   | 10,838,439   |
| OPERATING INCOME                        | 67,551                                    | 783,021                                    | -0-                  | -0-                   | 850,572      |
| NONOPERATING REVENUES                   |   |  |                      |                       |              |
| Interest earned                         | 974                                       | 16,972                                     | -0-                  | -0-                   | 17,946       |
| INCOME BEFORE TRANSFERS                 | 68,525                                    | 799,993                                    | -0-                  | -0-                   | 868,518      |
| TRANSFERS                               |   |  |                      |                       |              |
| Transfers in                            | 290,000                                   | -  | -                    | -                     | 290,000      |
| Transfers out                           | -   | (105,688)                                  | -                    | -                     | (105,688)    |
| TOTAL TRANSFERS                         | 290,000                                   | (105,688)                                  | -0-                  | -0-                   | 184,312      |
| CHANGE IN NET ASSETS                    | 358,525                                   | 694,305                                    | -0-                  | -0-                   | 1,052,830    |
| Net assets (deficit), beginning of year | (287,916)                                 | 1,259,499                                  | 23,661               | 3,771                 | 999,015      |
| Net assets, end of year                 | \$ 70,609                                 | \$ 1,953,804                               | \$ 23,661            | \$ 3,771              | \$ 2,051,845 |

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

|  | Self - Insured<br>Workers<br>Compensation | Self - Funded<br>Managed Care<br>Insurance | Land Use<br>Planning | Community<br>Planning | Total               |
|--|---|--|----------------------|-----------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |  |                      |                       |                     |
| Cash receipts from customers   | \$ 128,063                                | \$ 11,096,112                              | \$ -                 | \$ -                  | \$ 11,224,175       |
| Cash paid to suppliers   | (308,216)                                 | (11,170,787)                               | -                    | -                     | (11,479,003)        |
| <b>NET CASH (USED) BY<br/>OPERATING ACTIVITIES</b>   | <b>(180,153)</b>                          | <b>(74,675)</b>                            | <b>-0-</b>           | <b>-0-</b>            | <b>(254,828)</b>    |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>                                 |   |  |                      |                       |                     |
| Transfers in   | 290,000                                   | -  | -                    | -                     | 290,000             |
| Transfers out  | -   | (105,688)                                  | -                    | -                     | (105,688)           |
| <b>NET CASH PROVIDED (USED) BY<br/>NONCAPITAL FINANCING ACTIVITIES</b>                     | <b>290,000</b>                            | <b>(105,688)</b>                           | <b>-0-</b>           | <b>-0-</b>            | <b>184,312</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |  |                      |                       |                     |
| Interest revenue   | 974                                       | 16,972                                     | -                    | -                     | 17,946              |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>                            | <b>110,821</b>                            | <b>(163,391)</b>                           | <b>-0-</b>           | <b>-0-</b>            | <b>(52,570)</b>     |
| Cash and cash equivalents, beginning of year   | -   | 1,383,125                                  | 23,661               | 3,771                 | 1,410,557           |
| Cash and cash equivalents, end of year   | \$ 110,821                                | \$ 1,219,734                               | \$ 23,661            | \$ 3,771              | \$ 1,357,987        |
| <b>Reconciliation of operating income to net<br/>cash (used) by operating activities</b>   |   |  |                      |                       |                     |
| Operating income   | \$ 67,551                                 | \$ 783,021                                 | \$ -                 | \$ -                  | \$ 850,572          |
| Adjustments to reconcile operating income<br>to net cash (used) by<br>operating activities |   |  |                      |                       |                     |
| (Increase) in receivables  | -   | (464,836)                                  | -                    | -                     | (464,836)           |
| Decrease (increase) in prepaids  | 30,000                                    | (327,995)                                  | -                    | -                     | (297,995)           |
| Increase (decrease) in accounts payable  | (277,704)                                 | (64,865)                                   | -                    | -                     | (342,569)           |
| <b>NET CASH (USED)<br/>BY OPERATING ACTIVITIES</b>   | <b>\$ (180,153)</b>                       | <b>\$ (74,675)</b>                         | <b>\$ -0-</b>        | <b>\$ -0-</b>         | <b>\$ (254,828)</b> |

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2009

|                                 | Agency              |                  |                                 |
|---------------------------------|---------------------|------------------|---------------------------------|
|                                 | Trust and Agency    | Library Fund     | District Court Escrow and Bonds |
| <b>ASSETS</b>                   |                     |                  |                                 |
| Cash and cash equivalents       | \$ 2,126,854        | \$ 18,861        | \$ 107,287                      |
| Accounts receivable             | 16,097              | -                | -                               |
| <b>TOTAL ASSETS</b>             | <b>\$ 2,142,951</b> | <b>\$ 18,861</b> | <b>\$ 107,287</b>               |
| <b>LIABILITIES</b>              |                     |                  |                                 |
| Due to other governmental units | \$ 480,560          | \$ -             | \$ -                            |
| Bonds payable                   | 93,250              | -                | -                               |
| Escrow payable                  | -                   | -                | -                               |
| Due to individuals and agencies | 1,569,141           | 18,861           | 107,287                         |
| <b>TOTAL LIABILITIES</b>        | <b>\$ 2,142,951</b> | <b>\$ 18,861</b> | <b>\$ 107,287</b>               |

| Funds                     |                     |                     |
|---------------------------|---------------------|---------------------|
| Circuit<br>Court<br>Trust | Lifeways            | Total               |
| \$ 297,431                | \$ 2,951,208        | \$ 5,501,641        |
| -                         | -                   | 16,097              |
| <u>\$ 297,431</u>         | <u>\$ 2,951,208</u> | <u>\$ 5,517,738</u> |
| \$ -                      | \$ 2,951,208        | \$ 3,431,768        |
| -                         | -                   | 93,250              |
| 162,664                   | -                   | 162,664             |
| 134,767                   | -                   | 1,830,056           |
| <u>\$ 297,431</u>         | <u>\$ 2,951,208</u> | <u>\$ 5,517,738</u> |

Jackson County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended December 31, 2009

|  | Balance<br>January 1, 2009 | Additions            | Deductions           | Balance<br>December 31,<br>2009 |
|--|----------------------------|----------------------|----------------------|---------------------------------|
| <u>Trust and Agency</u>                |                            |                      |                      |                                 |
| <b>ASSETS</b>                          |                            |                      |                      |                                 |
| Cash and cash equivalents              | \$ 1,886,351               | \$ 64,909,785        | \$ 64,669,282        | \$ 2,126,854                    |
| Accounts receivable                    | 56,983                     | 656,183              | 697,069              | 16,097                          |
| <b>TOTAL ASSETS</b>                    | <b>\$ 1,943,334</b>        | <b>\$ 65,565,968</b> | <b>\$ 65,366,351</b> | <b>\$ 2,142,951</b>             |
| <b>LIABILITIES</b>                     |                            |                      |                      |                                 |
| Due to individuals and agencies        | \$ 1,424,587               | \$ 20,969,121        | \$ 20,824,567        | \$ 1,569,141                    |
| Due to other governmental units        | 480,497                    | 44,541,847           | 44,541,784           | 480,560                         |
| Bonds payable                          | 38,250                     | 55,000               | -                    | 93,250                          |
| <b>TOTAL LIABILITIES</b>               | <b>\$ 1,943,334</b>        | <b>\$ 65,565,968</b> | <b>\$ 65,366,351</b> | <b>\$ 2,142,951</b>             |
| <u>Library Fund</u>                    |                            |                      |                      |                                 |
| <b>ASSETS</b>                          |                            |                      |                      |                                 |
| Cash and cash equivalents              | \$ 15,215                  | \$ 274,501           | \$ 270,855           | \$ 18,861                       |
| <b>LIABILITIES</b>                     |                            |                      |                      |                                 |
| Due to individuals and agencies        | \$ 15,215                  | \$ 274,501           | \$ 270,855           | \$ 18,861                       |
| <u>District Court Escrow and Bonds</u> |                            |                      |                      |                                 |
| <b>ASSETS</b>                          |                            |                      |                      |                                 |
| Cash and cash equivalents              | \$ 113,229                 | \$ 631,768           | \$ 637,710           | \$ 107,287                      |
| <b>LIABILITIES</b>                     |                            |                      |                      |                                 |
| Due to individuals and agencies        | \$ 113,229                 | \$ 631,768           | \$ 637,710           | \$ 107,287                      |
| <u>Circuit Court Trust</u>             |                            |                      |                      |                                 |
| <b>ASSETS</b>                          |                            |                      |                      |                                 |
| Cash and cash equivalents              | \$ 297,640                 | \$ 626,125           | \$ 626,334           | \$ 297,431                      |
| <b>LIABILITIES</b>                     |                            |                      |                      |                                 |
| Escrow payable                         | \$ 195,192                 | \$ -                 | \$ 32,528            | \$ 162,664                      |
| Due to individuals and agencies        | 102,448                    | 626,125              | 593,806              | 134,767                         |
|  | <b>\$ 297,640</b>          | <b>\$ 626,125</b>    | <b>\$ 626,334</b>    | <b>\$ 297,431</b>               |

Jackson County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended December 31, 2009

|                                 | Balance<br>January 1, 2009 | Additions             | Deductions            | Balance<br>December 31,<br>2009 |
|---------------------------------|----------------------------|-----------------------|-----------------------|---------------------------------|
| <u>Lifeways</u>                 |                            |                       |                       |                                 |
| <b>ASSETS</b>                   |                            |                       |                       |                                 |
| Cash and cash equivalents       | \$ 788,270                 | \$ 50,113,793         | \$ 47,950,855         | \$ 2,951,208                    |
| <b>LIABILITIES</b>              |                            |                       |                       |                                 |
| Due to other governmental units | \$ 788,270                 | \$ 50,113,793         | \$ 47,950,855         | \$ 2,951,208                    |
| <u>Total</u>                    |                            |                       |                       |                                 |
| <b>ASSETS</b>                   |                            |                       |                       |                                 |
| Cash and cash equivalents       | \$ 3,100,705               | \$ 116,555,972        | \$ 114,155,036        | \$ 5,501,641                    |
| Accounts receivable             | 56,983                     | 656,183               | 697,069               | 16,097                          |
| <b>TOTAL ASSETS</b>             | <b>\$ 3,157,688</b>        | <b>\$ 117,212,155</b> | <b>\$ 114,852,105</b> | <b>\$ 5,517,738</b>             |
| <b>LIABILITIES</b>              |                            |                       |                       |                                 |
| Due to other governmental units | \$ 1,268,767               | \$ 94,655,640         | \$ 92,492,639         | \$ 3,431,768                    |
| Bonds payable                   | 38,250                     | 55,000                | -                     | 93,250                          |
| Escrow payable                  | 195,192                    | -                     | 32,528                | 162,664                         |
| Due to individuals and agencies | 1,655,479                  | 22,501,515            | 22,326,938            | 1,830,056                       |
| <b>TOTAL LIABILITIES</b>        | <b>\$ 3,157,688</b>        | <b>\$ 117,212,155</b> | <b>\$ 114,852,105</b> | <b>\$ 5,517,738</b>             |

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2009

|   | <u>Pension</u>        | <u>Retiree Health</u> | <u>Total</u>          |
|---|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                   |                       |                       |                       |
| Pooled cash and cash equivalents                | \$ 91,889             | \$ -                  | \$ 91,889             |
| Cash and cash equivalents                       | 33,160                | -                     | 33,160                |
| Investments, at fair value                      |                       |                       |                       |
| Money market funds                              | 2,716,069             | 171,502               | 2,887,571             |
| U.S. Government Obligations                     | 8,123,523             | 216,344               | 8,339,867             |
| Domestic corporate bonds                        | 22,500,712            | 1,057,279             | 23,557,991            |
| Corporate mortgage obligations                  | 709,854               | -                     | 709,854               |
| Domestic stocks                                 | 34,182,579            | 1,947,305             | 36,129,884            |
| Index stock fund                                | 22,995,629            | -                     | 22,995,629            |
| International bonds                             | 1,623,579             | 31,010                | 1,654,589             |
| International stocks & ADR's                    | 25,503,687            | 563,610               | 26,067,297            |
| Accounts receivable                             | 532,253               | -                     | 532,253               |
| Prepays   | 672,949               | -                     | 672,949               |
| Accrued interest receivable                     | 243,649               | 8,499                 | 252,148               |
|   | <u>119,929,532</u>    | <u>3,995,549</u>      | <u>123,925,081</u>    |
| <b>TOTAL ASSETS</b>                             |                       |                       |                       |
| <b>LIABILITIES</b>                              |                       |                       |                       |
| Accounts payable                                | 89,166                | -                     | 89,166                |
| Accrued wages                                   | 2,719                 | -                     | 2,719                 |
| Compensated absences                            | 8,908                 | -                     | 8,908                 |
| Due to other funds                              | -                     | 53,217                | 53,217                |
|   | <u>100,793</u>        | <u>53,217</u>         | <u>154,010</u>        |
| <b>TOTAL LIABILITIES</b>                        |                       |                       |                       |
| <b>NET ASSETS</b>                               |                       |                       |                       |
| Held in trust for pension and employee benefits | <u>\$ 119,828,739</u> | <u>\$ 3,942,332</u>   | <u>\$ 123,771,071</u> |

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2009

ADDITIONS

|   | <u>Pension</u>   | <u>Retiree Health</u> | <u>Total</u>     |
|---|------------------|-----------------------|------------------|
| Investment income                             |                  |                       |                  |
| Net appreciation in fair value of investments | \$ 24,500,698    | \$ 605,159            | \$ 25,105,857    |
| Interest and dividends                        | 2,250,335        | 158,758               | 2,409,093        |
| Less investment expense                       | <u>(591,426)</u> | <u>(22,579)</u>       | <u>(614,005)</u> |
| Net investment income                         | 26,159,607       | 741,338               | 26,900,945       |
| Contributions                                 |                  |                       |                  |
| Employee                                      | 1,851,811        | -                     | 1,851,811        |
| Employer                                      | 1,964,353        | -                     | 1,964,353        |
| Other   | -                | 1,005,711             | 1,005,711        |
| Total contributions                           | <u>3,816,164</u> | <u>1,005,711</u>      | <u>4,821,875</u> |
| TOTAL ADDITIONS                               | 29,975,771       | 1,747,049             | 31,722,820       |

DEDUCTIONS

|                               |                       |                     |                       |
|-------------------------------|-----------------------|---------------------|-----------------------|
| Benefit payments              | 9,257,206             | 1,776,960           | 11,034,166            |
| Refund of contributions       | 413,096               | -                   | 413,096               |
| Administrative expenses       | <u>235,601</u>        | <u>-</u>            | <u>235,601</u>        |
| TOTAL DEDUCTIONS              | <u>9,905,903</u>      | <u>1,776,960</u>    | <u>11,682,863</u>     |
| CHANGE IN NET ASSETS          | 20,069,868            | (29,911)            | 20,039,957            |
| Net assets, beginning of year | <u>99,758,871</u>     | <u>3,972,243</u>    | <u>103,731,114</u>    |
| Net assets, end of year       | <u>\$ 119,828,739</u> | <u>\$ 3,942,332</u> | <u>\$ 123,771,071</u> |



Jackson County, Michigan

Component Unit Fund

STATEMENT OF NET ASSETS - LAND BANK AUTHORITY

September 30, 2009

ASSETS

Current assets

Cash and cash equivalents

\$ 122,032

Inventories

133,298

TOTAL ASSETS

255,330

LIABILITIES

Due to other governmental units

100,000

NET ASSETS

Unrestricted

\$ 155,330

Jackson County, Michigan

Component Unit Fund

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - LAND BANK AUTHORITY

Year Ended September 30, 2009

|                                       |                          |
|---------------------------------------|--------------------------|
| OPERATING REVENUES                    |                          |
| Charges for services                  | \$ 140,973               |
| OPERATING EXPENSES                    |                          |
| Other                                 | <u>71,100</u>            |
| OPERATING INCOME/CHANGE IN NET ASSETS | 69,873                   |
| Net assets, beginning of year         | <u>85,457</u>            |
| Net assets, end of year               | <u><u>\$ 155,330</u></u> |

Jackson County, Michigan

Component Unit Funds

STATEMENT OF CASH FLOWS - LAND BANK AUTHORITY

Year Ended September 30, 2009

|   |                            |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                            |
| Purchase of property  | \$ (191,212)               |
| Sales of property   | 140,973                    |
| Cash paid to suppliers  | <u>(71,100)</u>            |
| NET CASH (USED) BY OPERATING ACTIVITIES   | (121,339)                  |
| Cash and cash equivalents, beginning of year  | <u>243,371</u>             |
| Cash and cash equivalents, end of year  | <u><u>\$ 122,032</u></u>   |
| CASH FLOWS FROM OPERATING ACTIVITIES  |                            |
| Operating income  | \$ 69,873                  |
| Adjustments to reconcile operating income<br>to net cash (used) by operating activities |                            |
| (Increase) in inventories   | (2,886)                    |
| (Decrease) in advances due to/from other governmental units                             | <u>(188,326)</u>           |
| NET CASH (USED) BY OPERATING ACTIVITIES   | <u><u>\$ (121,339)</u></u> |

