

COUNTY OF JACKSON, MICHIGAN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2010

Prepared by:

**Adam J. Brown, Interim County
Administrator/Controller**

**Gerard Cyrocki, CPA
Finance Officer**

Jackson County, Michigan
 Comprehensive Annual Financial Report
 Year Ended December 31, 2010

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INTRODUCTORY SECTION



Jackson County

ADMINISTRATOR/CONTROLLER

Adam J. Brown, Interim Administrator/Controller

June 18, 2011

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, 2010. 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, 2010 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, 2010, 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 4th Judicial Circuit, Probate Court, and 12th 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 498 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 2010 taxable value for Jackson County decreased by 2.25%. Total assessed property values for the County are \$5.2 billion based on the 2010 Equalization Report. The total change in the Equalized Value (which is approximately 50% of actual property value) was -\$379,256 million for 2010.

The local economy faced some very tough times from 2007 thru even the end of 2010. However, there appears to be a swing in the economic momentum. In 2010 business expansion in the County created 566 new jobs and retained 1,865 positions. This added expansion contributed \$194.8 million to business investment.

A major NYSE chemical products corporation has announced plans to construct a \$25 million facility in the county to consolidate some of its operations. Jackson County was chosen over several other locations because of availability of a dedicated workforce and a site with visibility from a major freeway. This new facility will add 80 jobs when it becomes fully operational.

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 80 FTE's. The adopted 2011 budget calls for that number to decrease by an additional 5 positions. This reduction has largely been achieved via attrition (retirements & terminations) and departmental reorganizations.

The Board of Commissioners continues to adopt a 5 year budget strategy to allow it to adjust for 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 \$42 million by 2016 which is a full \$4.6 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 2016. 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. This plan is revisited at the beginning of each budget year so that departments can make appropriate budget modifications if needed.

Additionally, for the 2011 budget process a "performance measurement" aspect was added whereby departments were challenged to assess their individual operations for cost savings opportunities and/or revenue enhancements.

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. 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.

Jackson County depleted its Revenue Sharing Reserve Fund in 2010 and as a result the State did reinstate Revenue Sharing payments for 2010 and 2011 at full funding level. However going forward from 2012, the State is expected to reduce the level of revenue sharing payments to local units of government

Our original 2010 and 2011 budgets for State Revenue Sharing were planned at 0% and 50% funding level respectively. In 2010, this additional unplanned revenue was used to fund much needed capital requirements, reduce the county's Other Postemployment Benefits (retiree health costs) liability, and fund a road patrol deputy for the next 5 years as part of the countywide strategic plan for a Safe Community. Should the 2011 funding be restored at the 100% level, the additional revenue will be earmarked for capital and retiree health costs (OPEB) liability.

The County has entered into several Interlocal Agreements with a several units of governments that will enhance general operating revenues going forward.

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. As discussed above, several Inter Local Agreements were consummated with the City of Jackson for parks Administration and Human Resource services in 2010 and Road Patrol services with two townships. The County will continue to explore other collaborative arrangements in the areas of IT, Equalization, Public Safety and Facilities management with the other local units of governments as opportunities present themselves.

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, 2009. 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.

In addition to the Certificate of Achievement, the County also received the GFOA's Distinguished Budget Presentation Award for its budget for the fiscal year beginning January 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the County's Budget document was judged as a policy document, a financial plan, an operations guide, and a communications device.

Jackson County's bond rating was upgraded by Standard & Poor to AA from A+ in early 2010. Although the County did not issue new bonds we believe the refinancing consummated in late 2010 was a contributing factor in the interest rate assigned to the REFI.

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 blue ink, appearing to read 'A. J. Brown', written over a horizontal line.

Adam J. Brown
Interim Administrator/Controller

Jackson County, Michigan
Comprehensive Annual Financial Report
Year Ended December 31, 2010

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

4TH CIRCUIT/FAMILY
COURT JUDGES

John G. McBain, Chief Judge
Susan E. Beebe
Thomas Wilson
Chad Schmucker
Diane Rappleye

12TH DISTRICT
COURT JUDGES

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

PROBATE
COURT JUDGES

Diane Rappleye, Chief Judge

OTHER ELECTED OFFICIALS

Amanda L. Riska
Geoffrey Snyder
Mindy Reilly
Karen A. Coffman
Henry C. Zavislak
Daniel H. Heyns
Dean R. Gutekunst