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT  
OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2009

|   | Debt                        |                          |                                  |                        |
|---|-----------------------------|--------------------------|----------------------------------|------------------------|
|   | Village<br>of Grass<br>Lake | Village of<br>Springport | Spring Arbor<br>Water<br>Project | Village of<br>Brooklyn |
| <b>ASSETS</b>                                   |                             |                          |                                  |                        |
| Cash and cash equivalents                       | \$ -                        | \$ 306                   | \$ 6                             | \$ 20                  |
| Due from other governmental units               | -                           | -                        | -                                | -                      |
| Due from other funds                            | -                           | -                        | -                                | -                      |
| Special assessments receivable                  | -                           | -                        | -                                | -                      |
| Capital assets being depreciated, net           | -                           | -                        | -                                | -                      |
| <b>TOTAL ASSETS</b>                             | <b>\$ -0-</b>               | <b>\$ 306</b>            | <b>\$ 6</b>                      | <b>\$ 20</b>           |
| <b>LIABILITIES AND FUND BALANCES</b>            |                             |                          |                                  |                        |
| <b>LIABILITIES</b>                              |                             |                          |                                  |                        |
| Accounts payable                                | \$ -                        | \$ -                     | \$ -                             | \$ -                   |
| Deferred revenue                                | -                           | -                        | -                                | -                      |
| Due to other funds                              | -                           | -                        | -                                | -                      |
| Due to other governmental units                 | -                           | -                        | -                                | -                      |
| Long-term liabilities                           | -                           | -                        | -                                | -                      |
| <b>TOTAL LIABILITIES</b>                        | <b>-0-</b>                  | <b>-0-</b>               | <b>-0-</b>                       | <b>-0-</b>             |
| <b>FUND BALANCES</b>                            |                             |                          |                                  |                        |
| Reserved for debt service                       | -                           | 306                      | 6                                | 20                     |
| Reserved for capital projects                   | -                           | -                        | -                                | -                      |
| <b>TOTAL FUND BALANCES</b>                      | <b>-0-</b>                  | <b>306</b>               | <b>6</b>                         | <b>20</b>              |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b>  | <b>\$ -0-</b>               | <b>\$ 306</b>            | <b>\$ 6</b>                      | <b>\$ 20</b>           |
| <b>NET ASSETS</b>                               |                             |                          |                                  |                        |
| Invested in capital assets, net of related debt |                             |                          |                                  |                        |
| Restricted for construction                     |                             |                          |                                  |                        |
| <b>TOTAL NET ASSETS</b>                         |                             |                          |                                  |                        |

| Service          |                   |                          |                       | Capital Projects           |                     |                       |
|------------------|-------------------|--------------------------|-----------------------|----------------------------|---------------------|-----------------------|
| Clark Lake Drain | Wolf Lake Section | Napoleon Village Section | Lake Columbia Section | Spring Arbor Water Project | Village of Brooklyn | Lake Columbia Section |
| \$ 70            | \$ 275            | \$ 511                   | \$ 113                | \$ 3,308                   | \$ -                | \$ 97,841             |
| -                | -                 | -                        | -                     | -                          | -                   | -                     |
| -                | -                 | -                        | -                     | -                          | -                   | -                     |
| -                | -                 | -                        | -                     | -                          | -                   | -                     |
| <u>\$ 70</u>     | <u>\$ 275</u>     | <u>\$ 511</u>            | <u>\$ 113</u>         | <u>\$ 3,308</u>            | <u>\$ -0-</u>       | <u>\$ 97,841</u>      |
| \$ -             | \$ -              | \$ 138                   | \$ -                  | \$ -                       | \$ -                | \$ -                  |
| -                | -                 | -                        | -                     | -                          | -                   | -                     |
| -                | -                 | -                        | -                     | -                          | -                   | -                     |
| -                | -                 | -                        | -                     | -                          | -                   | -                     |
| -0-              | -0-               | 138                      | -0-                   | -0-                        | -0-                 | -0-                   |
| 70               | 275               | 373                      | 113                   | 3,308                      | -                   | -                     |
| -                | -                 | -                        | -                     | -                          | -                   | 97,841                |
| <u>70</u>        | <u>275</u>        | <u>373</u>               | <u>113</u>            | <u>3,308</u>               | <u>-0-</u>          | <u>97,841</u>         |
| <u>\$ 70</u>     | <u>\$ 275</u>     | <u>\$ 511</u>            | <u>\$ 113</u>         | <u>\$ 3,308</u>            | <u>\$ -0-</u>       | <u>\$ 97,841</u>      |

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT  
OF NET ASSETS - DRAINAGE DISTRICTS - CONCLUDED

December 31, 2009

|   | Capital Projects    |                    |                         |                         |
|---|---------------------|--------------------|-------------------------|-------------------------|
|   | Drain<br>Fund       | Drain<br>Revolving | Lake Level<br>Districts | Lake Level<br>Revolving |
| <b>ASSETS</b>                                   |                     |                    |                         |                         |
| Cash and cash equivalents                       | \$ 1,101,013        | \$ 68,321          | \$ 71,068               | \$ 8,865                |
| Due from other governmental units               | -                   | -                  | -                       | -                       |
| Due from other funds                            | -                   | 132,589            | -                       | 1,135                   |
| Special assessments receivable                  | 52,989              | -                  | -                       | -                       |
| Capital assets being depreciated, net           | -                   | -                  | -                       | -                       |
| <b>TOTAL ASSETS</b>                             | <b>\$ 1,154,002</b> | <b>\$ 200,910</b>  | <b>\$ 71,068</b>        | <b>\$ 10,000</b>        |
| <b>LIABILITIES AND FUND BALANCES</b>            |                     |                    |                         |                         |
| <b>LIABILITIES</b>                              |                     |                    |                         |                         |
| Accounts payable                                | \$ 103              | \$ 910             | \$ 645                  | \$ -                    |
| Deferred revenue                                | 52,989              | -                  | -                       | -                       |
| Due to other funds                              | 132,986             | -                  | 738                     | -                       |
| Due to other governmental units                 | -                   | 200,000            | -                       | 10,000                  |
| Long-term liabilities                           | -                   | -                  | -                       | -                       |
| <b>TOTAL LIABILITIES</b>                        | <b>186,078</b>      | <b>200,910</b>     | <b>1,383</b>            | <b>10,000</b>           |
| <b>FUND BALANCES</b>                            |                     |                    |                         |                         |
| Reserved for debt service                       | -                   | -                  | -                       | -                       |
| Reserved for capital projects                   | 967,924             | -                  | 69,685                  | -                       |
| <b>TOTAL FUND BALANCES</b>                      | <b>967,924</b>      | <b>-0-</b>         | <b>69,685</b>           | <b>-0-</b>              |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b>  | <b>\$ 1,154,002</b> | <b>\$ 200,910</b>  | <b>\$ 71,068</b>        | <b>\$ 10,000</b>        |
| <b>NET ASSETS</b>                               |                     |                    |                         |                         |
| Invested in capital assets, net of related debt |                     |                    |                         |                         |
| Restricted for construction                     |                     |                    |                         |                         |
| <b>TOTAL NET ASSETS</b>                         |                     |                    |                         |                         |

| <u>Total</u>        | <u>Adjustments</u>   | <u>Statement of<br/>Net Assets</u> |
|---------------------|----------------------|------------------------------------|
| \$ 1,351,717        | \$ -                 | \$ 1,351,717                       |
| -0-                 | 16,021,594           | 16,021,594                         |
| 133,724             | (133,724)            | -0-                                |
| 52,989              | -                    | 52,989                             |
| <u>-0-</u>          | <u>4,130,617</u>     | <u>4,130,617</u>                   |
| <u>\$ 1,538,430</u> | <u>\$ 20,018,487</u> | 21,556,917                         |
| <br>                |                      |                                    |
| \$ 1,796            | \$ -                 | 1,796                              |
| 52,989              | (52,989)             | -0-                                |
| 133,724             | (133,724)            | -0-                                |
| 210,000             | -                    | 210,000                            |
| <u>-0-</u>          | <u>16,026,065</u>    | <u>16,026,065</u>                  |
| 398,509             | 15,839,352           | 16,237,861                         |
| <br>                |                      |                                    |
| 4,471               | (4,471)              | -0-                                |
| <u>1,135,450</u>    | <u>(1,135,450)</u>   | <u>-0-</u>                         |
| <br>                |                      |                                    |
| <u>1,139,921</u>    | <u>(1,139,921)</u>   | <u>-0-</u>                         |
| <br>                |                      |                                    |
| <u>\$ 1,538,430</u> | <u>\$ 14,699,431</u> |                                    |
|                     | \$ 4,130,617         | 4,130,617                          |
|                     | <u>1,188,439</u>     | <u>1,188,439</u>                   |
|                     | <u>\$ 5,319,056</u>  | <u>\$ 5,319,056</u>                |

Jackson County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2009

**Total fund balances - component unit funds** \$ 1,139,921

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

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

|                               |                    |           |
|-------------------------------|--------------------|-----------|
| The cost of capital assets is | \$ 12,242,656      |           |
| Accumulated depreciation is   | <u>(8,112,039)</u> |           |
| Capital assets, net           |                    | 4,130,617 |

Deferred revenue is not a current financial resource and therefore is not reported as revenue in the governmental funds

|                  |  |        |
|------------------|--|--------|
| Deferred revenue |  | 52,989 |
|------------------|--|--------|

Certain receivables are not susceptible to accrual in the governmental funds due to not having met the criteria to be considered available to finance current operations.

|  |  |            |
|--|--|------------|
|  |  | 16,021,594 |
|--|--|------------|

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

|                          |                |                     |
|--------------------------|----------------|---------------------|
| Bonds and notes payable  | 15,861,000     |                     |
| Accrued interest payable | <u>165,065</u> |                     |
|                          |                | <u>(16,026,065)</u> |

**Net assets of component unit activities** \$ 5,319,056



Jackson County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
AND STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2009

|   | Debt                        |                          |                                  |                        |
|---|-----------------------------|--------------------------|----------------------------------|------------------------|
|   | Village<br>of Grass<br>Lake | Village of<br>Springport | Spring Arbor<br>Water<br>Project | Village of<br>Brooklyn |
| REVENUES                                    |                             |                          |                                  |                        |
| Intergovernmental                           | \$ 163,400                  | \$ 25,894                | \$ 42,669                        | \$ 147,925             |
| Interest                                    | -                           | 1                        | 6                                | 20                     |
| TOTAL REVENUES                              | 163,400                     | 25,895                   | 42,675                           | 147,945                |
| EXPENDITURES/EXPENSES                       |                             |                          |                                  |                        |
| Current                                     |                             |                          |                                  |                        |
| Public works                                | -                           | -                        | -                                | -                      |
| Debt service                                |                             |                          |                                  |                        |
| Principal                                   | 145,000                     | 25,000                   | 25,000                           | 100,000                |
| Interest and fiscal charges                 | 18,400                      | 894                      | 17,669                           | 47,925                 |
| TOTAL EXPENDITURES/EXPENSES                 | 163,400                     | 25,894                   | 42,669                           | 147,925                |
| NET CHANGE IN FUND BALANCES/<br>NET ASSETS  | -0-                         | 1                        | 6                                | 20                     |
| Fund balances/net assets, beginning of year | -                           | 305                      | -                                | -                      |
| Fund balances/net assets, end of year       | \$ -0-                      | \$ 306                   | \$ 6                             | \$ 20                  |

| Service             |                      |                                |                             | Capital Projects                 |                        |                             |
|---------------------|----------------------|--------------------------------|-----------------------------|----------------------------------|------------------------|-----------------------------|
| Clark Lake<br>Drain | Wolf Lake<br>Section | Napoleon<br>Village<br>Section | Lake<br>Columbia<br>Section | Spring Arbor<br>Water<br>Project | Village of<br>Brooklyn | Lake<br>Columbia<br>Section |
| \$ 554,385          | \$ 368,175           | \$ 88,763                      | \$ 888,688                  | \$ -                             | \$ -                   | \$ -                        |
| 71                  | 49                   | 11                             | 112                         | 5                                | -                      | 166                         |
| 554,456             | 368,224              | 88,774                         | 888,800                     | 5                                | -0-                    | 166                         |
| 800                 | -                    | -                              | -                           | -                                | 381                    | 606                         |
| 495,000             | 250,000              | 50,000                         | 500,000                     | -                                | -                      | -                           |
| 61,338              | 118,100              | 38,725                         | 388,688                     | -                                | -                      | -                           |
| 557,138             | 368,100              | 88,725                         | 888,688                     | -0-                              | 381                    | 606                         |
| (2,682)             | 124                  | 49                             | 112                         | 5                                | (381)                  | (440)                       |
| 2,752               | 151                  | 324                            | 1                           | 3,303                            | 381                    | 98,281                      |
| \$ 70               | \$ 275               | \$ 373                         | \$ 113                      | \$ 3,308                         | \$ -0-                 | \$ 97,841                   |

Jackson County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
AND STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS - CONCLUDED

Year Ended December 31, 2009

|  | Capital Projects  |                    |                         |                         |
|--|-------------------|--------------------|-------------------------|-------------------------|
|  | Drain<br>Fund     | Drain<br>Revolving | Lake Level<br>Districts | Lake Level<br>Revolving |
| REVENUES   |                   |                    |                         |                         |
| Intergovernmental                                  | \$ 297,569        | \$ -               | \$ -                    | \$ -                    |
| Interest   | 2,092             | -                  | 138                     | -                       |
| <b>TOTAL REVENUES</b>                              | <b>299,661</b>    | <b>-0-</b>         | <b>138</b>              | <b>-0-</b>              |
| EXPENDITURES/EXPENSES                              |                   |                    |                         |                         |
| Current  |                   |                    |                         |                         |
| Public works                                       | 278,740           | -                  | 2,902                   | -                       |
| Debt service                                       |                   |                    |                         |                         |
| Principal  | 48,000            | -                  | -                       | -                       |
| Interest and fiscal charges                        | -                 | -                  | -                       | -                       |
| <b>TOTAL EXPENDITURES/EXPENSES</b>                 | <b>326,740</b>    | <b>-0-</b>         | <b>2,902</b>            | <b>-0-</b>              |
| <b>NET CHANGE IN FUND BALANCES/<br/>NET ASSETS</b> | <b>(27,079)</b>   | <b>-0-</b>         | <b>(2,764)</b>          | <b>-0-</b>              |
| Fund balances/net assets, beginning of year        | 995,003           | -                  | 72,449                  | -                       |
| Fund balances/net assets, end of year              | <u>\$ 967,924</u> | <u>\$ -0-</u>      | <u>\$ 69,685</u>        | <u>\$ -0-</u>           |

| <u>Total</u>        | <u>Adjustments</u>  | <u>Statement<br/>of Activities</u> |
|---------------------|---------------------|------------------------------------|
| \$ 2,577,468        | \$ (1,501,550)      | \$ 1,075,918                       |
| <u>2,671</u>        | <u>-</u>            | <u>2,671</u>                       |
| 2,580,139           | (1,501,550)         | 1,078,589                          |
| 283,429             | 176,125             | 459,554                            |
| 1,638,000           | (1,638,000)         | -                                  |
| <u>691,739</u>      | <u>165,065</u>      | <u>856,804</u>                     |
| <u>2,613,168</u>    | <u>(1,296,810)</u>  | <u>1,316,358</u>                   |
| (33,029)            | (204,740)           | (237,769)                          |
| <u>1,172,950</u>    | <u>4,383,875</u>    | <u>5,556,825</u>                   |
| <u>\$ 1,139,921</u> | <u>\$ 4,179,135</u> | <u>\$ 5,319,056</u>                |

Jackson County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2009

**Net change in fund balances - total component unit funds** \$ (33,029)

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (27,677)

In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (176,125)

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not: (1,473,873)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Debt principal retirement 1,638,000

Some items 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. These activities consist of:

(Increase) in accrued interest payable (165,065)

**Change in net assets of component unit activities** \$ (237,769)

Jackson County, Michigan

Component Unit Fund

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2009

|  | Governmental<br>Fund | Adjustments       | Statement of<br>Net Assets |
|--|----------------------|-------------------|----------------------------|
| <b>ASSETS</b>                                  |                      |                   |                            |
| Current assets                                 |                      |                   |                            |
| Cash and cash equivalents                      | \$ 68,060            | \$ -              | \$ 68,060                  |
| Accounts receivable                            | 11,320               | -                 | 11,320                     |
| <b>TOTAL CURRENT ASSETS</b>                    | <b>79,380</b>        | <b>-0-</b>        | <b>79,380</b>              |
| Noncurrent assets                              |                      |                   |                            |
| Note receivable - long term                    | 710,734              | -                 | 710,734                    |
| <b>TOTAL ASSETS</b>                            | <b>\$ 790,114</b>    | <b>\$ -0-</b>     | <b>790,114</b>             |
| <b>LIABILITIES AND FUND BALANCE</b>            |                      |                   |                            |
| <b>LIABILITIES</b>                             |                      |                   |                            |
| Accounts payable                               | \$ 11,320            | \$ -              | 11,320                     |
| Due to other governmental units                | 117,500              | -                 | 117,500                    |
| Deferred revenue                               | 710,734              | (710,734)         | -0-                        |
| <b>TOTAL LIABILITIES</b>                       | <b>839,554</b>       | <b>(710,734)</b>  | <b>128,820</b>             |
| <b>FUND BALANCE (DEFICIT)</b>                  |                      |                   |                            |
| Unreserved - undesignated                      | (49,440)             | 49,440            | -0-                        |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 790,114</b>    | <b>\$ 661,294</b> |                            |
| <b>NET ASSETS</b>                              |                      |                   |                            |
| Unrestricted                                   |                      |                   | <b>\$ 661,294</b>          |

Jackson County, Michigan

Component Unit Fund

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2009

**Fund balance (deficit) - component unit fund** \$ (49,440)

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

Deferred revenue is not a current financial resource and therefore is not reported as revenue in the governmental funds.

710,734

**Net assets of component unit activities**

\$ 661,294

Jackson County, Michigan

Component Unit Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES AND STATEMENT OF ACTIVITIES

BROWNFIELD REDEVELOPMENT AUTHORITY

Year Ended December 31, 2009

|   | Brownfield<br>Redevelopment<br>Authority | Adjustment        | Statement of<br>Activities |
|---|--|-------------------|----------------------------|
| REVENUES  |  |                   |                            |
| Intergovernmental                                     | \$ 80,630                                | \$ -              | \$ 80,630                  |
| Interest  | <u>2</u>                                 | <u>-</u>          | <u>2</u>                   |
| TOTAL REVENUES  | 80,632                                   | -0-               | 80,632                     |
| EXPENDITURES/EXPENSES                                 |  |                   |                            |
| Community and economic development                    | <u>81,930</u>                            | <u>-</u>          | <u>81,930</u>              |
| NET CHANGE IN FUND BALANCES/<br>NET ASSETS            | (1,298)                                  | -0-               | (1,298)                    |
| Restated fund (deficit)/net assets, beginning of year | <u>(48,142)</u>                          | <u>710,734</u>    | <u>662,592</u>             |
| Fund (deficit)/net assets, end of year                | <u>\$ (49,440)</u>                       | <u>\$ 710,734</u> | <u>\$ 661,294</u>          |

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities is not required as the net change in fund balance was equal to the change in net assets for the year ended December 31, 2009.



Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET ASSETS

BOARD OF PUBLIC WORKS

December 31, 2009

|  | Debt                  |                            |                       |                      |
|--|-----------------------|----------------------------|-----------------------|----------------------|
|  | Village of Springport | Village of Parma Revolving | Village of Parma LDFA | Grass Lake Revolving |
| <b>ASSETS</b>                              |                       |                            |                       |                      |
| Cash and cash equivalents                  | \$ 71                 | \$ -                       | \$ 18                 | \$ -                 |
| Due from other governmental units          | -                     | -                          | -                     | -                    |
| <b>TOTAL ASSETS</b>                        | <b>\$ 71</b>          | <b>\$ -0-</b>              | <b>\$ 18</b>          | <b>\$ -0-</b>        |
| <b>LIABILITIES AND FUND BALANCES</b>       |                       |                            |                       |                      |
| <b>LIABILITIES</b>                         |                       |                            |                       |                      |
| Bonds payable                              | \$ -                  | \$ -                       | \$ -                  | \$ -                 |
| Accrued interest payable                   | -                     | -                          | -                     | -                    |
| <b>TOTAL LIABILITIES</b>                   | <b>-0-</b>            | <b>-0-</b>                 | <b>-0-</b>            | <b>-0-</b>           |
| <b>FUND BALANCES</b>                       |                       |                            |                       |                      |
| Reserved for debt service                  | 71                    | -                          | 18                    | -                    |
| Reserved for capital projects              | -                     | -                          | -                     | -                    |
| <b>TOTAL FUND BALANCES</b>                 | <b>71</b>             | <b>-0-</b>                 | <b>18</b>             | <b>-0-</b>           |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 71</b>          | <b>\$ -0-</b>              | <b>\$ 18</b>          | <b>\$ -0-</b>        |
| <b>NET ASSETS</b>                          |                       |                            |                       |                      |
| Restricted for construction                |                       |                            |                       |                      |

Service

| Grass<br>Lake<br>SER 2002B | Vineyard<br>Lake Area<br>Section | Round /<br>Farewell<br>Lake Section | Southern<br>Regional<br>Interceptor | Rives<br>Sanitary<br>Sewer | Village of<br>Parma<br>Waste Water |
|----------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------|------------------------------------|
| \$ 3,226                   | \$ 63                            | \$ 8,822                            | \$ 11,101                           | \$ 8                       | \$ 5,959                           |
| -                          | -                                | -                                   | -                                   | -                          | -                                  |
| <u>\$ 3,226</u>            | <u>\$ 63</u>                     | <u>\$ 8,822</u>                     | <u>\$ 11,101</u>                    | <u>\$ 8</u>                | <u>\$ 5,959</u>                    |
| -                          | -                                | -                                   | -                                   | -                          | -                                  |
| -                          | -                                | -                                   | -                                   | -                          | -                                  |
| -0-                        | -0-                              | -0-                                 | -0-                                 | -0-                        | -0-                                |
| 3,226                      | 63                               | 8,822                               | 11,101                              | 8                          | 5,959                              |
| -                          | -                                | -                                   | -                                   | -                          | -                                  |
| <u>3,226</u>               | <u>63</u>                        | <u>8,822</u>                        | <u>11,101</u>                       | <u>8</u>                   | <u>5,959</u>                       |
| <u>\$ 3,226</u>            | <u>\$ 63</u>                     | <u>\$ 8,822</u>                     | <u>\$ 11,101</u>                    | <u>\$ 8</u>                | <u>\$ 5,959</u>                    |

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET ASSETS

BOARD OF PUBLIC WORKS - CONCLUDED

December 31, 2009

|  | Debt Service                     |                                    |                                     | Capital                    |
|--|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
|  | Vineyard<br>Lake Area<br>Section | Round/<br>Farewell<br>Lake Section | Southern<br>Regional<br>Interceptor | Rives<br>Sanitary<br>Sewer |
| <b>ASSETS</b>                                  |                                  |                                    |                                     |                            |
| Cash and cash equivalents                      | \$ 83,260                        | \$ 134                             | \$ 9,404                            | \$ 120                     |
| Due from other governmental units              | -                                | -                                  | -                                   | -                          |
| <b>TOTAL ASSETS</b>                            | <b>\$ 83,260</b>                 | <b>\$ 134</b>                      | <b>\$ 9,404</b>                     | <b>\$ 120</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>           |                                  |                                    |                                     |                            |
| <b>LIABILITIES</b>                             |                                  |                                    |                                     |                            |
| Bonds payable                                  | \$ -                             | \$ -                               | \$ -                                | \$ -                       |
| Accrued interest payable                       | -                                | -                                  | -                                   | -                          |
| <b>TOTAL LIABILITIES</b>                       | <b>-0-</b>                       | <b>-0-</b>                         | <b>-0-</b>                          | <b>-0-</b>                 |
| <b>FUND BALANCES</b>                           |                                  |                                    |                                     |                            |
| Reserved for debt service                      | 83,260                           | 134                                | 9,404                               | -                          |
| Reserved for capital projects                  | -                                | -                                  | -                                   | 120                        |
| <b>TOTAL FUND BALANCES</b>                     | <b>83,260</b>                    | <b>134</b>                         | <b>9,404</b>                        | <b>120</b>                 |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 83,260</b>                 | <b>\$ 134</b>                      | <b>\$ 9,404</b>                     | <b>\$ 120</b>              |
| <b>NET ASSETS</b>                              |                                  |                                    |                                     |                            |
| Restricted for construction                    |                                  |                                    |                                     |                            |

| Projects            |                                |                   |                      |                            |               |
|---------------------|--------------------------------|-------------------|----------------------|----------------------------|---------------|
| US 127<br>Extension | Parma<br>Village<br>Wastewater | Total             | Adjustments          | Statement of<br>Net Assets |               |
| \$ 1                | \$ 37                          | \$ 122,224        | \$ -                 | \$ 122,224                 |               |
| -                   | -                              | -0-               | 20,181,922           | 20,181,922                 |               |
| <u>\$ 1</u>         | <u>\$ 37</u>                   | <u>\$ 122,224</u> | <u>\$ 20,181,922</u> |                            | 20,304,146    |
| \$ -                | \$ -                           | \$ -0-            | \$ 20,170,689        | 20,170,689                 |               |
| -                   | -                              | -0-               | 133,299              | 133,299                    |               |
| -0-                 | -0-                            | -0-               | 20,303,988           | 20,303,988                 |               |
| 1                   | -                              | 122,066           | (122,066)            | -0-                        |               |
| 1                   | 37                             | 158               | (158)                | -0-                        |               |
| 1                   | 37                             | 122,224           | (122,224)            | -0-                        |               |
| <u>\$ 1</u>         | <u>\$ 37</u>                   | <u>\$ 122,224</u> | <u>\$ 20,048,465</u> |                            |               |
|                     |                                |                   |                      |                            | <u>\$ 158</u> |

Jackson County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - BOARD OF PUBLIC WORKS

December 31, 2009

**Fund balances - total component unit funds** \$ 122,224

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

Certain receivables are not susceptible to accrual in the governmental funds  
due to not having met the criteria to be considered available to finance current operations. 20,181,922

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

|                          |                  |                     |
|--------------------------|------------------|---------------------|
| Bonds payable            | \$ (20,170,689)  |                     |
| Accrued interest payable | <u>(133,299)</u> |                     |
|                          |                  | <u>(20,303,988)</u> |

**Net assets of component unit activities** \$ 158

Jackson County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES -  
BOARD OF PUBLIC WORKS

Year Ended December 31, 2009

|   | Debt                     |                                  |                             |                            |
|---|--------------------------|----------------------------------|-----------------------------|----------------------------|
|   | Village of<br>Springport | Village of<br>Parma<br>Revolving | Village of<br>Parma<br>LDFA | Grass<br>Lake<br>Revolving |
| REVENUES  |                          |                                  |                             |                            |
| Intergovernmental - local                               | \$ -                     | \$ 70,125                        | \$ 134,763                  | \$ 143,500                 |
| Interest  | -                        | -                                | 18                          | -                          |
| <b>TOTAL REVENUES</b>                                   | <b>-0-</b>               | <b>70,125</b>                    | <b>134,781</b>              | <b>143,500</b>             |
| EXPENDITURES  |                          |                                  |                             |                            |
| Current   |                          |                                  |                             |                            |
| Public works  | -                        | -                                | -                           | -                          |
| Debt service  |                          |                                  |                             |                            |
| Principal   | -                        | 50,000                           | 75,000                      | 100,000                    |
| Interest and fiscal charges                             | -                        | 20,125                           | 59,763                      | 43,500                     |
| <b>TOTAL EXPENDITURES</b>                               | <b>-0-</b>               | <b>70,125</b>                    | <b>134,763</b>              | <b>143,500</b>             |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>-0-</b>               | <b>-0-</b>                       | <b>18</b>                   | <b>-0-</b>                 |
| OTHER FINANCING SOURCES (USES)                          |                          |                                  |                             |                            |
| Bond and note proceeds                                  | -                        | -                                | -                           | -                          |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>-0-</b>               | <b>-0-</b>                       | <b>18</b>                   | <b>-0-</b>                 |
| Fund balances, beginning of year                        | 71                       | -                                | -                           | -                          |
| Fund balances, end of year                              | <u>\$ 71</u>             | <u>\$ -0-</u>                    | <u>\$ 18</u>                | <u>\$ -0-</u>              |

|                            |                                  | Service                             |                                     |                            |                                    |  |
|----------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------|------------------------------------|--|
| Grass<br>Lake<br>SER 2002B | Vineyard<br>Lake Area<br>Section | Round /<br>Farewell<br>Lake Section | Southern<br>Regional<br>Interceptor | Rives<br>Sanitary<br>Sewer | Village of<br>Parma<br>Waste Water |  |
| \$ 44,736<br>11            | \$ 498,366<br>60                 | \$ 337,163<br>57                    | \$ 321,456<br>31                    | \$ 58,598<br>7             | \$ 34,750<br>-                     |  |
| 44,747                     | 498,426                          | 337,220                             | 321,487                             | 58,605                     | 34,750                             |  |
| -                          | -                                | -                                   | -                                   | -                          | -                                  |  |
| 25,000<br>19,736           | 300,000<br>198,363               | 225,000<br>112,163                  | 125,000<br>196,456                  | 15,000<br>43,597           | -<br>28,791                        |  |
| 44,736                     | 498,363                          | 337,163                             | 321,456                             | 58,597                     | 28,791                             |  |
| 11                         | 63                               | 57                                  | 31                                  | 8                          | 5,959                              |  |
| -                          | -                                | -                                   | -                                   | -                          | -                                  |  |
| 11                         | 63                               | 57                                  | 31                                  | 8                          | 5,959                              |  |
| 3,215                      | -                                | 8,765                               | 11,070                              | -                          | -                                  |  |
| <u>\$ 3,226</u>            | <u>\$ 63</u>                     | <u>\$ 8,822</u>                     | <u>\$ 11,101</u>                    | <u>\$ 8</u>                | <u>\$ 5,959</u>                    |  |

Jackson County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES -  
BOARD OF PUBLIC WORKS - CONCLUDED

Year Ended December 31, 2009

|   | Debt Service                     |                                    |                                     | Capital                    |
|---|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
|   | Vineyard<br>Lake Area<br>Section | Round/<br>Farewell<br>Lake Section | Southern<br>Regional<br>Interceptor | Rives<br>Sanitary<br>Sewer |
| <b>REVENUES</b>   |                                  |                                    |                                     |                            |
| Intergovernmental - local                               | \$ -                             | \$ -                               | \$ -                                | \$ 503,536                 |
| Interest  | 149                              | -                                  | 16                                  | 35                         |
| <b>TOTAL REVENUES</b>                                   | <b>149</b>                       | <b>-0-</b>                         | <b>16</b>                           | <b>503,571</b>             |
| <b>EXPENDITURES</b>                                     |                                  |                                    |                                     |                            |
| Current   |                                  |                                    |                                     |                            |
| Public works  | 10,191                           | -                                  | -                                   | 503,567                    |
| Debt service  |                                  |                                    |                                     |                            |
| Principal   | -                                | -                                  | -                                   | -                          |
| Interest and fiscal charges                             | -                                | -                                  | -                                   | -                          |
| <b>TOTAL EXPENDITURES</b>                               | <b>10,191</b>                    | <b>-0-</b>                         | <b>-0-</b>                          | <b>503,567</b>             |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(10,042)</b>                  | <b>-0-</b>                         | <b>16</b>                           | <b>4</b>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                  |                                    |                                     |                            |
| Bond and note proceeds                                  | -                                | -                                  | -                                   | -                          |
| <b>NET CHANGE IN FUND BALANCES/<br/>NET ASSETS</b>      | <b>(10,042)</b>                  | <b>-0-</b>                         | <b>16</b>                           | <b>4</b>                   |
| Fund balances/Net assets, beginning of year             | 93,302                           | 134                                | 9,388                               | 116                        |
| Fund balances/Net assets, end of year                   | <u>\$ 83,260</u>                 | <u>\$ 134</u>                      | <u>\$ 9,404</u>                     | <u>\$ 120</u>              |



| Projects            |                                |                     |                   |                            |
|---------------------|--------------------------------|---------------------|-------------------|----------------------------|
| US 127<br>Extension | Parma<br>Village<br>Wastewater | Total               | Adjustments       | Statement<br>of Activities |
| \$ -<br>11          | \$ -<br>34                     | \$ 2,146,993<br>429 | \$ 1,292,911<br>- | \$ 3,439,904<br>429        |
| 11                  | 34                             | 2,147,422           | 1,292,911         | 3,440,333                  |
| 12,086              | 2,173,557                      | 2,699,401           | -                 | 2,699,401                  |
| -                   | -                              | 915,000             | (915,000)         | -0-                        |
| -                   | -                              | 722,494             | 133,299           | 855,793                    |
| 12,086              | 2,173,557                      | 4,336,895           | (781,701)         | 3,555,194                  |
| (12,075)            | (2,173,523)                    | (2,189,473)         | 2,074,612         | (114,861)                  |
| -                   | 2,173,557                      | 2,173,557           | (2,173,557)       | -0-                        |
| (12,075)            | 34                             | (15,916)            | (98,945)          | (114,861)                  |
| 12,076              | 3                              | 138,140             | (23,121)          | 115,019                    |
| \$ 1                | \$ 37                          | \$ 122,224          | \$ (122,066)      | \$ 158                     |

Jackson County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2009

**Net change in fund balances - total component unit funds** \$ (15,916)

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

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not. 1,292,911

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

|                           |                    |             |
|---------------------------|--------------------|-------------|
| Debt principal retirement | \$ 915,000         |             |
| Bond proceeds             | <u>(2,173,557)</u> |             |
|                           |                    | (1,258,557) |

Some items 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. These activities consist of:

|  |                  |
|--|------------------|
| (Increase) in accrued interest payable | <u>(133,299)</u> |
|--|------------------|

**Change in net assets of component unit activities** \$ (114,861)

**STATISTICAL SECTION (UNAUDITED)**

**JACKSON COUNTY**  
**Net Assets by Component**  
**Last Seven Years (A)**  
*(accrual basis of accounting)*

|  | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>                     |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net<br>of related debt | \$ 15,599,655        | \$ 16,852,113        | \$ 15,904,438        | \$ 16,131,214        | \$ 16,662,254        | \$ 16,820,741        | \$ 16,533,573        |
| Restricted   | 2,447,451            | 2,072,383            | 1,598,012            | 2,248,154            | 1,999,818            | 1,851,694            | 2,398,320            |
| Unrestricted                                       | 17,092,802           | 20,951,919           | 26,634,239           | 30,618,527           | 29,152,734           | 28,243,259           | 27,949,778           |
| Total governmental activities net assets           | <u>\$ 35,139,908</u> | <u>\$ 39,876,415</u> | <u>\$ 44,136,689</u> | <u>\$ 48,997,895</u> | <u>\$ 47,814,806</u> | <u>\$ 46,915,694</u> | <u>\$ 46,881,671</u> |
| <b>Business-type activities</b>                    |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net<br>of related debt | \$ 6,418,081         | \$ 7,577,629         | \$ 8,331,629         | \$ 8,256,892         | \$ 9,254,305         | \$ 11,920,478        | \$ 12,124,522        |
| Restricted   | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unrestricted                                       | 17,758,169           | 16,012,507           | 16,105,046           | 19,923,786           | 22,051,366           | 21,158,429           | 23,646,148           |
| Total business-type activities net assets          | <u>\$ 24,176,250</u> | <u>\$ 23,590,136</u> | <u>\$ 24,436,675</u> | <u>\$ 28,180,678</u> | <u>\$ 31,305,671</u> | <u>\$ 33,078,907</u> | <u>\$ 35,770,670</u> |
| <b>Primary government</b>                          |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net<br>of related debt | \$ 22,017,736        | \$ 24,429,742        | \$ 24,236,067        | \$ 24,388,106        | \$ 25,916,559        | \$ 28,741,219        | \$ 28,658,095        |
| Restricted   | 2,447,451            | 2,072,383            | 1,598,012            | 2,248,154            | 1,999,818            | 1,851,694            | 2,398,320            |
| Unrestricted                                       | 34,850,971           | 36,964,426           | 42,739,285           | 50,542,313           | 51,204,100           | 49,401,688           | 51,595,926           |
| Total primary government net assets                | <u>\$ 59,316,158</u> | <u>\$ 63,466,551</u> | <u>\$ 68,573,364</u> | <u>\$ 77,178,573</u> | <u>\$ 79,120,477</u> | <u>\$ 79,994,601</u> | <u>\$ 82,652,341</u> |

(A) - Jackson County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Jackson County Administrative Services Department

**JACKSON COUNTY**  
**Changes in Net Assets**  
**Last Seven Years (A)**  
*(accrual basis of accounting)*

|  | 2003              | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses</b>  |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental activities:</b>                        |                   |                   |                   |                   |                   |                   |                   |
| General government                                     | \$ 20,524,277     | \$ 21,196,404     | \$ 21,992,799     | \$ 21,501,134     | \$ 23,777,304     | \$ 22,601,423     | \$ 23,650,817     |
| Public safety  | 14,784,198        | 14,785,492        | 15,373,560        | 16,090,197        | 16,944,208        | 18,171,168        | 18,196,223        |
| Health   | 9,060,387         | 5,723,355         | 9,640,700         | 9,687,103         | 9,878,983         | 9,254,566         | 9,521,311         |
| Culture and recreation                                 | 1,536,627         | 1,607,037         | 1,691,953         | 1,666,183         | 1,732,731         | 1,766,639         | 3,188,894         |
| Community development                                  | 7,370,705         | 11,226,594        | 8,798,015         | 8,225,733         | 8,253,892         | 7,494,081         | 1,463,740         |
| Interest on long-term debt                             | 528,227           | 544,615           | 536,869           | 570,535           | 856,277           | 831,753           | 803,914           |
| <b>Total governmental activities expenses</b>          | <b>53,804,421</b> | <b>55,083,497</b> | <b>58,033,896</b> | <b>57,740,885</b> | <b>61,443,395</b> | <b>60,119,630</b> | <b>56,824,899</b> |
| <b>Business-type activities:</b>                       |                   |                   |                   |                   |                   |                   |                   |
| Delinquent tax collection/forfeitures                  | 219,945           | 584,691           | 465,438           | 582,566           | 543,975           | 523,433           | 560,542           |
| Foreclosure tax  | 192,716           | 80,434            | 107,519           | 382,099           | 233,853           | 301,988           | 426,210           |
| Medical care facility                                  | 12,481,811        | 12,478,688        | 12,982,116        | 14,950,198        | 15,375,425        | 15,758,850        | 16,060,347        |
| Fair   | 1,434,475         | 1,582,177         | 1,374,525         | 1,175,428         | 1,127,027         | 1,168,697         | -                 |
| Resource recovery                                      | 7,516,817         | 7,422,625         | 8,094,120         | 7,682,790         | 8,602,557         | 8,640,601         | 8,991,113         |
| Personal Property Tax                                  | 13,873            | 98,706            | 394,249           | 59,534            | 70,351            | 66,944            | 66,998            |
| Soil erosion   | -                 | 35,528            | 83,665            | 108,442           | 98,247            | 65,186            | -                 |
| <b>Total business-type activities expenses</b>         | <b>21,859,637</b> | <b>22,282,849</b> | <b>23,501,632</b> | <b>24,941,057</b> | <b>26,051,435</b> | <b>26,525,699</b> | <b>26,105,210</b> |
| <b>Total primary government expenses</b>               | <b>75,664,058</b> | <b>77,366,346</b> | <b>81,535,528</b> | <b>82,681,942</b> | <b>87,494,830</b> | <b>86,645,329</b> | <b>82,930,109</b> |
| <b>Program revenues</b>                                |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental activities:</b>                        |                   |                   |                   |                   |                   |                   |                   |
| <b>Charges for services:</b>                           |                   |                   |                   |                   |                   |                   |                   |
| General government                                     | 6,554,975         | 5,908,588         | 6,042,546         | 5,721,451         | 5,919,618         | 4,990,931         | 6,745,421         |
| Public safety  | 1,060,630         | 1,172,088         | 1,226,579         | 1,203,630         | 1,225,488         | 1,139,985         | 1,148,390         |
| Health   | 1,075,893         | 1,074,443         | 1,014,150         | 899,984           | 803,243           | 852,737           | 799,753           |
| Culture and recreation                                 | 901,627           | 927,955           | 912,318           | 875,804           | 870,466           | 881,788           | 882,320           |
| Community development                                  | -                 | -                 | -                 | 310,630           | 337,918           | 273,898           | 279,240           |
| Other activities                                       | 311,457           | 303,256           | 529,892           | 196,834           | -                 | -                 | -                 |
| Operating grants and contributions                     | 17,929,004        | 17,821,584        | 19,999,106        | 19,605,978        | 20,002,956        | 19,534,191        | 16,131,328        |
| Capital grants and contributions                       | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total governmental activities program revenues</b>  | <b>27,833,586</b> | <b>27,207,914</b> | <b>29,724,591</b> | <b>28,814,311</b> | <b>29,159,689</b> | <b>27,673,530</b> | <b>25,986,452</b> |
| <b>Business-type activities:</b>                       |                   |                   |                   |                   |                   |                   |                   |
| <b>Charges for services:</b>                           |                   |                   |                   |                   |                   |                   |                   |
| Delinquent tax collection/forfeitures                  | 1,514,001         | 1,411,667         | 1,629,077         | 1,838,706         | 2,115,532         | 2,283,553         | 2,497,605         |
| Foreclosure tax  | 361,807           | 75,248            | 201,356           | 160,311           | 229,487           | 65,979            | 580,854           |
| Medical care facility                                  | 11,746,818        | 12,630,867        | 12,474,369        | 15,402,690        | 15,754,525        | 15,523,903        | 15,992,786        |
| Fair   | 1,267,161         | 1,231,734         | 1,174,506         | 1,093,342         | 905,402           | 967,391           | -                 |
| Resource recovery                                      | 9,135,568         | 8,668,358         | 9,065,673         | 10,416,508        | 10,825,070        | 11,662,945        | 11,445,736        |
| Personal Property Tax                                  | 46,942            | 103,333           | 194,748           | 250,052           | 154,886           | 47,285            | 52,915            |
| Soil erosion   | -                 | 50,148            | 70,004            | 70,861            | 78,915            | 35,070            | -                 |
| Operating grants and contributions                     | 334,299           | 449,893           | 1,132,540         | 945,108           | 427,996           | 338,959           | -                 |
| Capital grants and contributions                       | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total business-type activities program revenues</b> | <b>24,406,596</b> | <b>24,621,248</b> | <b>25,942,273</b> | <b>30,177,578</b> | <b>30,491,813</b> | <b>30,925,085</b> | <b>30,569,896</b> |
| <b>Total primary government program revenues</b>       | <b>52,240,182</b> | <b>51,829,162</b> | <b>55,666,864</b> | <b>58,991,889</b> | <b>59,651,502</b> | <b>58,598,615</b> | <b>56,556,348</b> |

**JACKSON COUNTY**  
**Changes in Net Assets (Concluded)**  
**Last Seven Years (A)**  
*(accrual basis of accounting)*

|                                       | 2003            | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net (Expense)/Revenue</b>          |                 |                 |                 |                 |                 |                 |                 |
| Government activities                 | \$ (25,970,835) | \$ (27,875,583) | \$ (28,309,305) | \$ (28,926,574) | \$ (32,283,706) | \$ (32,446,100) | \$ (30,838,447) |
| Business-type activities              | 2,546,959       | 2,338,399       | 2,440,641       | 5,236,521       | 4,440,378       | 4,399,386       | 4,464,686       |
| Total primary government net expense  | (23,423,876)    | (25,537,184)    | (25,868,664)    | (23,690,053)    | (27,843,328)    | (28,046,714)    | (26,373,761)    |
| <b>General Revenues</b>               |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:              |                 |                 |                 |                 |                 |                 |                 |
| Property taxes                        | 19,645,354      | 26,781,837      | 28,674,384      | 30,548,572      | 26,632,998      | 26,301,985      | 26,383,232      |
| State shared revenue                  | 3,598,156       | 2,232,993       | 612,647         | 656,012         | 686,772         | 736,391         | 1,236,701       |
| Unrestricted grants and contributions | -               | -               | -               | -               | -               | -               | -               |
| Investment earnings                   | 1,137,795       | 1,519,268       | 1,668,218       | 1,990,206       | 2,206,053       | 1,829,418       | 1,114,709       |
| Transfers                             | 2,833,792       | 2,873,036       | 1,614,331       | 592,990         | 1,574,795       | 2,679,194       | 1,122,574       |
| Other                                 | -               | -               | -               | -               | -               | -               | 63,107          |
| Total governmental activities         | 27,215,097      | 33,407,134      | 32,569,580      | 33,787,780      | 31,100,618      | 31,546,988      | 29,920,323      |
| Business-type activities:             |                 |                 |                 |                 |                 |                 |                 |
| Investment earnings                   | -               | -               | -               | -               | -               | -               | 93,033          |
| Transfers                             | (2,833,792)     | (2,924,513)     | (1,594,101)     | (663,226)       | (1,565,385)     | (2,626,150)     | (1,123,027)     |
| Other                                 | -               | -               | -               | -               | -               | -               | 141,172         |
| Total business-type activities        | (2,833,792)     | (2,924,513)     | (1,594,101)     | (663,226)       | (1,565,385)     | (2,626,150)     | (888,822)       |
| Total primary government              | 24,381,305      | 30,482,621      | 30,975,479      | 33,124,554      | 29,535,233      | 28,920,838      | 29,031,501      |
| <b>Change in Net Assets</b>           |                 |                 |                 |                 |                 |                 |                 |
| Government activities                 | 1,244,262       | 5,531,551       | 4,260,275       | 4,861,206       | (1,183,088)     | (899,112)       | (918,124)       |
| Business-type activities              | (286,833)       | (586,114)       | 846,540         | 4,573,295       | 2,874,993       | 1,773,236       | 3,575,864       |
| Total primary government              | \$ 957,429      | \$ 4,945,437    | \$ 5,106,815    | \$ 9,434,501    | \$ 1,691,905    | \$ 874,124      | \$ 2,657,740    |

(A) - Jackson County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Jackson County Administrative Services Department

**JACKSON COUNTY**  
**Fund Balances - Governmental Funds**  
**Last Seven Years (A)**  
*(modified accrual basis of accounting)*

|  | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund</b>  |                      |                      |                      |                      |                      |                      |                      |
| Reserved   | \$ 856,227           | \$ 823,857           | \$ 887,987           | \$ 881,264           | \$ 881,943           | \$ 878,826           | \$ 879,589           |
| Unreserved   | <u>5,901,904</u>     | <u>4,745,938</u>     | <u>5,470,437</u>     | <u>6,105,169</u>     | <u>8,333,984</u>     | <u>10,211,100</u>    | <u>12,834,704</u>    |
| Total general fund   | <u>\$ 6,758,131</u>  | <u>\$ 5,569,795</u>  | <u>\$ 6,358,424</u>  | <u>\$ 6,986,433</u>  | <u>\$ 9,215,927</u>  | <u>\$ 11,089,926</u> | <u>\$ 13,714,293</u> |
| <b>All Other Governmental Funds</b>  |                      |                      |                      |                      |                      |                      |                      |
| Reserved   | \$ 5,587,515         | \$ 2,260,783         | \$ 1,577,476         | \$ 2,227,860         | \$ 1,988,260         | \$ 1,815,135         | \$ 1,886,987         |
| Unreserved, reported in:   |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds  | 9,898,431            | 14,994,195           | 19,221,587           | 23,544,783           | 20,596,873           | 19,461,048           | 17,334,858           |
| Permanent funds  | <u>139,295</u>       | <u>128,790</u>       | <u>128,548</u>       | <u>136,555</u>       | <u>149,945</u>       | <u>176,986</u>       | <u>181,134</u>       |
| Total all other governmental funds   | <u>\$ 15,625,241</u> | <u>\$ 17,383,768</u> | <u>\$ 20,927,611</u> | <u>\$ 25,909,198</u> | <u>\$ 22,735,078</u> | <u>\$ 21,453,169</u> | <u>\$ 19,402,979</u> |
|  | \$ 22,383,372        | \$ 22,953,563        | \$ 27,286,035        | \$ 32,895,631        | \$ 31,951,005        | \$ 32,543,095        | \$ 33,117,272        |
|  |                      |                      |                      |                      |                      | \$ 2,693,961         | \$ 2,766,576         |
| (A) - Jackson County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available. |                      |                      |                      |                      |                      | \$ 29,849,134        | \$ 30,350,696        |
|  |                      |                      |                      |                      |                      |                      | 0.916461235          |

Source: Jackson County Administrative Services Department

**JACKSON COUNTY**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Years**  
*(modified accrual basis of accounting)*

|  | 2000                 | 2001                  | 2002                | 2003                  | 2004               | 2005                | 2006                | 2007                | 2008               | 2009              |
|--|----------------------|-----------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|---------------------|--------------------|-------------------|
| <b>Revenues</b>  |                      |                       |                     |                       |                    |                     |                     |                     |                    |                   |
| Taxes  | \$ 15,019,659        | \$ 15,616,044         | \$ 16,381,298       | \$ 19,139,904         | \$ 26,211,661      | \$ 28,674,384       | \$ 30,548,572       | \$ 26,632,998       | \$ 26,301,985      | \$ 26,383,232     |
| Special assessments  | -                    | -                     | -                   | -                     | -                  | -                   | -                   | -                   | -                  | -                 |
| Licenses and permits   | 404,892              | 485,465               | 508,251             | 539,133               | 588,399            | 568,405             | 536,321             | 497,887             | 474,069            | 437,296           |
| Intergovernmental  | 15,728,987           | 16,614,802            | 17,494,083          | 18,405,174            | 16,580,471         | 16,591,458          | 15,788,530          | 15,701,183          | 14,098,155         | 13,904,984        |
| Charges for services   | 6,980,823            | 7,069,206             | 7,999,085           | 9,081,440             | 8,835,069          | 8,647,694           | 8,203,360           | 8,006,369           | 8,873,750          | 7,589,130         |
| Fines and forfeits   | 1,330,955            | 1,553,067             | 1,408,083           | 1,346,436             | 1,221,828          | 1,178,027           | 1,057,902           | 1,211,283           | 999,836            | 1,021,582         |
| Investment income  | 2,949,034            | 3,387,531             | 2,144,420           | 1,564,378             | 1,921,629          | 2,010,888           | 2,574,872           | 2,848,441           | 2,389,750          | 1,548,242         |
| Other revenues   | 2,851,586            | 1,139,661             | 2,632,822           | 2,264,659             | 2,353,691          | 2,934,004           | 3,270,925           | 3,761,527           | 3,385,049          | 4,181,788         |
| <b>Total revenues</b>  | <b>45,265,936</b>    | <b>45,865,776</b>     | <b>48,568,042</b>   | <b>52,341,124</b>     | <b>57,712,748</b>  | <b>60,604,860</b>   | <b>61,980,482</b>   | <b>58,659,688</b>   | <b>56,522,594</b>  | <b>55,066,254</b> |
| <b>Expenditures</b>  |                      |                       |                     |                       |                    |                     |                     |                     |                    |                   |
| General government   | 17,680,157           | 18,612,002            | 20,211,244          | 21,050,030            | 20,539,483         | 20,765,931          | 21,199,149          | 21,682,119          | 21,063,018         | 20,540,737        |
| Public safety  | 10,024,233           | 10,719,705            | 11,111,692          | 12,010,987            | 14,061,504         | 14,690,942          | 14,783,211          | 15,579,716          | 15,805,365         | 14,871,330        |
| Public works   | 2,318                | 4,498                 | 1,635               | -                     | -                  | -                   | -                   | -                   | -                  | -                 |
| Health   | 8,064,193            | 8,323,793             | 8,578,048           | 9,011,706             | 9,080,571          | 9,618,667           | 9,375,279           | 9,446,914           | 8,703,895          | 7,901,528         |
| Culture and recreation   | 1,766,960            | 1,854,104             | 1,586,854           | 1,495,417             | 1,482,387          | 1,661,674           | 1,556,943           | 2,080,699           | 1,775,068          | 2,448,636         |
| Community development  | -                    | -                     | -                   | -                     | -                  | -                   | 143,212             | 2,002,491           | 1,090,014          | 1,290,775         |
| Other activities   | 4,368,534            | 5,287,045             | 5,920,602           | 7,461,000             | 10,157,473         | 8,023,440           | 7,906,082           | 7,580,626           | 6,563,892          | 5,771,014         |
| Capital outlay   | 2,370,653            | 7,690,402             | 10,377,200          | 13,375,120            | 3,742,658          | 2,488,485           | 8,302,321           | 1,559,476           | 2,177,165          | 917,416           |
| Debt service   |                      |                       |                     |                       |                    |                     |                     |                     |                    |                   |
| Principal  | 225,000              | 235,000               | 245,000             | 275,000               | 275,000            | 275,000             | 350,000             | 600,000             | 700,000            | 700,000           |
| Interest   | 78,334               | 1,012,000             | 927,638             | 502,681               | 1,389,257          | 539,369             | 531,869             | 860,645             | 836,969            | 809,331           |
| <b>Total expenditures</b>                                      | <b>44,580,382</b>    | <b>53,738,549</b>     | <b>58,959,913</b>   | <b>64,404,260</b>     | <b>60,728,333</b>  | <b>58,063,508</b>   | <b>64,148,066</b>   | <b>61,392,686</b>   | <b>58,715,386</b>  | <b>55,250,767</b> |
| <b>Revenues over (under) expenditures</b>                      | <b>685,554</b>       | <b>(7,872,773)</b>    | <b>(10,391,871)</b> | <b>(12,063,136)</b>   | <b>(3,015,585)</b> | <b>2,541,352</b>    | <b>(2,167,584)</b>  | <b>(2,732,998)</b>  | <b>(2,192,792)</b> | <b>(184,513)</b>  |
| <b>Other financing sources (uses)</b>                          |                      |                       |                     |                       |                    |                     |                     |                     |                    |                   |
| Issuance of bonds  | 15,458,323           | -                     | 12,654,424          | -                     | -                  | -                   | 7,045,000           | -                   | -                  | -                 |
| Bond discount  | -                    | -                     | -                   | -                     | -                  | -                   | (42,340)            | -                   | -                  | -                 |
| Payments to escrow agent                                       | -                    | -                     | -                   | -                     | -                  | -                   | -                   | -                   | -                  | -                 |
| Transfers in   | 8,377,154            | 6,087,197             | 7,938,714           | 8,645,681             | 16,835,716         | 14,008,313          | 13,437,705          | 15,652,285          | 15,375,975         | 14,747,892        |
| Transfers out  | (8,034,463)          | (4,547,764)           | (6,352,850)         | (5,698,732)           | (13,249,940)       | (12,217,191)        | (12,663,185)        | (13,863,913)        | (12,591,093)       | (13,809,630)      |
| <b>Total other financing sources (uses)</b>                    | <b>15,801,014</b>    | <b>1,539,433</b>      | <b>14,240,288</b>   | <b>2,946,949</b>      | <b>3,585,776</b>   | <b>1,791,122</b>    | <b>7,777,180</b>    | <b>1,788,372</b>    | <b>2,784,882</b>   | <b>938,262</b>    |
| <b>Net changes in fund balances</b>                            | <b>\$ 16,486,568</b> | <b>\$ (6,333,340)</b> | <b>\$ 3,848,417</b> | <b>\$ (9,116,187)</b> | <b>\$ 570,191</b>  | <b>\$ 4,332,474</b> | <b>\$ 5,609,596</b> | <b>\$ (944,626)</b> | <b>\$ 592,090</b>  | <b>\$ 753,749</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>0.7%</b>          | <b>2.4%</b>           | <b>2.1%</b>         | <b>1.4%</b>           | <b>3.1%</b>        | <b>1.5%</b>         | <b>1.4%</b>         | <b>2.5%</b>         | <b>2.8%</b>        | <b>2.8%</b>       |