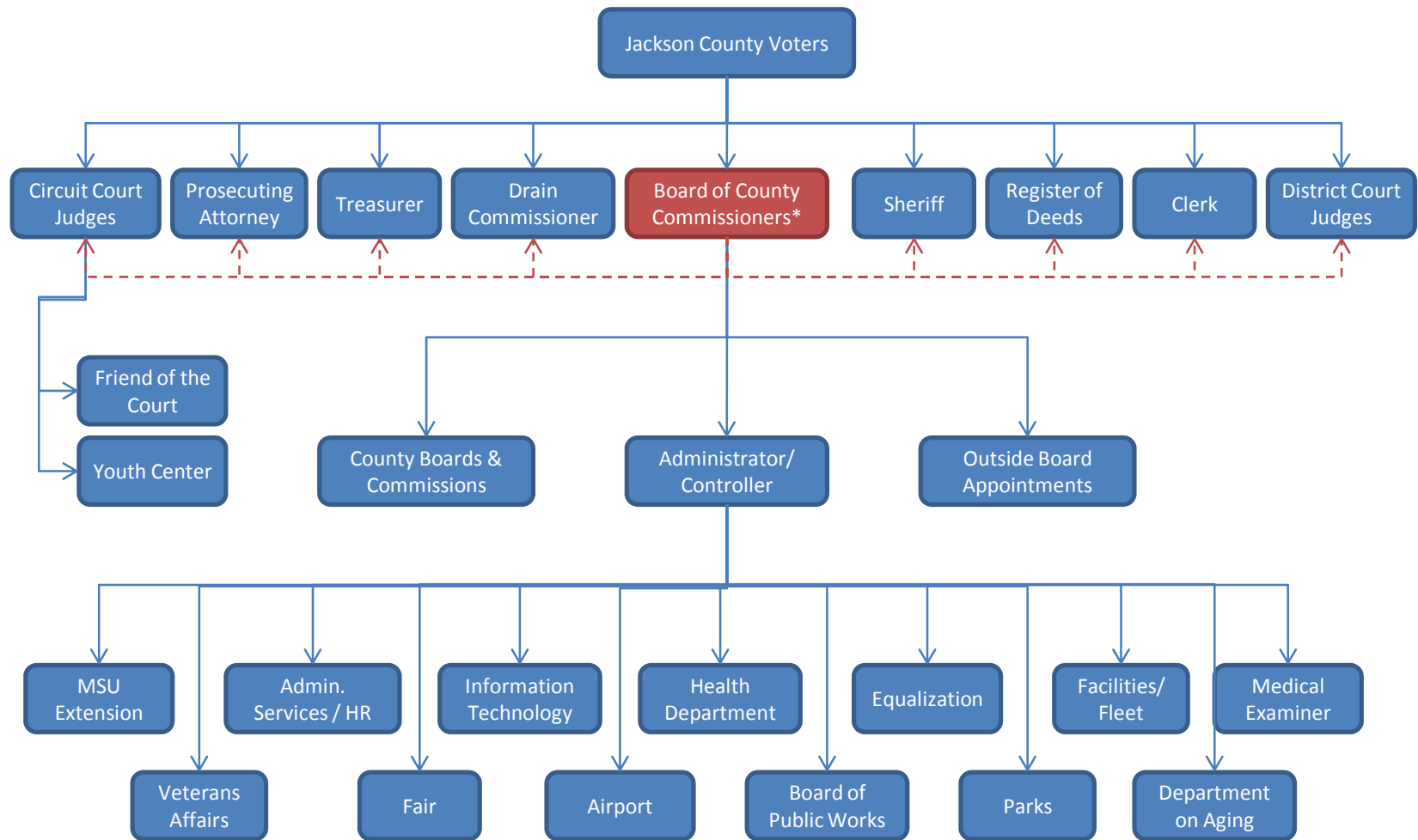
County Clerk
Drain Commissioner
Register of Deeds
County Treasurer
Prosecuting Attorney
County Sheriff
County Surveyor

INTERIM COUNTY ADMINISTRATOR / CONTROLLER

Adam J. 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, 2009

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



President

Executive Director

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, 2010, 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 66% and 89%, respectively of the total assets and revenues of the discretely presented component units and the Medical Care Facility which represents 36% and 57%, 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.

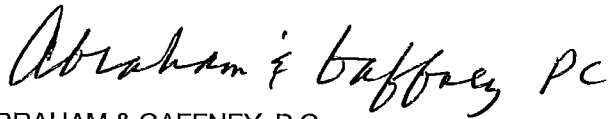
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, Michigan, as of December 31, 2010, 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 18, 2011, 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 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 18, 2011

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, 2010. 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 \$84.1 million (*net assets*). Of this amount, \$52.8 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$28.4 million of the unrestricted net assets. The Delinquent Tax Revolving Fund accounts for 70.2% of the business-type unrestricted net assets.
- The County's total net assets increased by \$1,995,087.
- Governmental activities net assets increased by \$110,748.
- Business type activity net assets increased by \$1,884,339.

Fund Level:

- At the close of 2010, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$34.0 million, an increase of \$1,335,484 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 \$548,112 for 2010. At the end of the year, fund balance for the general fund was 32.7 percent of total general fund expenditures and transfers out. The general fund has an *unreserved/undesignated* fund balance of \$11.8 million.

Capital and Long-term Debt Activities:

- Jackson County's total Primary Government net bonded debt decreased by \$1,736,605.

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 and welfare, recreation and 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 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General 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 31 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The 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, 2010. The schedule shows the County's assets exceeded liabilities by \$84.1 million.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 50,408,880	\$ 49,425,781	\$ 28,653,822	\$ 27,726,012	\$ 79,062,702	\$ 77,151,793
Capital assets	25,680,221	27,058,573	30,446,045	31,153,817	56,126,266	58,212,390
Total assets	76,089,101	76,484,354	59,099,867	58,879,829	135,188,968	135,364,183
Long-term liabilities outstanding	19,458,503	19,999,644	17,567,996	19,640,678	37,026,499	39,640,322
Other liabilities	10,111,386	9,603,039	3,946,913	3,468,481	14,058,299	13,071,520
Total liabilities	29,569,889	29,602,683	21,514,909	23,109,159	51,084,798	52,711,842
Net assets:						
Invested in capital assets, net of	15,130,221	16,533,573	13,178,355	12,124,522	28,308,576	28,658,095
Restricted	2,970,238	2,398,320	-	-	2,970,238	2,398,320
Unrestricted	28,418,753	27,949,778	24,406,603	23,646,148	52,825,356	51,595,926
Total net assets	<u>\$ 46,519,212</u>	<u>\$ 46,881,671</u>	<u>\$ 37,584,958</u>	<u>\$ 35,770,670</u>	<u>\$ 84,104,170</u>	<u>\$ 82,652,341</u>