Source: Jackson County Administrative Services Department



**JACKSON COUNTY**  
**Changes in Fund Balances - General Fund**  
**Last Ten Years**  
*(modified accrual basis of accounting)*

|   | 2000                | 2001               | 2002                | 2003                | 2004                  | 2005              | 2006              | 2007                | 2008                | 2009                |
|---|---------------------|--------------------|---------------------|---------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>                             |                     |                    |                     |                     |                       |                   |                   |                     |                     |                     |
| Taxes                                       | \$ 14,622,089       | \$ 15,201,115      | \$ 15,946,600       | \$ 17,015,900       | \$ 17,956,661         | \$ 19,398,287     | \$ 21,074,348     | \$ 23,036,819       | \$ 22,536,049       | \$ 22,553,464       |
| Licenses and permits                        | 78,712              | 118,893            | 98,020              | 101,723             | 138,631               | 140,166           | 126,079           | 119,539             | 133,192             | 156,335             |
| Intergovernmental                           | 9,434,716           | 9,730,075          | 9,516,797           | 9,067,839           | 8,026,159             | 6,181,855         | 6,161,126         | 6,153,948           | 5,961,239           | 6,141,528           |
| Charges for services                        | 5,256,761           | 5,438,137          | 6,340,523           | 7,086,481           | 6,837,104             | 6,573,634         | 6,303,080         | 6,218,903           | 5,338,369           | 5,079,399           |
| Fines and forfeits                          | 1,039,653           | 1,266,969          | 1,220,720           | 1,129,809           | 1,066,752             | 906,658           | 845,866           | 941,868             | 749,644             | 732,132             |
| Investment income                           | 1,870,847           | 1,568,806          | 1,085,480           | 1,091,967           | 1,561,669             | 1,470,154         | 1,981,369         | 2,255,763           | 1,897,465           | 1,205,421           |
| Other revenues                              | 728,456             | 720,810            | 895,325             | 679,688             | 756,016               | 1,382,861         | 1,283,861         | 1,329,233           | 1,474,543           | 580,749             |
| <b>Total revenues</b>                       | <b>33,031,234</b>   | <b>34,044,805</b>  | <b>35,103,465</b>   | <b>36,173,407</b>   | <b>36,342,992</b>     | <b>36,053,615</b> | <b>37,775,729</b> | <b>40,056,073</b>   | <b>38,092,501</b>   | <b>36,449,028</b>   |
| <b>Expenditures</b>                         |                     |                    |                     |                     |                       |                   |                   |                     |                     |                     |
| Elections                                   | 141,368             | 48,578             | 162,667             | 82,590              | 168,639               | 101,107           | 180,727           | 127,981             | 277,010             | -                   |
| Legislative                                 | 267,897             | 287,753            | 275,223             | 206,663             | 212,660               | 214,972           | 204,724           | 222,134             | 223,025             | -                   |
| Judicial                                    | 4,982,501           | 5,349,160          | 5,643,113           | 6,005,642           | 5,791,244             | 5,820,832         | 5,880,955         | 6,051,352           | 5,934,204           | -                   |
| General government                          | 8,567,683           | 9,027,833          | 9,707,292           | 9,673,984           | 10,101,306            | 9,811,231         | 9,984,893         | 10,062,268          | 9,858,185           | 15,908,581          |
| Public safety                               | 8,051,054           | 8,620,557          | 8,954,086           | 9,839,612           | 11,684,741            | 11,869,900        | 12,065,712        | 12,745,940          | 12,681,662          | 12,531,637          |
| Health                                      | 2,122,467           | 2,425,332          | 2,319,172           | 2,372,338           | 2,417,480             | 2,868,936         | 3,103,073         | 3,232,085           | 3,032,634           | 2,602,846           |
| Other activities                            | 3,546,991           | 4,269,523          | 5,368,139           | 4,650,364           | 5,156,890             | 5,326,414         | 5,831,316         | 5,674,330           | 5,493,801           | 5,051,238           |
| <b>Total expenditures</b>                   | <b>27,679,961</b>   | <b>30,028,736</b>  | <b>32,429,692</b>   | <b>32,831,193</b>   | <b>35,532,960</b>     | <b>36,013,392</b> | <b>37,251,400</b> | <b>38,116,090</b>   | <b>37,500,521</b>   | <b>36,094,302</b>   |
| Revenues over (under) expenditures          | 5,351,273           | 4,016,069          | 2,673,773           | 3,342,214           | 810,032               | 40,223            | 524,329           | 1,939,983           | 591,980             | 354,726             |
| <b>Other financing sources (uses)</b>       |                     |                    |                     |                     |                       |                   |                   |                     |                     |                     |
| Transfers in                                | 399,756             | 416,411            | 961,733             | 1,444,094           | 3,599,125             | 6,226,447         | 6,214,717         | 6,599,333           | 6,671,943           | 7,780,600           |
| Transfers out                               | (6,533,288)         | (4,410,509)        | (3,863,750)         | (3,751,156)         | (5,597,493)           | (5,478,041)       | (6,111,037)       | (6,309,822)         | (5,389,924)         | (5,510,959)         |
| <b>Total other financing sources (uses)</b> | <b>(6,133,532)</b>  | <b>(3,994,098)</b> | <b>(2,902,017)</b>  | <b>(2,307,062)</b>  | <b>(1,998,368)</b>    | <b>748,406</b>    | <b>103,680</b>    | <b>289,511</b>      | <b>1,282,019</b>    | <b>2,269,641</b>    |
| <b>Net changes in fund balances</b>         | <b>\$ (782,259)</b> | <b>\$ 21,971</b>   | <b>\$ (228,244)</b> | <b>\$ 1,035,152</b> | <b>\$ (1,188,336)</b> | <b>\$ 788,629</b> | <b>\$ 628,009</b> | <b>\$ 2,229,494</b> | <b>\$ 1,873,999</b> | <b>\$ 2,624,367</b> |

Source: Jackson County Administrative Services Department

**JACKSON COUNTY**  
**Assessed Taxable Property/State Equalized Value**  
**Last Ten Years**  
*(in thousands of dollars)*

| <b>Year</b> | <b>Residential<br/>Property</b> | <b>Commercial<br/>Property</b> | <b>Industrial<br/>Property</b> | <b>Agricultural</b> | <b>Other</b> | <b>Personal<br/>Property</b> | <b>Assessed<br/>Taxable<br/>Value</b> | <b>*State<br/>Equalized<br/>Value</b> | <b>Total Direct<br/>Tax Rate</b> |
|-------------|---------------------------------|--------------------------------|--------------------------------|---------------------|--------------|------------------------------|---------------------------------------|---------------------------------------|----------------------------------|
| 2000        | \$ 1,857,936                    | \$ 346,621                     | \$ 103,446                     | \$ 151,586          | \$ 10,283    | \$ 307,721                   | \$ 2,777,593                          | \$ 3,274,880                          | 5.6319                           |
| 2001        | 2,014,665                       | 374,842                        | 109,651                        | 153,091             | 11,117       | 358,844                      | 3,022,210                             | 3,626,300                             | 5.5676                           |
| 2002        | 2,180,598                       | 398,610                        | 162,711                        | 155,523             | 12,415       | 357,442                      | 3,267,299                             | 4,007,667                             | 5.5024                           |
| 2003        | 2,344,031                       | 462,314                        | 265,483                        | 152,297             | 14,851       | 356,899                      | 3,595,875                             | 4,443,468                             | 5.9176                           |
| 2004        | 2,520,199                       | 483,912                        | 256,259                        | 156,791             | 14,147       | 329,263                      | 3,760,571                             | 4,963,371                             | 6.0876                           |
| 2005        | 2,702,975                       | 505,751                        | 247,242                        | 158,885             | 16,424       | 356,962                      | 3,988,239                             | 5,234,043                             | 6.0244                           |
| 2006        | 2,900,367                       | 532,560                        | 241,307                        | 162,175             | 13,294       | 370,865                      | 4,220,568                             | 5,815,259                             | 5.9994                           |
| 2007        | 3,086,703                       | 564,281                        | 246,554                        | 170,502             | 13,253       | 368,855                      | 4,450,148                             | 6,033,906                             | 5.9909                           |
| 2008        | 3,153,655                       | 586,814                        | 238,922                        | 176,195             | 9,399        | 366,925                      | 4,531,910                             | 5,962,893                             | 5.9909                           |
| 2009        | 3,152,609                       | 594,997                        | 242,768                        | 183,178             | 6,973        | 370,891                      | 4,551,416                             | 5,604,766                             | 5.9909                           |

Note: Residential, commercial and industrial values are calculated without tax-exempt values

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

\* State equalized values approximate 50% of actual property value.

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

|   |     | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    |
|---|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>County direct rates</b>              |     |         |         |         |         |         |         |         |         |         |         |         |
| Operating                               |     | 5.5626  | 5.4819  | 5.4194  | 5.3559  | 5.2734  | 5.2022  | 5.1471  | 5.1259  | 5.1187  | 5.1187  | 5.1187  |
| Medical Care facility                   |     | 0.1492  | 0.1500  | 0.1482  | 0.1465  | 0.1442  | 0.1422  | 0.1406  | 0.1400  | 0.1398  | 0.1398  | 0.1398  |
| Jail                                    |     |         |         |         |         | 0.5000  | 0.4932  | 0.4879  | 0.4858  | 0.4851  | 0.4851  | 0.4851  |
| Senior Services                         |     |         |         |         |         |         | 0.2500  | 0.2488  | 0.2477  | 0.2473  | 0.2473  | 0.2473  |
| Total direct rate                       |     | 5.7118  | 5.6319  | 5.5676  | 5.5024  | 5.9176  | 6.0876  | 6.0244  | 5.9994  | 5.9909  | 5.9909  | 5.9909  |
| <b>Overlapping rates</b>                |     |         |         |         |         |         |         |         |         |         |         |         |
| Cities:                                 |     |         |         |         |         |         |         |         |         |         |         |         |
| Jackson                                 |     | 16.3000 | 14.5426 | 13.0225 | 15.5718 | 15.2982 | 15.7482 | 15.8785 | 15.3289 | 14.6889 | 14.5889 | 15.8089 |
| Townships (average)                     | (A) | 1.7527  | 1.6822  | 1.5733  | 1.6957  | 1.5206  | 1.8247  | 1.7763  | 1.7185  | 1.6796  | 1.7737  | 1.7709  |
| Villages (average)                      | (B) | 11.1844 | 11.2656 | 10.4539 | 11.0025 | 10.3166 | 10.3812 | 10.7263 | 10.6623 | 10.0423 | 9.4123  | 10.9535 |
| School districts (average)              | (C) | 21.9889 | 21.9766 | 21.6972 | 22.7631 | 22.3200 | 22.4380 | 22.2208 | 22.3375 | 22.3495 | 22.4486 | 22.3737 |
| Intermediate school district ( average) | (D) | 5.8605  | 5.7823  | 5.9273  | 5.8925  | 5.6821  | 5.8137  | 6.0999  | 5.9006  | 5.8883  | 5.8986  | 5.9528  |
| Community college                       |     | 1.2946  | 1.2266  | 1.2131  | 1.1980  | 1.1798  | 1.1638  | 1.1565  | 1.1463  | 1.1446  | 1.1446  | 1.1446  |
| District Library                        |     | 0.9344  | 0.9208  | 0.9102  | 0.8995  | 0.8556  | 0.8736  | 0.8682  | 0.8606  | 0.8593  | 1.2593  | 1.2593  |
| (A) - Rates range from:                 |     |         |         |         |         |         |         |         |         |         |         |         |
| Low                                     |     | 0.8527  | 0.8273  | 0.8175  | 0.7994  | 0.7854  | 0.7749  | 0.7642  | 0.7603  | 0.7603  | 0.7603  | 0.7603  |
| High                                    |     | 5.4300  | 5.3883  | 3.2751  | 4.2992  | 3.1654  | 5.7618  | 5.7409  | 3.3088  | 2.6809  | 5.3386  | 5.3386  |
| (B) - Rates range from:                 |     |         |         |         |         |         |         |         |         |         |         |         |
| Low                                     |     | 5.3198  | 5.2214  | 5.1200  | 5.1200  | 5.1200  | 4.3860  | 4.9786  | 4.4180  | 4.5694  | 0.0000  | 4.6766  |
| High                                    |     | 17.3331 | 17.8655 | 15.0000 | 19.0053 | 18.5477 | 17.8835 | 17.4205 | 17.3560 | 17.0409 | 16.6124 | 16.4509 |
| (C) - Rates range from:                 |     |         |         |         |         |         |         |         |         |         |         |         |
| Low                                     |     | 17.9298 | 17.3142 | 16.8519 | 17.2210 | 17.8018 | 17.6658 | 17.3796 | 18.0000 | 18.0000 | 18.0000 | 18.0000 |
| High                                    |     | 26.9500 | 27.4700 | 27.3574 | 26.4736 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 |
| (D) - Rates range from:                 |     |         |         |         |         |         |         |         |         |         |         |         |
| Low                                     |     | 3.3168  | 3.1568  | 3.1311  | 3.1050  | 3.0738  | 3.0550  | 3.8488  | 3.8342  | 3.8342  | 3.8342  | 3.9745  |
| High                                    |     | 8.8445  | 8.7166  | 8.5624  | 8.4928  | 7.4217  | 8.2207  | 8.1704  | 8.1111  | 8.0963  | 8.1100  | 8.1100  |

Source: Jackson County Administrative Services Department

**JACKSON COUNTY**  
**Principal Property Tax Payers**  
**Current Year and Ten Years Ago**

| Taxpayer                   | 2009                          |      |  | 2000                         |      |  |
|----------------------------|-------------------------------|------|--|------------------------------|------|--|
|                            | Assessed*<br>Taxable<br>Value | Rank | Percentage<br>of Total<br>County<br>Taxable<br>Assessed<br>Value | Assessed<br>Taxable<br>Value | Rank | Percentage<br>of Total<br>County<br>Taxable<br>Assessed<br>Value |
| Consumers Energy           | \$ 156,917,752                | 1    | 3.53%  | \$ 121,424,657               | 1    | 4.90%  |
| Kinder Morgan Michigan LLC | 93,590,186                    | 2    | 2.10%  | -                            | -    | -  |
| MACI                       | 63,242,515                    | 3    | 1.42%  | 68,023,610                   | 2    | 2.75%  |
| Gerdau MAC Steel           | 46,172,000                    | 4    | 1.04%  | 35,122,789                   | 3    | 1.42%  |
| Ramco Jackson LTD          | 17,131,805                    | 5    | 0.38%  | -                            | -    | -  |
| TAC Manufacturing Inc.     | 17,347,931                    | 6    | 0.39%  | 14,675,691                   | 5    | 0.59%  |
| Meijer Inc.                | 14,369,867                    | 7    | 0.32%  | 12,141,602                   | 7    | 0.49%  |
| Lloyd Ganton               | 14,118,988                    | 8    | 0.32%  | -                            | -    | -  |
| Wal-mart Stores Inc.       | 13,037,678                    | 9    | 0.29%  | -                            | -    | -  |
| Wolverine Tech/Certainteed | 12,415,050                    | 10   | 0.28%  | 12,631,839                   | 6    | 0.51%  |
| Vista Grande Villa         | 11,606,845                    | 11   | 0.26%  | -                            | -    | -  |
| Tenneco/Walker             | 11,294,106                    | 12   | 0.25%  | -                            | -    | -  |
| John Ganton                | 10,851,104                    | 13   | 0.24%  | 7,812,579                    | 10   | 0.32%  |
| Sears Roebuck              | 8,815,719                     | 14   | 0.20%  | -                            | -    | -  |
| Worthington Steele         | 8,786,173                     | 15   | 0.20%  | -                            | -    | -  |
| Vector Pipeline LP         | 8,327,855                     | 16   | 0.19%  | 8,795,539                    | 8    | 0.36%  |
| Federal National Mortgage  | 7,963,622                     | 17   | 0.18%  | -                            | -    | -  |
| TRW Automotive             | -                             | -    | -  | 15,746,498                   | 4    | 0.64%  |
| Jackson Automotive         | -                             | -    | -  | 8,130,217                    | 9    | 0.33%  |
|                            | <u>\$ 515,989,196</u>         |      | <u>11.59%</u>  | <u>\$ 304,505,021</u>        |      | <u>11.96%</u>  |