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 has a net investment of \$28.3 million in capital assets. This represents 33.7 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 \$3.0 million (3.6 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$52.8 million are the largest portion (62.8 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue:						
Program revenue:						
Charges for services	\$ 9,597,688	\$ 9,855,124	\$ 29,535,470	\$ 30,569,896	\$ 39,133,158	\$ 40,425,020
Operating grants and contributions	16,857,973	16,131,328	-	-	16,857,973	16,131,328
	26,455,661	25,986,452	29,535,470	30,569,896	55,991,131	56,556,348
General revenues:						
Property taxes	25,542,916	26,383,232	-	-	25,542,916	26,383,232
Investment earnings	663,497	1,114,709	30,474	93,033	693,971	1,207,742
State shared revenue	2,361,911	1,236,701	-	-	2,361,911	1,236,701
Other	78,408	63,107	24,471	141,172	102,879	204,279
Total revenue	55,102,393	54,784,201	29,590,415	30,804,101	84,692,808	85,588,302
Expenses						
General government	22,366,906	23,650,817	-	-	22,366,906	23,650,817
Public safety	18,336,839	18,196,223	-	-	18,336,839	18,196,223
Health & Welfare	10,487,852	9,521,311	-	-	10,487,852	9,521,311
Recreation and Culture	2,843,700	3,188,894	-	-	2,843,700	3,188,894
Community Development	1,033,799	1,463,740	-	-	1,033,799	1,463,740
Debt service-interest	1,156,503	803,914	-	-	1,156,503	803,914
Delinquent tax revolving	-	-	345,126	560,542	345,126	560,542
Foreclosure tax	-	-	494,072	426,210	494,072	426,210
Medical Care Facility	-	-	16,681,276	16,060,347	16,681,276	16,060,347
Resource Recovery	-	-	8,893,948	8,991,113	8,893,948	8,991,113
Personal Property	-	-	66,631	66,998	66,631	66,998
Total expenses	56,225,599	56,824,899	26,481,053	26,105,210	82,706,652	82,930,109
Increase (decrease) in net assets before Transfers	(1,123,206)	(2,040,698)	3,109,362	4,698,891	1,986,156	2,658,193
Transfers	1,233,954	1,122,574	(1,225,023)	(1,123,027)	8,931	(453)
Increase (decrease) in net assets	110,748	(918,124)	1,884,339	3,575,864	1,995,087	2,657,740
Restated net assets - beginning of year	46,408,464	47,799,795	35,700,619	32,194,806	82,109,083	79,994,601
Adjustments	-	-	-	-	-	-
Net assets - end of year	\$ 46,519,212	\$ 46,881,671	\$ 37,584,958	\$ 35,770,670	\$ 84,104,170	\$ 82,652,341

Governmental activities. Jackson County's expenses exceeded revenue by approximately \$1.1 million which combined with the transfers in from business activities of \$1.2 million resulted in an increase in net assets of approximately \$110,000 for 2010. Key elements of this change are as follows:

- Total program revenue increased approximately \$470,000 from prior year. This net increase was comprised of service revenue declines and an increase in federal stimulus grants. Identifiable areas of decrease in service revenue incurred in the following: a) 12 District Court, b) County Register of Deeds office, and c) County Clerk's office. These offices experienced a general decline in user fees as a result of the depressed business climate.
- The Health Department & Department of Aging were the benefactors of the additional federal grant revenues.
- Property tax values continued their decline in 2010 which generated approximately \$840,000 less revenue as compared to the prior year.
- Governmental activities generated \$663,497 in investment earnings during the fiscal year 2010. This is a reduction of nearly \$451,000 compared to 2009. The decrease is directly attributed to the constricted financial market conditions experienced in 2009 and 2010.
- State shared revenue increased by over \$1.1 million. This was due to State Revenue Sharing having been reinstated as a result of the County's scheduled depletion of Revenue Sharing Reserve Fund that was created by state statute in 2004.
- Total governmental expenses decreased by \$599,290 from the prior year. Some functional areas experienced an increase. Health and welfare increased by \$966,541 primarily due to additional grant funding from the Federal Stimulus grants. Debt service (interest expense) increased by \$352,589 from 2009.

These increases were offset by decreases in General government of \$1,283,911. Some of the areas that saw a reductions in spending were a) savings from department reorganizations implemented to streamline operations in the amount of approximately \$194,000, b) a decrease in general child care expense of \$608,000, and c) decreases in general line item spending as department heads elected-officials have become more mindful of operating budgets.

A decrease in Recreation and Culture expense activity of \$345,194 can be directly attributed to a decrease in Parks and Fair Funds actual expenditures of \$134,252 and \$220,332, respectively from the prior year.

The Community Development activity experienced a decrease in spending in the amount of \$429,941 which was mostly made up of decreased Community Development Block grant spending of \$229,652 and Airport Runway expansion costs of \$84,199.