Source: Jackson County Equalization & Administrative Services Departments

\* values include Industrial Facilities Tax Abatements

**JACKSON COUNTY**  
**Property Tax Levies and Collections**  
**Last Ten Years**

| <u>Year</u> | <u>Taxes Levied<br/>for the<br/>Fiscal Year</u> | <u>Collected within the<br/>Fiscal Year of the Levy</u> |                      | <u>Subsequent<br/>Years<br/>Collections</u> | <u>Total Collections to Date</u> |                      |
|-------------|---|---|----------------------|---|----------------------------------|----------------------|
|             |   | <u>Amount</u>   | <u>% of<br/>Levy</u> |   | <u>Amount</u>                    | <u>% of<br/>Levy</u> |
| 2000        | \$ 14,736,282                                   | \$ 13,360,844   | 90.67%               | \$ 1,260,959                                | \$ 14,621,803                    | 99.22%               |
| 2001        | 15,228,340                                      | 13,873,036  | 91.10%               | 1,257,483                                   | 15,130,519                       | 99.36%               |
| 2002        | 16,304,245                                      | 14,523,906  | 89.08%               | 1,313,971                                   | 15,837,877                       | 97.14%               |
| 2003        | 18,646,958                                      | 17,156,334  | 92.01%               | 1,471,726                                   | 18,628,060                       | 99.90%               |
| 2004        | 20,823,011                                      | 18,760,676  | 90.10%               | 1,692,104                                   | 20,452,780                       | 98.22%               |
| 2005        | 21,626,845                                      | 19,709,618  | 91.13%               | 1,660,868                                   | 21,370,486                       | 98.81%               |
| 2006        | 22,764,241                                      | 20,944,310  | 92.01%               | 1,702,934                                   | 22,647,244                       | 99.49%               |
| 2007        | 25,334,259                                      | 23,532,388  | 92.89%               | 1,605,031                                   | 25,137,419                       | 99.22%               |
| 2008        | 25,805,606                                      | 24,135,002  | 93.53%               | 1,439,464                                   | 25,574,466                       | 99.10%               |
| 2009        | 25,772,909                                      | 23,450,825  | 90.99%               | 1,699,356                                   | 25,150,181                       | 97.58%               |

Source: Jackson County Treasurer's Office

**JACKSON COUNTY**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years**

|                                      | <u>2000</u>     | <u>2001</u>     | <u>2002</u>     | <u>2003</u>     | <u>2004</u>     | <u>2005</u>     | <u>2006</u>     | <u>2007</u>     | <u>2008</u>     | <u>2009</u>     |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Governmental activities              |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General Obligation Bonds             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Jail                                 | \$ -            | \$ -            | \$ 12,750,000   | \$ 12,500,000   | \$ 12,250,000   | \$ 12,000,000   | \$ 11,675,000   | \$ 11,325,000   | \$ 10,925,000   | \$ 10,525,000   |
| For the benefit of                   | 1,355,000       | 1,120,000       | 875,000         | 850,000         | 825,000         | 800,000         | 7,820,000       | 7,570,000       | 7,988,195       | 6,970,000       |
| Lifeways Mental Health Agency        | 1,355,000       | 1,120,000       | 13,625,000      | 13,350,000      | 13,075,000      | 12,800,000      | 19,495,000      | 18,895,000      | 18,913,195      | 17,495,000      |
| Business-type activities             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Resource Recovery                    | 18,637,500      | 17,510,000      | 16,755,000      | 15,505,000      | 13,950,000      | 12,385,000      | 10,825,000      | 9,245,000       | 7,675,000       | 5,775,000       |
| Medical Care Facility                | 15,500,000      | 15,500,000      | 15,500,000      | 15,225,000      | 14,950,000      | 14,790,714      | 14,424,109      | 14,052,505      | 13,680,900      | 13,254,295      |
|                                      | 34,137,500      | 33,010,000      | 32,255,000      | 30,730,000      | 28,900,000      | 27,175,714      | 25,249,109      | 23,297,505      | 21,355,900      | 19,029,295      |
| Total Debt                           | \$ 35,492,500.0 | \$ 34,130,000.0 | \$ 45,880,000.0 | \$ 44,080,000.0 | \$ 41,975,000.0 | \$ 39,975,714.0 | \$ 44,744,109.0 | \$ 42,192,505.0 | \$ 40,269,095.0 | \$ 36,524,295.0 |
| Taxable value (000's)                | \$ 2,777,593.0  | \$ 3,022,210.0  | \$ 3,267,299.0  | \$ 3,595,875.0  | \$ 3,760,571.0  | \$ 3,988,239.0  | \$ 4,220,568.0  | \$ 4,450,148.0  | \$ 4,531,910.0  | \$ 4,551,416.0  |
| Ratio of total debt to taxable value | 1.28%           | 1.13%           | 1.40%           | 1.23%           | 1.12%           | 1.00%           | 1.06%           | 0.95%           | 0.89%           | 0.80%           |
| Total population                     | 158,422         | 159,886         | 161,156         | 162,580         | 162,653         | 163,629         | 163,851         | 163,006         | 160,180         | 159,828         |
| Total debt per capita                | \$ 224.04       | \$ 213.46       | \$ 284.69       | \$ 271.13       | \$ 258.06       | \$ 244.31       | \$ 273.08       | \$ 258.84       | \$ 251.40       | \$ 228.52       |
| % of personal income                 | 0.07%           | 0.07%           | 0.06%           | 0.06%           | 0.06%           | 0.07%           | 0.06%           | 0.06%           | 0.07%           | 0.07%           |

Source: Jackson County Administrative Services Department

**JACKSON COUNTY**  
**Computation of Net Direct and Overlapping Debt**  
**As of December 31, 2009**

|  | <u>Gross<br/>Amount<br/>Outstanding</u> | <u>Self-Supporting<br/>or Paid<br/>by Benefited<br/>Entity</u> | <u>Net<br/>Amount<br/>Outstanding</u> |
|--|---|--|---------------------------------------|
| <b>Direct debt</b>                     |   |  |                                       |
| General obligation bonds               | \$ 17,495,000                           | \$ 6,970,000   | \$ 10,525,000                         |
| Resource recovery bonds                | 5,775,000                               | 5,775,000  | -                                     |
| Medical care facility bonds            | 13,254,295                              | 13,254,295   | -                                     |
| County Road Commission debt            | 477,024                                 | 477,024  | -                                     |
| Drain bonds and notes                  | 15,861,000                              | 15,861,000   | -                                     |
| Public Works-water and sewer debt      | 20,170,689                              | 20,170,689   | -                                     |
|  | <u>\$ 73,033,008</u>                    | <u>\$ 62,508,008</u>   | <u>10,525,000</u>                     |
| <b>Overlapping debt</b>                |   |  |                                       |
| School districts                       |   |  | 161,457,125                           |
| Cities                                 |   |  | 44,455,000                            |
| Townships                              |   |  | 32,537,446                            |
| Villages                               |   |  | 11,565,000                            |
| Intermediate school district           |   |  | 941,719                               |
| Community colleges                     |   |  | <u>30,830,000</u>                     |
|  |   |  | <u>281,786,290</u>                    |
| <b>Net direct and overlapping debt</b> |   |  | <u>\$ 292,311,290</u>                 |

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

**JACKSON COUNTY**  
**Legal Debt Margin**  
**Last Ten Years**

**Legal Debt Margin Calculation for 2009**

|   |                              |
|---|------------------------------|
| Assessed value                                | \$ 5,604,766,000             |
| Debt limit (10% of assessed value)            | 560,476,600                  |
| Debt applicable to limit - gross direct bonds | <u>73,033,008</u>            |
| <b>Legal debt margin</b>                      | <u><u>\$ 487,443,592</u></u> |

|      | <u>Debt<br/>Limit</u> | <u>Total<br/>Net Debt<br/>Applicable<br/>to Limit</u> | <u>Legal<br/>Debt Margin</u> | <u>Total<br/>Net Debt<br/>Applicable<br/>to Limit as a<br/>Percentage of<br/>Debt Limit</u> |
|------|-----------------------|---|------------------------------|---|
| 2000 | \$ 327,652,782        | \$ 51,247,000   | \$ 276,405,782               | 15.64%  |
| 2001 | 362,630,050           | 49,554,000  | 313,076,050                  | 13.67%  |
| 2002 | 400,766,761           | 63,550,341  | 337,216,420                  | 15.86%  |
| 2003 | 444,346,818           | 69,500,000  | 374,846,818                  | 15.64%  |
| 2004 | 496,337,185           | 77,250,000  | 419,087,185                  | 15.56%  |
| 2005 | 523,440,388           | 83,655,000  | 439,785,388                  | 15.98%  |
| 2006 | 581,211,455           | 85,880,000  | 495,331,455                  | 14.78%  |
| 2007 | 603,390,600           | 80,995,000  | 522,395,600                  | 13.42%  |
| 2008 | 596,294,900           | 76,808,255  | 519,486,645                  | 12.88%  |
| 2009 | 560,476,600           | 73,033,008  | 487,443,592                  | 13.03%  |



**JACKSON COUNTY**  
**Demographic and Economic Statistics**  
**Last Ten Years**

| <b>Year</b> | <b>Population</b> | <b>Labor Force</b> | <b>Personal Income (thousands of dollars)</b> | <b>Per Capita Personal Income</b> | <b>Unemployment Rate</b> |
|-------------|-------------------|--------------------|---|-----------------------------------|--------------------------|
| 2000        | 158,422           | 79,088             | \$ 3,966,206                                  | \$ 24,983                         | 3.40%                    |
| 2001        | 159,886           | 79,895             | 3,973,959                                     | 24,857                            | 5.19%                    |
| 2002        | 161,156           | 78,046             | 4,092,008                                     | 25,400                            | 6.60%                    |
| 2003        | 162,580           | 77,453             | 4,206,743                                     | 25,906                            | 7.98%                    |
| 2004        | 162,653           | 78,187             | 4,304,049                                     | 26,480                            | 7.50%                    |
| 2005        | 163,629           | 78,700             | 4,461,465                                     | 27,299                            | 6.77%                    |
| 2006        | 163,851           | 78,612             | 4,461,465 a                                   | 27,299 a                          | 7.16%                    |
| 2007        | 163,006           | 77,442             | 4,461,465 a                                   | 27,299 a                          | 7.56%                    |
| 2008        | 160,180           | 76,513             | 4,461,465 a                                   | 27,299 a                          | 8.71%                    |
| 2009        | 159,828           | 76,470             | 4,461,465 a                                   | 27,299 a                          | 13.48%                   |

a Census Data not available at time of publication

Sources: U.S. Census Bureau, U.S. Department of Commerce  
Michigan Department of Career Development Employment Service Agency  
Michigan Economic Development Corporation

**JACKSON COUNTY**  
**Principal Employers**  
**Curent Year and Ten Years Ago**

| <u>Employer</u>                                | <u>2009 ( 1)</u> |             |   | <u>2000 (2)</u>  |             |   |
|--|------------------|-------------|---|------------------|-------------|---|
|  | <u>Employees</u> | <u>Rank</u> | <u>% of<br/>Total County<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>% of<br/>Total County<br/>Employment</u> |
| Foote Health Systems                           | 3,146            | 1           | 4.23%                                       | 2,025            | 3           | 2.71%                                       |
| Michigan Department of Corrections             | 2,040            | 2           | 2.74%                                       | 2,167            | 1           | 2.90%                                       |
| Consumers Energy                               | 2,026            | 3           | 2.72%                                       | 2,025            | 2           | 2.71%                                       |
| Local Government                               | 870              | 4           | 1.17%                                       |                  |             |   |
| MACI   | 784              | 5           | 1.05%                                       | 500              | 9           | 0.67%                                       |
| Jackson Public Schools                         | 782              | 6           | 1.05%                                       |                  |             |   |
| Jackson Community College                      | 767              | 7           | 1.03%                                       | 669              | 6           | 0.89%                                       |
| Meijer Inc                                     | 755              | 8           | 1.01%                                       | 1,400            | 4           | 1.87%                                       |
| Wal-Mart Inc                                   | 598              | 9           | 0.80%                                       | 600              | 8           | 0.80%                                       |
| TAC Manufacturing                              | 590              | 10          | 0.79%                                       |                  |             |   |
| Eaton Corporation                              | 563              | 11          | 0.76%                                       | 600              | 8           | 0.80%                                       |
| McDonald's 8 Jackson locations                 | 450              | 12          | 0.60%                                       |                  |             |   |
| Jackson County Intermediate<br>School District | 427              | 13          | 0.57%                                       |                  |             |   |
| Great Lakes Home & Health                      | 400              | 14          | 0.54%                                       |                  |             |   |
| Alro Steel Corporation                         | 325              | 15          | 0.44%                                       |                  |             |   |
| Spring Arbor University                        | 300              | 16          | 0.40%                                       |                  |             |   |
| Anesthesia Business Consultants                | 284              | 17          | 0.38%                                       |                  |             |   |
| Lifeways/Community Connections                 | 275              | 18          | 0.37%                                       |                  |             |   |
| Dawn Food products                             | 273              | 19          | 0.37%                                       |                  |             |   |
| Termeco  | 270              | 20          | 0.36%                                       |                  |             |   |
| Jacobsons Stores Inc.                          |                  |             |   | 745              | 5           | 1.00%                                       |
| County of Jackson                              |                  |             |   | 605              | 7           | 0.81%                                       |
| Michigan Seat Company                          |                  |             |   | 400              | 10          | 0.53%                                       |
|  | <u>15,925</u>    |             | <u>21.40%</u>                               | <u>11,736</u>    |             | <u>15.69%</u>                               |

Source (1): Enterprise Group of Jackson Inc.

Source (2): Jackson County Building Authority Official Bond Statement  
Building Authority Bonds, Series 2000

**JACKSON COUNTY**  
**Full-Time Equivalent County Government Employees by Function/Program**  
**Last Ten Years**

| Function/Program                        | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Legislative</b>                      |              |              |              |              |              |              |              |              |              |              |
| Board of Commissioners                  | 15.0         | 15.0         | 15.0         | 12.0         | 12.0         | 12.0         | 12.0         | 12.0         | 12.0         | 12.0         |
| <b>Judicial</b>                         |              |              |              |              |              |              |              |              |              |              |
| Circuit Court                           | 30.3         | 30.7         | 30.0         | 31.0         | 30.5         | 30.5         | 31.5         | 30.0         | 29.0         | 29.0         |
| District Court                          | 60.0         | 60.0         | 60.0         | 60.0         | 57.0         | 55.0         | 55.0         | 55.0         | 55.0         | 54.5         |
| Friend of the Court                     | 49.5         | 47.8         | 51.8         | 51.5         | 50.0         | 47.5         | 47.5         | 47.5         | 46.5         | 44.5         |
| County Guardian                         | 3.0          | 3.5          | 3.3          | 3.3          | 3.4          | 3.3          | 3.0          | -            | -            | -            |
| <b>General Government and Elections</b> |              |              |              |              |              |              |              |              |              |              |
| County Administration                   | 3.0          | 3.0          | 3.5          | 3.5          | 3.8          | 3.0          | 3.0          | 2.0          | 2.0          | 3.0          |
| Administrative Services                 | 5.0          | 6.0          | 5.0          | 5.0          | 4.0          | 4.8          | 4.5          | 4.5          | 4.3          | 7.5          |
| Information & Tech Systems              | 8.0          | 7.0          | 8.0          | 9.0          | 8.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| *Human Resources                        | 7.0          | 7.0          | 7.0          | 6.0          | 6.0          | 5.0          | 3.0          | 3.0          | 3.0          | -            |
| Equalization                            | 8.0          | 9.0          | 8.0          | 8.0          | 9.0          | 9.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| GIS                                     | -            | -            | -            | -            | -            | -            | -            | 3.0          | 3.0          | 3.0          |
| Facilities Management                   | 23.5         | 25.3         | 25.8         | 27.3         | 24.8         | 18.0         | 18.0         | 17.8         | 21.5         | 20.5         |
| Fleet Operations                        | 6.0          | 5.0          | 5.0          | 5.0          | 5.0          | 3.0          | 3.0          | 2.0          | -            | -            |
| Clerk                                   | 20.0         | 20.3         | 20.3         | 20.5         | 21.0         | 19.5         | 20.3         | 20.4         | 20.7         | 21.0         |
| Register of Deeds                       | 5.0          | 5.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 5.0          |
| Treasurer                               | 8.0          | 8.0          | 8.0          | 7.0          | 3.0          | 1.5          | 2.0          | 1.5          | 1.5          | 1.5          |
| MSU Extension                           | 4.3          | 3.8          | 3.8          | 3.5          | 3.5          | 3.5          | 3.5          | 3.0          | 3.0          | 2.5          |
| Drain Commissioner                      | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Print Department                        | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | -            |
| Retirement Board                        | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.3          | 1.3          | 1.3          |
| <b>Public Safety</b>                    |              |              |              |              |              |              |              |              |              |              |
| Prosecuting Attorney                    | 32.0         | 32.0         | 28.8         | 26.0         | 27.5         | 27.5         | 27.5         | 27.5         | 27.5         | 27.5         |
| Sheriff                                 | 62.0         | 67.0         | 66.0         | 60.0         | 65.0         | 65.0         | 65.0         | 62.0         | 60.0         | 59.0         |
| Emergency Management                    | 20.0         | 18.0         | 17.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         |
| Jail                                    | 29.0         | 31.0         | 32.0         | 56.0         | 57.5         | 56.3         | 58.0         | 56.0         | 56.0         | 55.0         |
| Animal Control                          | 7.0          | 7.0          | 7.0          | 7.0          | 7.8          | 7.8          | 7.3          | 7.3          | 7.0          | 4.0          |
| Youth Center                            | 40.8         | 41.5         | 40.8         | 38.5         | 42.8         | 39.5         | 39.5         | 38.0         | 36.6         | 35.8         |
| <b>Health and Welfare</b>               |              |              |              |              |              |              |              |              |              |              |
| Environmental Health                    | -            | -            | -            | -            | -            | -            | 13.0         | 13.0         | 9.8          | 8.3          |
| Public Health                           | 69.3         | 70.0         | 62.8         | 60.0         | 59.3         | 56.0         | 43.7         | 40.7         | 39.0         | 41.8         |
| Medical Examiner                        | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Department On Aging                     | 20.5         | 27.3         | 31.8         | 27.0         | 24.2         | 26.5         | 26.3         | 30.4         | 29.9         | 28.8         |
| Veterans Services                       | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| ** Animal Shelter                       | -            | -            | -            | -            | -            | -            | -            | -            | -            | 3.0          |
| <b>Culture &amp; Recreation</b>         |              |              |              |              |              |              |              |              |              |              |
| Parks & Recreation                      | 8.0          | 9.0          | 11.0         | 10.0         | 10.0         | 10.0         | 8.0          | 8.0          | 8.0          | 8.0          |
| Golf Course                             | -            | -            | -            | -            | -            | -            | 1.0          | 4.6          | 4.0          | 4.0          |
| <b>Other</b>                            |              |              |              |              |              |              |              |              |              |              |
| Airport                                 | 5.0          | 3.0          | 5.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 3.5          |
| Enterprise Funds                        | 4.0          | 4.0          | 3.5          | 3.5          | 7.5          | 9.0          | 8.5          | 7.5          | 7.5          | 8.5          |
| <b>Total</b>                            | <u>561.2</u> | <u>574.2</u> | <u>574.2</u> | <u>578.6</u> | <u>580.4</u> | <u>558.1</u> | <u>557.0</u> | <u>550.0</u> | <u>540.1</u> | <u>533.5</u> |