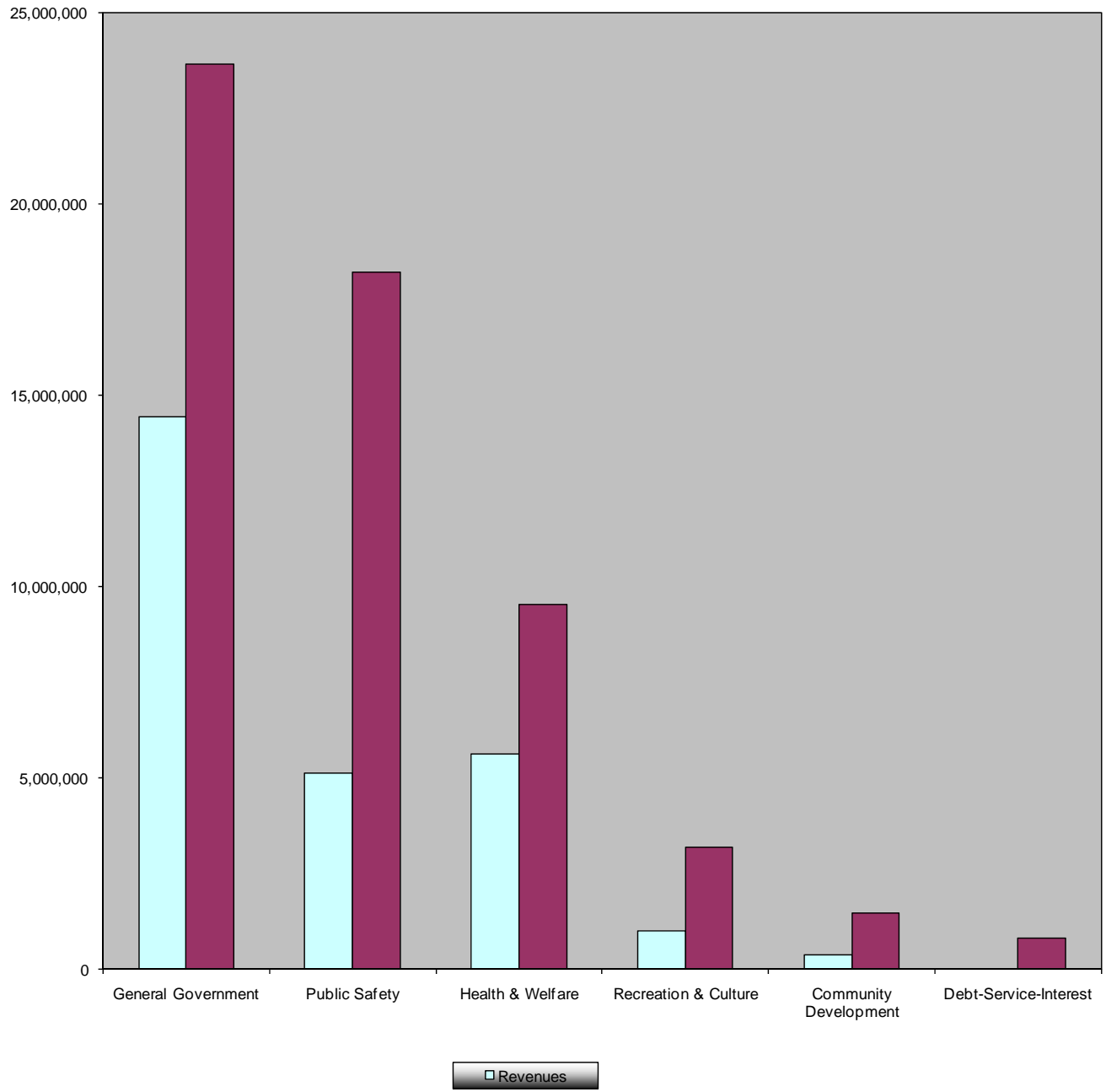
- Transfers in from Business-type activities increased by \$111,380 from the prior year as a result of increased spending in capital and non-capital asset purchases.

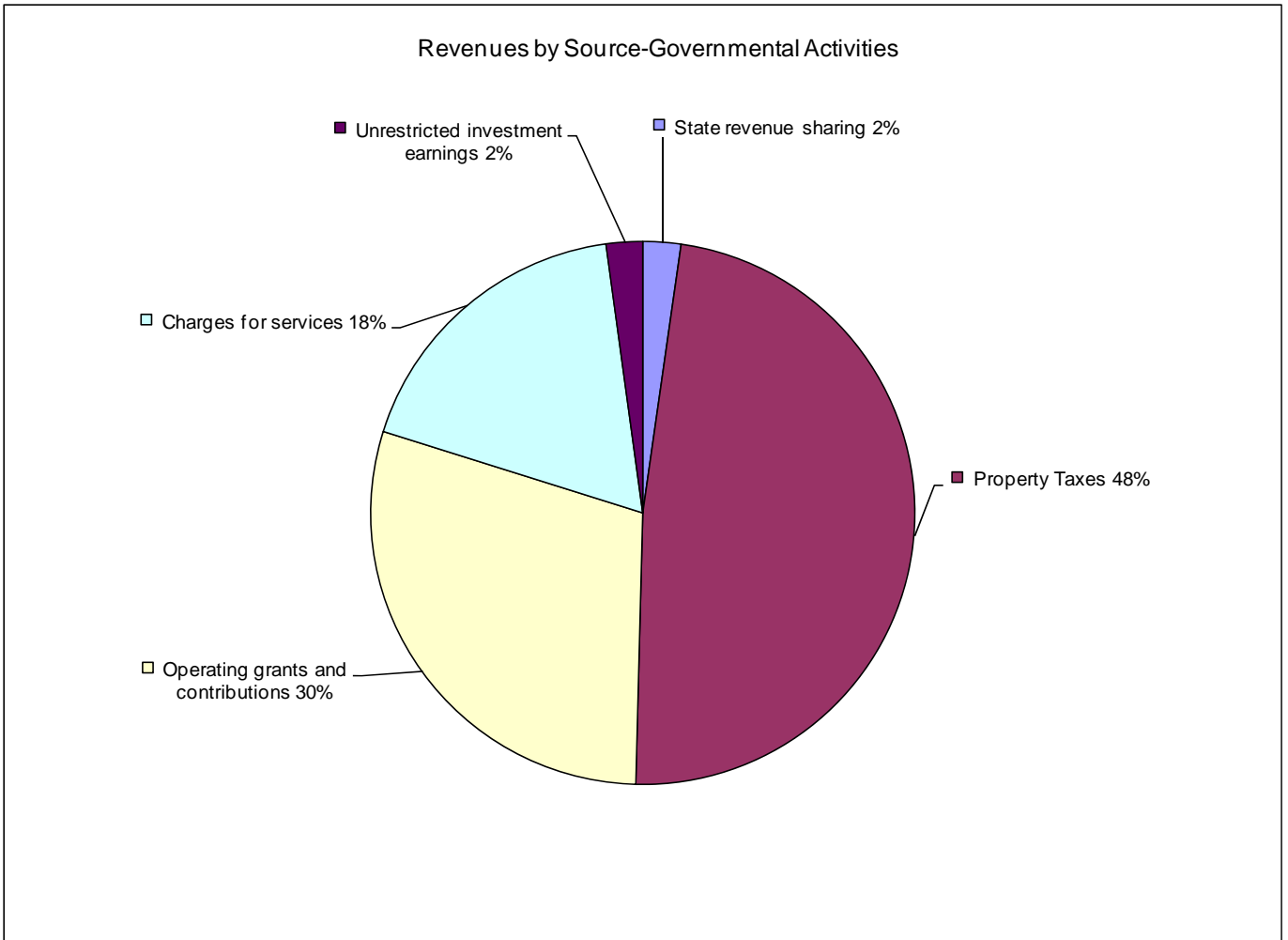
Business-type activities of Jackson County increased the net assets by \$1.9 million. Key elements of the current year increase are as follows:

- Increases in net assets before transfers were reported in the Delinquent Tax Fund, Resource Recovery Fund, and Medical Care Facility Fund in the amount of \$2.2 million, \$.8 million, and \$77,500, respectively.
- Business-type expenses increased by \$375,843 in 2010. There was an increase in "provider tax" from the Medical Care Facility Fund in 2010 of nearly \$600,000, and a decrease in miscellaneous line charges of \$200,000 from the Delinquent Tax Fund.

Transfers - net transfers of \$1,233,954 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 \$34.0 million, an increase of nearly \$1.3 million in comparison with the prior year. Most of this total amount (more than \$30.1 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 and inventory (\$304,839), 2) loaned to other funds or component units (\$824,530), 3) capital project and debt service (\$2,789,658).

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 \$13.0 million, while total fund balance approached \$13.9 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 30.7 percent of total general fund expenditures and transfers, while total fund balance represents 32.7 percent of that same amount.

The fund balance of the County's general fund increased by \$548,112 during the fiscal year. The poor economic environment in 2010 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 100% Revenue Sharing for our County in 2010 because the County depleted the Revenue Sharing Reserve Fund created in 2004 by State statute. Additionally, the County's property tax base decreased at a rate of about 4% from 2009. However our original estimates were for no State Revenue Sharing and a nearly 8 ½% decrease in taxable property values, which created nearly \$3 million in additional revenue. This added revenue was immediately set aside for capital spending requirements and OPEB liability funding.

The Jail Millage Fund was created in 2003 to account for property tax receipts, offset operating costs of jail operations and service bonded debt incurred on jail construction and renovation projects. Millage receipts exceeded expenses (transfers out) by \$232,339. The transfers out were comprised of \$1,021,000 for operations to General Fund and \$889,169 to Building Authority Debt Service Fund.

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 \$265,321 before a transfer out to the Medical Care Facility for debt payment and operation in the amount of \$507,662 resulting in year end fund balance of \$5.4 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 \$6,645,000 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, transfer-in, and beginning fund balance 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 \$17,131,232, \$14,173,572, and \$6,096,802 respectively. The Delinquent Tax, Resource Recovery, and Medical Care Facility funds had increases in net assets of \$696,386, \$750,887, and \$497,339, respectively.

Internal service funds ended the year with net assets of \$1,994,040, a decrease of \$92,589 from the prior year.

General Fund Budgetary Highlights

General Fund revenue increased by nearly \$2,836,615 from the original to the final budget. This was primarily attributed to an increase in "property taxes" revenue by nearly \$916,244 and revenue sharing increase of \$2,120,064. As stated above, the County originally estimated a lower than expected decrease in county-wide property tax values. Additionally, given that the State of Michigan economy as whole has been in a downturn, we originally did not believe that any State Revenue Sharing payments would be awarded. Therefore the original budget for State Revenue Sharing was \$0, and we conservatively estimated property tax values. These unexpected additional revenues were then budgeted as transfers out for "capital" and retiree health costs specifically "OPEB" liability funding.

The General Fund expense increased by \$2,104,020 from the original to final budget. This increase was primarily attributed to \$600,000 capital transfer to the Public Improvement Fund, \$500,000 additional transfer to the Retiree Health Fund, and designating \$400,000 of fund balance to fund an additional road deputy for the next five years as part of the countywide strategic plan. Additionally, the county had planned on using \$900,000 from fund balance, but because of the above unplanned revenue, the county offset this amount as a contingency line item expense.

Overall, actual general fund revenue and other financing sources during the year were under the final budget for revenue and other financing sources by \$(1,021,247). Actual general fund expenditures and other financing uses were \$1,568,883 less than final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$548,112.

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, 2010, amounts to \$56.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment.