Source: Jackson County Finance Department

\* Human Resources was combined with Administrative Services in 2009

\*\* Animal Shelter was separated in 2009 from Animal Control

**JACKSON COUNTY**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

| <b>Function/Program</b>         | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Public Safety</b>            |             |             |             |             |             |             |             |             |             |             |
| Sheriff:                        |             |             |             |             |             |             |             |             |             |             |
| Number of complaints            | -           | -           | -           | -           | 25,110      | 23,795      | 24,669      | 26,641      | 26,792      | 33,034      |
| Number of dispatches            | -           | -           | -           | -           | 136,800     | 140,099     | 134,028     | 129,691     | 127,895     | 146,669     |
| Number of arrests               | -           | -           | -           | -           | 1,562       | 1,610       | 1,871       | 1,856       | 1,875       | 1,551       |
| Number of bookings              | -           | -           | -           | -           | 7,448       | 8,376       | 8,991       | 9,576       | 8,996       | 9,543       |
| <b>Health</b>                   |             |             |             |             |             |             |             |             |             |             |
| Public Health:                  |             |             |             |             |             |             |             |             |             |             |
| Immunizations administered      | -           | -           | 11,277      | 10,839      | 10,558      | 12,586      | 7,859       | 7,645       | 7,575       | 7,133       |
| WIC participants                | -           | -           | 4,896       | 5,031       | 5,200       | 5,243       | 5,082       | 5,272       | 5,534       | 5,687       |
| Vision/hearing screening        | -           | -           | 17,998      | 17,208      | 16,855      | 15,411      | 9,518       | 14,964      | 16,433      | 10,472      |
| <b>Culture &amp; Recreation</b> |             |             |             |             |             |             |             |             |             |             |
| Parks & Recreation:             |             |             |             |             |             |             |             |             |             |             |
| Special events participation    | 150,000     | 175,000     | 180,000     | 200,000     | 210,000     | 215,000     | 215,000     | 200,000     | 220,000     | 220,000     |
| Cascades Falls participation    | 20,000      | 25,000      | 26,500      | 25,000      | 25,000      | 28,000      | 27,500      | 40,000      | 29,750      | 29,750      |
| Rounds of Golf                  | 49,160      | 47,900      | 50,000      | 43,620      | 44,056      | 45,665      | 40,700      | 30,000      | 38,550      | 33,700      |
| Camper participation            | 12,000      | 12,540      | 13,500      | 12,540      | 12,590      | 14,500      | 15,300      | 13,300      | 15,550      | 15,550      |

Source: Jackson County Finance , Health, Sheriff, and Parks Departments

Note: data for years 2000 thru 2003 are not available

**JACKSON COUNTY**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**

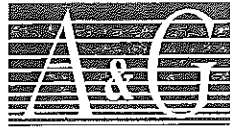
| <b>Function/Program</b>         | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Public safety</b>            |             |             |             |             |             |             |             |             |             |             |
| Corrections facility capacities | 186         | 186         | 186         | 426         | 426         | 426         | 426         | 426         | 426         | 426         |
| Vehicle:                        |             |             |             |             |             |             |             |             |             |             |
| Sheriff                         | 36          | 36          | 36          | 35          | 38          | 40          | 43          | 38          | 39          | 47          |
| Animal control                  | 5           | 5           | 4           | 4           | 5           | 4           | 4           | 4           | 4           | 5           |
| <b>Parks and recreation</b>     |             |             |             |             |             |             |             |             |             |             |
| Parks:                          |             |             |             |             |             |             |             |             |             |             |
| County                          | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 16          | 16          | 16          |
| Park acreage:                   |             |             |             |             |             |             |             |             |             |             |
| Parkland                        | 591         | 591         | 591         | 591         | 591         | 591         | 591         | 1000        | 900         | 900         |
| Picnic areas                    | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 17          | 17          | 17          |
| Buildings:                      |             |             |             |             |             |             |             |             |             |             |
| Restaurant/meeting              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| County recreation center        | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Picnic shelter/pavilions        | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 15          | 15          |
| Concession                      | 1           | 1           | 2           | 2           | 2           | 2           | 2           | 2           | 4           | 4           |
| Swimming beach areas            | 12          | 12          | 12          | 12          | 12          | 12          | 12          | 12          | 12          | 12          |
| Golf Courses:                   |             |             |             |             |             |             |             |             |             |             |
| 18 hole course                  | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Par 3 course                    | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Driving range                   | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Trails/paths/sidewalks          | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 4           | 4           | 4           |
| Playgrounds                     | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 9           | 9           |
| Boat launch                     | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           |
| Campgrounds                     | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| <b>Public works</b>             |             |             |             |             |             |             |             |             |             |             |
| Miles of streets                |             |             |             |             |             |             |             |             |             |             |
| Paved primary                   | 540         | 540         | 540         | 542         | 652         | 652         | 652         | 652         | 546         | 544         |
| Paved local                     | 656         | 656         | 656         | 722         | 972         | 972         | 1,010       | 1,010       | 788         | 790         |
| Gravel                          | 369         | 369         | 369         | 312         | 312         | 312         | 283         | 283         | 249         | 248         |

Source: Jackson County Finance , Sheriff, Parks Departments &  
Jackson County Road Commission

## **SINGLE AUDIT SECTION**

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA  
Alan D. Panter, CPA  
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**ABRAHAM & GAFFNEY, P.C.**

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

Board of Commissioners  
of Jackson County  
Jackson, Michigan

Compliance

We have audited the compliance of Jackson County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended December 31, 2009. Jackson County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

Jackson County's basic financial statements include the operations of the Jackson County Road Commission, discretely presented component unit, which received \$2,122,190 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2009. The Jackson County Road Commission was not required to have a single audit. The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county whether it is subject to single audit at their level or not. During the year ended December 31, 2009, the Federal aid received and expended by the Road Commission was \$2,122,190 for contracted projects and \$9,489 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission and since this amount was less than \$500,000, no single audit was required at the Road Commission.

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 Nonprofit 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 Jackson County'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 of Jackson County's compliance with those requirements.

In our opinion, Jackson County complied, in all material respects, with the requirements referred to above that are applicable to the major Federal programs for the year ending December 31, 2009.

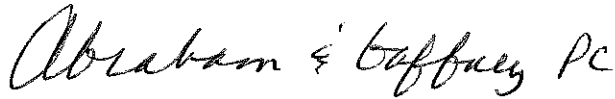
## Internal Control Over Compliance

Management of Jackson County 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 Jackson County'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 Board of Commissioners and management of Jackson County, others within the County, the pass-through grantors, and the Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

June 22, 2010



Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title                     | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|---|----------------|---------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u>                                     |                |                                 |                              |
| Direct Program  |                |                                 |                              |
| U.S.D.A. Food Distribution  | 10.550         |                                 |                              |
| Entitlement commodities   |                | N/A                             | \$ 1,935                     |
| Bonus commodities   |                | N/A                             | <u>1,690</u>                 |
|   |                |                                 | 3,625                        |
| Water and Waste Disposal Systems for Rural Communities                    |                |                                 |                              |
| Wastewater Disposal Grant <sup>(d)</sup>                                  | 10.760         | N/A                             | 503,600                      |
| Passed-through the Michigan Department of Education                       |                |                                 |                              |
| School Breakfast Program <sup>(f)</sup>                                   | 10.553         |                                 |                              |
| Jackson County Youth Center   |                | N/A                             | 16,371                       |
| National School Lunch Program <sup>(f)</sup>                              | 10.555         |                                 |                              |
| Jackson County Youth Center   |                | N/A                             | 29,138                       |
| Passed-through the Michigan Department of Community Health                |                |                                 |                              |
| Special Supplemental Program for Women, Infants and Children<br>2008-2009 | 10.557         | IW 100342                       | 712,210                      |
| Passed-through the Region 2 Area Agency on Aging                          |                |                                 |                              |
| Title III Elderly Feeding Program   | 10.558         | N/A                             | <u>141,285</u>               |
|   |                |                                 | <u>1,406,229</u>             |
| Total U.S. Department of Agriculture                                      |                |                                 |                              |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title  | CFDA<br>Number | Pass-through<br>Grantors Number    | Current Year<br>Expenditures |
|--|----------------|------------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>  |                |                                    |                              |
| Passed-through Michigan State Housing Development Authority<br>Community Development Block Grants  | 14.228         | MSC-2008-0727-HOA                  | \$ 241,525                   |
| <u>U.S. DEPARTMENT OF JUSTICE</u>  |                |                                    |                              |
| Passed-through the City of Jackson<br>Project Safe Neighborhoods   | 16.609         | N/A                                | 4,818                        |
| Passed-through Department of Community Health<br>Edward Byrne Memorial State and Local Law Enforcement<br>Assistance - Discretionary Grants<br>LAWNET Enhancement Project<br>2009/2010   | 16.580         | 72239-5-10-B                       | 20,959                       |
| Passed-through Department of Community Health<br>Michigan Supreme Court, State Court Administrative Office<br>Edward Byrne Memorial State and Local Law Enforcement<br>Assistance - Discretionary Grants<br>2008/2009<br>2009/2010 | 16.738         | 2008-DJ-BX-0013<br>2009-DJ-BX-0086 | 84,594<br>31,143             |
|  |                |                                    | <u>115,737</u>               |
| Total U.S. Department of Justice   |                |                                    | <u>141,514</u>               |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>   |                |                                    |                              |
| Passed-through Michigan Office of Highway Safety Planning<br>Highway Training and Education<br>Safe Communities<br>2008/2009   | 20.600         | PT-09-16                           | 12,040                       |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title  | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|--|----------------|---------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION - CONCLUDED</u>   |                |                                 |                              |
| Passed-through Michigan Office of Highway Safety Planning<br>Highway Training and Education<br>Youth Alcohol Enforcement Grant<br>2006/2007            | 20.601         | PT-09-16                        | \$ 5,229                     |
| Passed-through Michigan Department of State Police<br>Emergency Management - State and Local Assistance<br>2007 Emergency Management Performance Grant |                |                                 |                              |
| Hazardous Materials Emergency Preparedness<br>2007-2008  | 20.703         | HMEM16018140                    | <u>1,241</u>                 |
| Total U.S. Department of Transportation  |                |                                 | <u>18,510</u>                |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>  |                |                                 |                              |
| Passed through Michigan Department of Environmental Quality<br>Clean Water Capitalization Grant for Drinking Water<br>State Revolving Funds            | 66.458         | 5252-01                         | 496,318                      |
| State Grant to Reimburse Operators of Small<br>Water Systems for Training and Certification Costs  | 66.471         | N/A                             | 656                          |
| Brownfield Assessment Grant  | 66.818         | BF 00E64701-1                   | <u>80,630</u>                |
| Total U.S. Environmental Protection Agency   |                |                                 | <u>577,604</u>               |
| <u>U.S. DEPARTMENT OF EDUCATION</u>  |                |                                 |                              |
| Passed-through Jackson Public Schools<br>Title 1 Part D for Neglected and Delinquent Children  | 84.013         | N/A                             | 7,516                        |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title      | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|--|----------------|---------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION - CONCLUDED</u>            |                |                                 |                              |
| Passed-through Jackson County Intermediate School District |                |                                 |                              |
| IDEA   | 84.181         |                                 |                              |
| 2008/2009  |                | N/A                             | \$ 107,787                   |
| 2009/2010  |                | N/A                             | <u>32,690</u>                |
| Total U.S. Department of Education                         |                |                                 | <u>147,993</u>               |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>        |                |                                 |                              |
| Passed-through the Region 2 Area Agency on Aging           |                |                                 |                              |
| Special Programs for the Aging - Title III                 |                |                                 |                              |
| Aging cluster <sup>(a)</sup>                               |                |                                 |                              |
| Part B - Grants for Supportive Services and Senior Centers | 93.044         |                                 |                              |
| Home Care Assistance                                       |                | N/A                             | 37,305                       |
| Chore  |                | N/A                             | 18,830                       |
| Senior Center Operations                                   |                | N/A                             | 24,248                       |
| Counseling   |                | N/A                             | 16,089                       |
| Case Coordination  |                | N/A                             | <u>19,739</u>                |
|  |                |                                 | 116,211                      |
| Part C - Nutrition Services                                | 93.045         |                                 |                              |
| C-1 Congregate Site Meals                                  |                | N/A                             | 138,739                      |
| C-2 Home Delivered Meals                                   |                | N/A                             | <u>147,637</u>               |
|  |                |                                 | 286,376                      |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title           | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|---|----------------|---------------------------------|------------------------------|
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED</b> |                |                                 |                              |
| Passed-through the Region 2 Area Agency on Aging (Continued)    |                |                                 |                              |
| Special Programs for the Aging - Title III (Continued)          |                |                                 |                              |
| Aging cluster <sup>(a)</sup> (Continued)                        |                |                                 |                              |
| American Recovery and Reinvestment Act (ARRA)                   |                |                                 |                              |
| Congregate Site Meals   | 93.707         | N/A                             | \$ 855                       |
| Home Delivered Meals  | 93.705         | N/A                             | 11,491                       |
|   |                |                                 | <u>12,346</u>                |
| Total Aging Cluster   |                |                                 | 414,933                      |
| Part D - Disease Prevention and Health Promotion Services       | 93.043         | N/A                             | 7,895                        |
| Part E - National Family Caregiver Support                      | 93.052         |                                 |                              |
| Grandparents Raising Grandchildren                              |                | N/A                             | 2,530                        |
| Caregiver Information and Assistance                            |                | N/A                             | 14,105                       |
| Caregiver Education, Support and Training                       |                | N/A                             | 29,826                       |
| Caregiver Supplemental Services                                 |                | N/A                             | 605                          |
|   |                |                                 | <u>47,066</u>                |
| Passed-through the Michigan Department of Human Services        |                |                                 |                              |
| IV-D Support Incentive <sup>(b)(c)(d)</sup>                     | 93.563         |                                 |                              |
| Child Support Enforcement                                       |                | N/A                             | 264,211                      |
| Friend of the Court   |                |                                 |                              |
| 2008/2009   |                | CS/FOC-08-38001                 | 2,163,332                    |
| Prosecuting Attorney  |                |                                 |                              |
| 2008/2009   |                | CSPA-09-38002                   | 134,116                      |
| 2009/2010   |                | CSPA-10-38002                   | 48,090                       |
|   |                |                                 | <u>2,609,749</u>             |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title                | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|--|----------------|---------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED</u>      |                |                                 |                              |
| Passed-through the Michigan Department of Human Services (Continued) |                |                                 |                              |
| Child Abuse and Neglect<br>2008                                      | 93.658         | PROFC-08-38001                  | \$ 11,658                    |
| Passed-through the Michigan Department of Community Health           |                |                                 |                              |
| Immunizations  | 93.268         |                                 |                              |
| IAP  |                | H23CCH522556                    | 71,001                       |
| Nurse Training   |                | 2H23IP522556                    | 2,100                        |
| Vaccine Handling   |                | 2H23IP522556                    | 4,500                        |
| Vaccines Provided  |                | N/A                             | <u>242,230</u>               |
|  |                |                                 | 319,831                      |
| Bioterrorism - Focus A<br>2008/2009                                  | 93.283         | CCU517018                       | 158,929                      |
| Bioterrorism - Pandemic Flu<br>2008/2009                             | 93.069         | IH 75TD000353                   | 16,862                       |
| Medical Assistance Program <sup>(e)</sup>                            | 93.778         |                                 |                              |
| Medicaid Administration  |                | 5XX05MI5048                     | 30,121                       |
| CSHC Care Coordination   |                | 50506MI5048                     | <u>11,103</u>                |
|  |                |                                 | 41,224                       |
| AIDS Counseling and Testing<br>2008/2009                             | 93.940         | U62 CCU52346401                 | 18,318                       |
| Preventative Health and Health Services Block Grant                  |                |                                 |                              |
| STD Control  | 93.991         |                                 |                              |
| 2008/2009  |                | B1MIPRVS                        | 22,028                       |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title                  | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|--|----------------|---------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONCLUDED</u>        |                |                                 |                              |
| Passed-through the Michigan Department of Community Health (Continued) |                |                                 |                              |
| Maternal and Child Health Services Block Grant to the States           | 93.994         |                                 |                              |
| Local Match  |                | B1 MI MCHS                      | \$ 90,557                    |
| Case Management Services   |                | B1 MI MCHS                      | 20,186                       |
| SIDS Counseling  |                | B04MC11171                      | <u>170</u>                   |
|  |                |                                 | 110,913                      |
| Temporary Assistance for Needy Families                                | 93.558         | TP 09 38001                     | 62,165                       |
| Abstinence Education program   | 93.235         | G 0501MIAEG                     | 45,549                       |
| Passed-through the Michigan Department of Education                    |                |                                 |                              |
| Prevent the Spread of HIV  | 93.938         | 82750                           | 11,000                       |
| Special Education - Grants for Infants and Families                    |                |                                 |                              |
| Recovery Act (ARRA)  | 84.393         | 101345-190                      | <u>26,625</u>                |
| Total U.S. Department of Health and Human Services                     |                |                                 | <u>3,924,745</u>             |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>                            |                |                                 |                              |
| Passed-through Michigan Department of State Police                     |                |                                 |                              |
| Emergency Management - State and Local Assistance                      |                |                                 |                              |
| 2009 Emergency Management Performance Grant                            | 97.042         | N/A                             | 28,328                       |
| Passed-through Michigan Department of State Police                     |                |                                 |                              |
| Emergency Management - State and Local Assistance                      |                |                                 |                              |
| 2007 Emergency Management Performance Grant                            | 97.042         | HMEP                            | 750                          |

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

Year Ended December 31, 2009

| Federal Grantor/Pass-Through<br>Grantor/Program Title  | CFDA<br>Number | Pass-through<br>Grantors Number | Current Year<br>Expenditures |
|--|----------------|---------------------------------|------------------------------|
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY - CONCLUDED</u>  |                |                                 |                              |
| Passed-through Michigan Department of State Police<br>Emergency Management - State and Local Assistance<br>City of Lansing, Michigan<br>2006 State Homeland Security Grant Program | 97.067         | N/A                             | \$ 2,068                     |
| Total Federal U.S. Department of Homeland Security   |                |                                 | <u>31,146</u>                |
| TOTAL FEDERAL EXPENDITURES   |                |                                 | <u>\$ 6,489,265</u>          |



NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2009

**NOTE A: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Jackson County, Michigan and is presented on the modified 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 Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note C.