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

- Initiated countywide building modifications for "energy efficiency" projects with ARRA grant money awarded by Department of Energy. Total grant award was \$687,500
- Resource recovery (waste incinerator) improvements of \$954,000.
- Medical Care Facility building improvements and equipment acquisitions of \$113,000.
- Total depreciation expense was \$2,423,508 and \$1,966,524 for Governmental and Business-type activities, respectively.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,817,012	\$ 1,817,012	\$ 269,170	\$ 48,832	\$ 2,086,182	\$ 1,865,844
Construction in progress	775,209	362,667	-	-	775,209	362,667
Buildings	21,399,739	22,660,343	24,536,079	25,157,500	45,935,818	47,817,843
Equipment and vehicles	1,688,261	2,218,551	5,640,796	5,947,485	7,329,057	8,166,036
	<u>\$ 25,680,221</u>	<u>\$ 27,058,573</u>	<u>\$ 30,446,045</u>	<u>\$ 31,153,817</u>	<u>\$ 56,126,266</u>	<u>\$ 58,212,390</u>

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 2010 fiscal year, Jackson County had net outstanding debt of \$35.2 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 \$1.7 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 \$454 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 42-49 of this report.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 10,550,000	\$ 10,525,000	\$ -	\$ -	\$ 10,550,000	\$ 10,525,000
Resource recovery bonds	-	-	4,445,000	5,775,000	4,445,000	5,775,000
Medical care facility bonds	-	-	12,822,690	13,524,295	12,822,690	13,524,295
	<u>\$ 10,550,000</u>	<u>\$ 10,525,000</u>	<u>\$ 17,267,690</u>	<u>\$ 19,299,295</u>	<u>\$ 27,817,690</u>	<u>\$ 29,824,295</u>

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2011 fiscal year:

- The economic downturn from previous years continues to hamper the County's finances. Taxable property values are expected to decrease from 2010 levels by 2%.
- Unemployment in Jackson County at the end of 2010 stood at nearly 11%, which is down from 2009 at 14%. This rate continues to be above national averages.
- The County has entered into Inter-Local Governmental agreements with the City of Jackson for Parks administration and Human Resources. The County will continue to explore other areas of collaboration including but not limited to, IT, Public Safety, Facilities Management, and Equalization services with other surrounding local units of government.
- The State of Michigan continues to struggle with budget shortfalls which could hamper the shared revenue formula as it effect local units of government. Jackson County had depleted its State Revenue Reserve Fund in 2010 and as a result the State of Michigan reinstated full funding of the shared payments for its fiscal years 2010 and 2011 to Jackson County. In our 2011 budget we have planned for a 50% funding level . Should the county receive full funding that additional revenue will be earmarked for capital and OPEB liability.
- The County will continue to look at departments for "cost savings" opportunities and/or "revenue enhancements"

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, 2010

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
Current assets				
Cash and pooled investments	\$ 34,876,390	\$ 8,956,568	\$ 43,832,958	\$ 3,446,366
Receivables, net	14,891,606	14,731,416	29,623,022	36,481,332
Inventories	161,455	1,770,548	1,932,003	2,220,603
Prepays	693,984	139,836	833,820	145,479
Current portion of land contract receivable	-	-	-0-	20,279
Internal balances	(214,555)	214,555	-0-	-
Total current assets	50,408,880	25,812,923	76,221,803	42,314,059
Noncurrent assets				
Deferred expenses	-	225,356	225,356	-
Bond issuance costs	-	108,357	108,357	-
Noncurrent portion of land contract receivable	-	-	-0-	1,488,301
Restricted cash and pooled investments	-	2,507,186	2,507,186	-
Capital assets not being depreciated	2,592,221	269,170	2,861,391	16,888,449
Capital assets being depreciated, net	23,088,000	30,176,875	53,264,875	56,386,708
Total noncurrent assets	25,680,221	33,286,944	58,967,165	74,763,458
TOTAL ASSETS	76,089,101	59,099,867	135,188,968	117,077,517
LIABILITIES				
Current liabilities				
Accounts payable	2,272,453	728,482	3,000,935	142,631
Accrued wages	980,308	361,291	1,341,599	-
Other accrued liabilities	60,571	-	60,571	458,166
Accrued interest payable	59,200	135,642	194,842	431,942
Performance bonds payable	-	-	-0-	105,250
Due to other governmental units	45,000	1,267	46,267	427,702
Unearned revenue	4,466,743	-	4,466,743	181,148
Current portion of capital lease obligation	-	18,852	18,852	-
Current portion of compensated absences	1,322,111	291,379	1,613,490	25,000
Current portion of estimated closure and post closure monitoring costs	-	140,000	140,000	-
Current portion of long-term debt	905,000	2,270,000	3,175,000	2,878,266
Total current liabilities	10,111,386	3,946,913	14,058,299	4,650,105
Noncurrent liabilities				
Noncurrent portion of compensated absences	-	92,739	92,739	275,913
Other postemployment benefit obligation	3,168,503	768,206	3,936,709	1,677,657
Noncurrent portion of estimated closure and post closure monitoring cost	-	1,255,000	1,255,000	-
Noncurrent portion of capital lease obligation	-	454,361	454,361	-
Noncurrent portion of long-term debt	16,290,000	14,997,690	31,287,690	31,131,839
Total noncurrent liabilities	19,458,503	17,567,996	37,026,499	33,085,409
TOTAL LIABILITIES	29,569,889	21,514,909	51,084,798	37,735,514
NET ASSETS				
Invested in capital assets, net of related debt	15,130,221	13,178,355	28,308,576	72,864,650
Restricted for:				
Capital projects	2,789,622	-	2,789,622	1,107,122
Endowments - nonexpendable	180,616	-	180,616	-
Unrestricted	28,418,753	24,406,603	52,825,356	5,370,231
TOTAL NET ASSETS	\$ 46,519,212	\$ 37,584,958	\$ 84,104,170	\$ 79,342,003

See accompanying notes to financial statements.

Jackson County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

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	\$ 22,366,906	\$ 6,448,052	\$ 6,224,676	\$ -	\$ (9,694,178)	\$ -	\$ (9,694,178)	\$ -
Public safety	18,336,839	1,203,977	4,099,065	-	(13,033,797)	-	(13,033,797)	-
Health and welfare	10,487,852	791,184	6,173,137	-	(3,523,531)	-	(3,523,531)	-
Community and economic development	1,033,799	285,455	175,373	-	(572,971)	-	(572,971)	-
Recreation and culture	2,843,700	869,020	185,722	-	(1,788,958)	-	(1,788,958)	-
Interest on long-term debt	1,156,503	-	-	-	(1,156,503)	-	(1,156,503)	-
Total governmental activities	56,225,599	9,597,688	16,857,973	-0-	(29,769,938)	-0-	(29,769,938)	-0-
Business-type activities								
Medical Care Facility	16,681,276	16,731,793	-	-	-	50,517	50,517	-
Delinquent tax	345,126	2,567,768	-	-	-	2,222,642	2,222,642	-
Resource Recovery	8,893,948	9,732,880	-	-	-	838,932	838,932	-
Foreclosure Tax Administration	494,072	421,951	-	-	-	(72,121)	(72,121)	-
Personal Property Tax	66,631	81,078	-	-	-	14,447	14,447	-
Total business-type activities	26,481,053	29,535,470	-0-	-0-	-0-	3,054,417	3,054,417	-0-
Total primary government	\$ 82,706,652	\$ 39,133,158	\$ 16,857,973	\$ -0-	(29,769,938)	3,054,417	(26,715,521)	-0-
Component units								
Road Commission	\$ 15,487,403	\$ 2,805,077	\$ 10,914,064	\$ 1,765,364	-	-	-0-	(2,898)
Economic Development Corporation	43,686	400	-	-	-	-	-0-	(43,286)
Land Bank Authority	14,497	4,257	-	-	-	-	-0-	(10,240)
Brownfield Redevelopment Authority	199,492	-	192,195	-	-	-	-0-	(7,297)
Drainage Districts	1,048,684	-	-	748,139	-	-	-0-	(300,545)
Board of Public Works	1,014,777	-	-	1,077,891	-	-	-0-	63,114
Total component units	\$ 17,808,539	\$ 2,809,734	\$ 11,106,259	\$ 3,591,394	-0-	-0-	-0-	(301,152)
General revenues								
Property taxes					25,542,916	-	25,542,916	-
State shared revenue					2,361,911	-	2,361,911	-
Investment earnings					663,497	30,474	693,971	89,803
Other					78,408	24,471	102,879	745
Transfers					1,233,954	(1,225,023)	8,931	-
Total general revenues and transfers					29,880,686	(1,170,078)	28,710,608	90,548
Change in net assets					110,748	1,884,339	1,995,087	(210,604)
Restated net assets, beginning of the year					46,408,464	35,700,619	82,109,083	79,552,607
Net assets, end of the year					\$ 46,519,212	\$ 37,584,958	\$ 84,104,170	\$ 79,342,003

See accompanying notes to financial statements.

Jackson County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2010

	General	Jail Millage Fund	Medical Care Facility Maintenance of Effort Fund
ASSETS			
Cash and pooled investments	\$ 11,268,806	\$ 593,096	\$ 5,778,564
Accounts receivable	485,349	-	-
Taxes receivable	1,906,038	1,960,329	579,931
Due from other governmental units	847,825	-	-
Interest receivable	184,382	-	-
Advances to other funds	497,030	-	-
Inventories	-	-	-
Prepays	55,937	-	-
	<u>15,245,367</u>	<u>2,553,425</u>	<u>6,358,495</u>
TOTAL ASSETS	\$ 15,245,367	\$ 2,553,425	\$ 6,358,495
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 534,876	\$ -	\$ 334,930
Accrued wages	648,293	-	-
Other accrued liabilities	-	-	-
Advances from other funds	-	-	-
Due to other governmental units	-	-	-
Due to other funds	-	-	-
Deferred revenue	169,041	2,030,000	600,000
	<u>1,352,210</u>	<u>2,030,000</u>	<u>934,930</u>
TOTAL LIABILITIES	1,352,210	2,030,000	934,930
FUND BALANCES			
Reserved for:			
Advances	824,530	-	-
Inventories	-	-	-
Prepays	55,937	-	-
Capital projects	-	-	-
Debt service	-	-	-
Unreserved			
Designated for subsequent years' expenditures	1,236,956	143,000	250,000
Undesignated, reported in:			
General fund	11,775,734	-	-
Special revenue funds	-	380,425	5,173,565
Permanent funds	-	-	-
	<u>13,893,157</u>	<u>523,425</u>	<u>5,423,565</u>
TOTAL FUND BALANCES	13,893,157	523,425	5,423,565
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,245,367	\$ 2,553,425	\$ 6,358,495

See accompanying notes to financial statements.

Building Authority Bonds	Nonmajor Governmental Funds	Total
\$ 17,627	\$ 15,135,300	\$ 32,793,393
-	194,673	680,022
-	998,989	5,445,287
6,645,000	937,929	8,430,754
-	-	184,382
-	-	497,030
-	161,455	161,455
-	87,447	143,384
<u>\$ 6,662,627</u>	<u>\$ 17,515,793</u>	<u>\$ 48,335,707</u>
\$ -	\$ 561,929	\$ 1,431,735
-	332,015	980,308
17,591	42,980	60,571
-	497,030	497,030
-	45,000	45,000
-	214,555	214,555
6,645,000	1,667,702	11,111,743
<u>6,662,591</u>	<u>3,361,211</u>	<u>14,340,942</u>
-	-	824,530
-	161,455	161,455
-	87,447	143,384
-	2,789,622	2,789,622
36	-	36
-	1,248,143	2,878,099
-	-	11,775,734
-	9,687,299	15,241,289
-	180,616	180,616
<u>36</u>	<u>14,154,582</u>	<u>33,994,765</u>
<u>\$ 6,662,627</u>	<u>\$ 17,515,793</u>	<u>\$ 48,335,707</u>