Federal Awards of the Jackson County Road Commission are excluded from the accompanying Schedule of Expenditures of Federal Awards. This component unit's audit report is issued under separate cover. Single Audits, when applicable, are included in their report. To view copies of those reports contact the administrative offices of the component unit or the Jackson County Administrators office.

**NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE**

The following descriptions identified below as (a) - (f) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Programs considered a cluster by the U.S. Department of Health and Human Services.
- (b) Reimbursements of these contracts are passed through the State Department of Human Services (DHS). The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of Title IV-D eligible expenditures for the applicable grants. The entire amount paid by DHS for the reimbursed expenditures is considered Federal.
- (c) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues and are 100% Federal.
- (d) Denotes program tested as a "major program".
- (e) The reimbursements for these programs are based on a fixed unit rate for each allowable service provided. Expenditures have been reported to the extent of earned revenues.
- (f) Programs considered a cluster by the U.S. Department of Agriculture.

Jackson County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

December 31, 2009

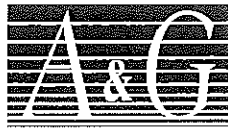
**NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The following reconciles the Federal revenues reported in the December 31, 2009, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

|   | <u>Intergovernmental<br/>or Federal/State<br/>Revenue</u> | <u>Less:<br/>State/Local<br/>Revenue</u> | <u>Federal<br/>Expenditures</u> |
|---|---|--|---------------------------------|
| <b>PRIMARY GOVERNMENT</b>                 |   |  |                                 |
| <b>GENERAL FUND</b>                       |   |  |                                 |
| CRP - Prosecuting Attorney                | \$ 209,788  | \$( 27,582 )                             | \$ 182,206                      |
| Senior citizen programs                   | 220,648   | ( 49,476 )                               | 171,172                         |
| Senior citizen - home delivered meals     | 438,671   | ( 138,258 )                              | 300,413                         |
| Senior citizen - congregate meals         | 175,272   | ( 35,678 )                               | 139,594                         |
| Child abuse and neglect                   | 22,950  | ( 11,292 )                               | 11,658                          |
| State court funding distribution          | 1,036,537   | ( 920,800 )                              | 115,737                         |
| Other programs                            | <u>196,594</u>  | <u>( 121,162 )</u>                       | <u>75,432</u>                   |
| <b>TOTAL GENERAL FUND</b>                 | <b>2,300,460</b>  | <b>( 1,304,248 )</b>                     | <b>996,212</b>                  |
| <b>OTHER GOVERNMENTAL FUNDS</b>           |   |  |                                 |
| Friend of the Court                       | 2,499,759   | ( 72,216 )                               | 2,427,543                       |
| Health Department                         | 2,207,721   | ( 521,590 )                              | 1,686,131                       |
| Child Care                                | 2,234,107   | ( 2,177,457 )                            | 56,650                          |
| Community Development Block Grant         | <u>241,525</u>  | <u>-</u>                                 | <u>241,525</u>                  |
| <b>TOTAL OTHER<br/>GOVERNMENTAL FUNDS</b> | <b><u>7,183,112</u></b>                                   | <b><u>( 2,771,263 )</u></b>              | <b><u>4,411,849</u></b>         |
| <b>TOTAL PRIMARY GOVERNMENT</b>           | <b>9,483,572</b>  | <b>( 4,075,511 )</b>                     | <b>5,408,061</b>                |
| <b>COMPONENT UNITS</b>                    |   |  |                                 |
| Drainage Districts                        | 2,577,468   | ( 1,576,894 )                            | 1,000,574                       |
| Brownfield Redevelopment Authority        | <u>80,630</u>   | <u>-</u>                                 | <u>80,630</u>                   |
| <b>TOTAL COMPONENT UNITS</b>              | <b><u>2,658,098</u></b>                                   | <b><u>( 1,576,894 )</u></b>              | <b><u>1,081,204</u></b>         |
| <b>TOTAL</b>                              | <b><u>\$ 12,141,670</u></b>                               | <b><u>\$( 5,652,405 )</u></b>            | <b><u>\$ 6,489,265</u></b>      |

Principals

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Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
of Jackson County  
Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County as of and for the year ended December 31, 2009, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated June 22, 2010. 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 Jackson County's internal control over financial reporting 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 Jackson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

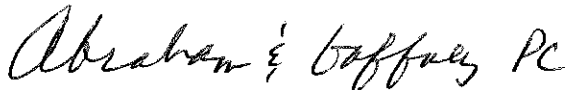
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described as 2009-1, 2009-2, 2009-3, 2009-4, 2009-5, and 2009-6 in the accompanying Schedule of Findings that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 other provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described as 2009-7 in the accompanying Schedule of Findings.

Jackson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit Jackson County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners of Jackson County, others within the County, the pass-through grantors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

June 22, 2010

SCHEDULE OF FINDINGS

Year Ended December 31, 2009

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified that are not considered to be material weakness(es)?  X  Yes \_\_\_\_\_ No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes  X  None

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes  X  No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster                     |
|----------------|--|
| 10.760         | Water and Waste Disposal Systems for Rural Communities |
| 93.563         | Title IV-D Child Support Enforcement                   |

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

**2009-1 INTERNAL CONTROLS OVER ACCOUNTS PAYABLE**

Condition: During our review and evaluation of internal controls over the accounts payable (A/P) function, we noted several opportunities for improvement. There are two accounts payable clerks who are responsible for coordinating accounts payable batch payments that originate in departments, as well as posting the batches, and printing and mailing checks. The three items noted, when taken as a whole, indicate that A/P transactions can be initiated, processed, and paid without any supervisory knowledge that the transaction occurred. Specific items noted were:

SCHEDULE OF FINDINGS - CONTINUED

Year Ended December 31, 2009

**Section II - Financial Statement Findings - Continued**

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2009-1 INTERNAL CONTROLS OVER ACCOUNTS PAYABLE - CONTINUED

Condition - continued:

1. Both A/P clerks have the ability to establish new vendors in the system. No supervisory review is performed.
2. Both A/P clerks have the ability to enter invoices into the system, process checks, and mail the checks without any supervisory review.
3. Signatures of responsible officials print automatically on County checks and are mailed out without supervisory review.

Criteria: The intent of internal control is to assure that no one individual is able to control all aspects of a transaction cycle (i.e. receipts, disbursements, etc.).

Effect: The County is susceptible to fraudulent transactions being processed and not being detected as the internal controls and segregation of duties in these areas are inadequate.

Recommendation: We recommend that appropriate oversight and system controls be inserted into these processes at critical points to ensure that transactions may not be processed without adequate management review.

Corrective Action Response: Our accounting software has assigned each active user with a unique security code identification number. A monthly report by preparer security code identification (for clerks in AS) will be run and cross checked to the actual AP batches prepared by AS staff. This process will be performed every month.

2009-2 FRAUD RISK MANAGEMENT PROGRAM

Condition: During the course of our audit, we noted that the County has not developed or implemented a fraud risk management program.

Criteria: Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Effect: Due to the County not developing a fraud risk assessment and monitoring program it is unable to assess vulnerabilities to fraudulent activity and whether any of those exposures could result in material misstatement of the financial statements.

Recommendation: We recommend that the County develop and formally implement a fraud risk management program that is appropriate to the size and complexity of the organization. Such a fraud risk management program may involve actively searching for fraudulent transactions through the use of techniques such as data mining, but should also include informing management and employees as to the nature of fraud and actions expected to be taken if fraud is suspected. This would include publishing a definition of fraud, a statement that fraud will not be tolerated within the organization, and instructions for reporting fraud within the chain of command.

Corrective Action Response: Management of the County has agreed this comment has substance and will institute a fraud policy/program.

SCHEDULE OF FINDINGS - CONTINUED

Year Ended December 31, 2009

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**Section II - Financial Statement Findings - Continued**

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2009-3 DISTRICT COURT CASH AND RECEIPTING PROCESS

Condition: During our review of internal controls at the District Court we noted several opportunities to strengthen internal control and segregate duties in the cash receipting and disbursement procedures. Specifically, we noted:

- a. The cashiers are balancing the cash drawers, however there is no documentation retained and window clerks are not signing off on the receipt details used to calculate the deposit.
- b. The review of bank reconciliations is not being documented properly.
- c. The individual performing the bank reconciliation is an authorized check signer.
- d. Check signing is not independent of the individual initiating the disbursement.

Criteria: Paragraph F7(h) of section 6-05, Michigan Court Administration reference Guide, states: "Revenue totals are summarized on an accounting report, receipts journal, cash register tape or summary revenue report with any overages and shortages being identified."

Paragraph E4(e) of section 6-05, Michigan Court Administration reference Guide, states: "In order to properly monitor the completion of bank reconciliations on a current basis and to be aware of any unreconciled differences, completed bank reconciliations should be reviewed monthly by court management. This review should be documented with the reviewer's initials and the date of the review."

Paragraph E4(b) of section 6-05, Michigan Court Administration reference Guide, states: "Bank reconciliations should be completed by a person who is not involved in opening mail, receipting payments, or balancing receipts to accounting records. In addition, the person who performs the bank reconciliation should not be an authorized check signer on the bank accounts being reconciled."

Paragraph D1 of section 6-05, Michigan Court Administration reference Guide, states: "Duties and responsibilities for handling receipts and disbursements should be arranged and separated so an employee does not perform more than one of the following functions: opening mail, receipting payments, balancing receipts to accounting records, and performing bank reconciliations."

Effect: The District Court is susceptible to fraudulent transactions as the internal controls and segregation of duties in these areas is inadequate. The District Court is also not in compliance with applicable sections of the Michigan Court Administration Reference Guide.

Recommendation: We recommend that the District Court take the following actions:

- a. The documentation provided by the cashiers showing the cash drawers were balanced, should be retained and signed off by the window clerks.
- b. The individual performing review of bank reconciliations should initial the reconciliation noting the review was performed.
- c. The individual performing the bank reconciliations should not be an authorized check signer on the account being reconciled.
- d. Check signing should be independent of the individual initiating the disbursement.

Corrective Action Response: The District Court administrator has implemented the following controls:

- a. All window clerks will retain and sign end of day cash receipts verifying drawer has balanced.
- b. All bank reconciliations will be reviewed by Court Administrator.
- c. The individual performing bank reconciliation will not be authorized to sign checks.
- d. Check signing will be independent of person initiating disbursement.

SCHEDULE OF FINDINGS - CONTINUED

Year Ended December 31, 2009

**Section II - Financial Statement Findings - Continued**

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2009-4 CIRCUIT COURT CASH AND RECEIPTING PROCESS

Condition: During our review of internal controls at the Circuit Court we noted some opportunities to strengthen internal control and segregate duties in the cash receipting and disbursement procedures. Specifically, we noted:

- a. The same court employee opens the mail, processes mail payments, balances revenue, prepares deposit, and has the capability to void and adjust receipts.
- b. The accounting system allows for negative entries to be entered without a case file number also being entered. Daily revenue totals can be reduced without understating case file revenues. This condition is present because the JIS Circuit Court application does not have a true "VOID" function available. When voids are needed a negative receipt is processed. No case number is necessary.

Criteria: Paragraph C5 of section 6-05, Michigan Court Administration Reference Guide, states: "Employees who are involved in opening the mail, receipting payments, balancing the accounting records and performing the bank reconciliation should not have the capability to delete case files, make adjustments to payment records or modify court orders in the automated system."

Paragraph F5(f) of section 6-05, Michigan Court Administration Reference Guide, states: "The accounting system and cash register should not allow for negative entries to be entered without a case file number also being entered. Otherwise, receipts totals could be reduced while case file payment records are not changed."

Effect: The Circuit Court is susceptible to fraudulent transactions as the internal controls and segregation of duties in these areas is inadequate. The Circuit Court is also not in compliance with applicable sections of the Michigan Court Administration Reference Guide.

Recommendation: We recommend that the Circuit Court take the following actions:

- a. Employees who are involved in the opening of mail, receipting of revenues, and balancing revenues to the accounting records, should not have the capability to delete case files, make adjustments to revenue records, or modify court orders in the automated system.
- b. The case management and cash receipting system should be modified to add controls that will ensure a case file number must be entered when making a negative entry.

Corrective Action Response: With respect to the finding pertaining to mail opening cash receipting process, management of the Circuit Court has implemented a process for separation of duties within their offices to address the finding.

With respect to voids, the JIS software has an inherent flaw in that it allows such processing in the adult division without case numbers. The Circuit Court management is aware of this flaw and has implemented additional internal controls over "voids" processing by having a supervisor enter those voids separate from the clerks receipting process.

2009-5 UNRECORDED ACTIVITY

Condition: During our audit procedures related to cash, we noted that certain bank accounts in the County's name and containing County activity had not been recorded in the County's general ledger. These accounts are used by the Parks Department and the Sheriff's Department and no information on these accounts was being submitted to County Administration for inclusion in the general ledger.

Criteria: The County is required to have a comprehensive accounting system to account for all financial information and transactions under its control. The recording of all cash accounts is necessary to demonstrate stewardship over all of the activities that have been entrusted to the County.



SCHEDULE OF FINDINGS - CONTINUED

Year Ended December 31, 2009

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**Section II - Financial Statement Findings - Continued**

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2009-5 UNRECORDED ACTIVITY - CONTINUED

Effect: The County general ledger was incomplete. Through the exclusion of these accounts from the general ledger, the County has not maintained adequate controls over cash and related activity.

Recommendation: We recommend the County establish appropriate systems to ensure that all activity related to these accounts is recorded in the general ledger.

Corrective Action Response: County Administration is and has been aware of the "Parks" bank account and "Sheriff" inmate bank account.

The Parks account is used to consolidate daily receipts from their various operations for deposit into the Treasurer's pooled account via a check drawn and a cash receipt batch for the recording of various line item revenue accounts. This bank account is and has been under the administration of the County Treasurer's listing of bank accounts.

The Sheriff inmate/commissary account is used when inmates enter jail and their cash is held in trust until release. Additionally, there is some "commissary activity" within this bank account the inmates incur for purchases of goods for personal use while in jail.

Going forward, these accounts will be reflected as "Agency Funds" and/or "Enterprise Funds" as deemed appropriate.

2009-6 SEPARATION OF DUTIES - COUNTY JAIL CANTEEN ACCOUNT

Condition: During our analysis and testing of the internal control structure at the County Jail, we noted that additional separation of duties may be needed to strengthen internal control. Specifically we noted that the same individual processes commissary transactions in the Canteen software system, prepares deposits, charges inmate accounts for purchases, processes debits to inmate accounts, and can create checks.

Criteria: The main concept of an internal control structure is to assure that no one person handles all aspects of processing a transaction. Accounting duties should be segregated to the extent possible.

Effect: The Sheriff's Department would have difficulty identifying misappropriation of funds as several accounting duties are controlled by a single individual at the Jail.

Recommendation: We recommend the County take steps to ensure that financial duties at the Jail are arranged and segregated to extent possible.

Corrective Action Response: The County Finance Officer will be working with County Sheriff and staff to review/enhance the internal controls over the canteen operations. This process will include but is not limited to the following:

- a. Cash handling
- b. Check writing
- c. Purchasing
- d. Recording of transaction in accordance with generally accepted accounting principles
- e. Financial reporting

SCHEDULE OF FINDINGS - CONCLUDED

Year Ended December 31, 2009

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**Section II - Financial Statement Findings - Concluded**

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2009-07 FUND DEFICITS

Condition: As of December 31, 2009, the County is reporting a deficit fund balance in the Fair Fund, the Personal Property Tax Fund, and the Brownfield Redevelopment Authority Fund.

Criteria: Michigan Public Act 275 of 1980 provides that the County shall not have deficits in one or more of the County's unreserved fund balances/unrestricted net assets.

Effect: The County is not in compliance with Public Act 275 of 1980.

Recommendation: We recommend the County utilize budgetary controls to limit expenditures and/or transfer funds as needed to alleviate deficits.

Corrective Action Response: For the year ended December 31, 2009, the following funds incurred deficits, a) Fair Fund, b) Personal Property Tax Fund, and c) Brownfield Redevelopment Authority.

Per statute, a detailed "deficit elimination plan" will need to be submitted to State of Michigan once the audit has been filed. Attached is a brief action summary for each fund;

- a. Fair Fund - The County is aware of this deficit and currently has a deficit plan on file with State of Michigan.
- b. Personal Property Tax Fund - The County Treasurer has intensified the collections of delinquent personal property taxes via personal visits, telephone solicitation, and foreclosing on personal property and conducting auctions. Efforts thru the date of this writing have brought the Personal Property Tax Fund into the black.
- c. Brownfield Redevelopment Authority - This deficit is based on the current loan outstanding having been reported as deferred revenue. As the loan is paid revenue will be recognized and the deficit reduced and/or eliminated.

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**Section III - Federal Award Findings and Questioned Costs**

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None noted.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended December 31, 2009

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

2008-1 SIGNIFICANT AUDIT ADJUSTMENTS

Condition: During the course of the prior year's audit, one (1) significant adjustment was identified which management agreed with and posted to the general ledger. This adjustment was made to correctly record disbursements into the proper accounting period.

Resolution: This issue was not noted during the current year audit. We consider this issue resolved.

2007-1 SIGNIFICANT AUDIT ADJUSTMENTS

Condition: During the course of the 2007 audit, significant adjustments were identified which management agreed with and posted to the general ledger.

Resolution: This issue was noted and repeated for 2008, but was not noted during the current year audit. We consider this issue resolved.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.