Jackson County, Michigan

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

December 31, 2010

Total fund balances - governmental funds \$ 33,994,765

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	\$ 57,344,916	
Accumulated depreciation is	<u>(31,664,695)</u>	
Capital assets, net		25,680,221

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds.		6,645,000
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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		1,944,040
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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	(17,195,000)	
Other postemployment benefit obligation	(3,168,503)	
Accrued interest payable	(59,200)	
Compensated absences	<u>(1,322,111)</u>	
		<u>(21,744,814)</u>

Net assets of governmental activities \$ 46,519,212

Jackson County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2010

	General	Jail Millage Fund	Medical Care Facility Maintenance of Effort Fund
REVENUES			
Taxes	\$ 21,700,151	\$ 2,142,508	\$ 613,130
Licenses and permits	175,006	-	-
Intergovernmental	7,862,620	-	-
Charges for services	5,491,690	-	-
Fines and forfeits	728,241	-	-
Interest and rents	869,110	-	7,759
Contributions from local units	-	-	-
Other	525,441	-	-
TOTAL REVENUES	37,352,259	2,142,508	620,889
EXPENDITURES			
Current			
General government	15,835,320	-	-
Public safety	12,925,272	-	-
Health and welfare	2,601,208	-	355,568
Community and economic development	338,940	-	-
Recreation and culture	6,679	-	-
Other	5,152,026	-	-
Debt service	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	36,859,445	-0-	355,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	492,814	2,142,508	265,321
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	-	-	-
Bond issuance cost	-	-	-
Transfer to escrow agent	-	-	-
Transfers in	5,646,699	-	-
Transfers out	(5,591,401)	(1,910,169)	(507,662)
TOTAL OTHER FINANCING SOURCES (USES)	55,298	(1,910,169)	(507,662)
NET CHANGE IN FUND BALANCES	548,112	232,339	(242,341)
Restated fund balances, beginning of year	13,345,045	291,086	5,665,906
Fund balances, end of year	\$ 13,893,157	\$ 523,425	\$ 5,423,565

See accompanying notes to financial statements.

Building Authority Bonds	Nonmajor Governmental Funds	Total
\$ -	\$ 1,085,255	\$ 25,541,044
-	296,426	471,432
-	7,636,135	15,498,755
-	2,428,885	7,920,575
-	259,077	987,318
116	259,921	1,136,906
1,446,891	-	1,446,891
-	1,899,031	2,424,472
<u>1,447,007</u>	<u>13,864,730</u>	<u>55,427,393</u>
-	4,092,878	19,928,198
-	2,207,108	15,132,380
-	5,852,178	8,808,954
-	580,744	919,684
-	2,105,368	2,112,047
780,335	-	5,932,361
1,554,925	-	1,554,925
-	1,030,778	1,030,778
<u>2,335,260</u>	<u>15,869,054</u>	<u>55,419,327</u>
(888,253)	(2,004,324)	8,066
10,100,000	-	10,100,000
(82,333)	-	(82,333)
(10,018,468)	-	(10,018,468)
1,065,636	6,831,494	13,543,829
(298,222)	(3,908,156)	(12,215,610)
<u>766,613</u>	<u>2,923,338</u>	<u>1,327,418</u>
(121,640)	919,014	1,335,484
<u>121,676</u>	<u>13,235,568</u>	<u>32,659,281</u>
<u>\$ 36</u>	<u>\$ 14,154,582</u>	<u>\$ 33,994,765</u>

See accompanying notes to financial statements.

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, 2010

Net change in fund balances - total governmental funds **\$ 1,335,484**

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	\$ 1,045,156	
Depreciation expense	<u>(2,423,508)</u>	
Excess of depreciation expense over capital outlay		(1,378,352)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (325,000)

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	(1,343)	
Add: Interest revenue	3,019	
Subtract: internal activities (transfers)	<u>(94,265)</u>	
		(92,589)

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	10,400,000	
Bond Proceeds	<u>(10,100,000)</u>	
		300,000

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	99,223	
Decrease in other postemployment benefit obligations	111,141	
Decrease in compensated absences	<u>60,841</u>	
		<u>271,205</u>

Change in net assets of governmental activities **\$ 110,748**

Jackson County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2010

	Business-type		
	Medical Care Facility	Delinquent Tax Revolving	Resource Recovery
ASSETS			
Current assets			
Cash and pooled investments	\$ 1,560,088	\$ 6,064,226	\$ 1,309,960
Receivables			
Accounts	3,520,650	102,532	848,197
Interest	-	2,164,840	-
Delinquent taxes	-	7,872,197	-
Due from other governmental units	123,000	-	-
Due from other funds	-	976,010	-
Inventories	-	-	1,770,548
Prepays	-	-	139,836
	<u>5,203,738</u>	<u>17,179,805</u>	<u>4,068,541</u>
Total current assets			
Noncurrent assets			
Deferred expenses	-	-	225,356
Bond issuance costs	108,357	-	-
Restricted cash and pooled investments	538,824	-	1,968,362
Capital assets not being depreciated	-	-	48,832
Capital assets being depreciated, net	15,472,358	1,625	14,702,892
	<u>16,119,539</u>	<u>1,625</u>	<u>16,945,442</u>
Total noncurrent assets			
TOTAL ASSETS			
	<u>21,323,277</u>	<u>17,181,430</u>	<u>21,013,983</u>
LIABILITIES			
Current liabilities			
Accounts payable	347,162	26,230	355,090
Accrued wages	351,285	7,839	533
Due to other governmental units	-	-	-
Due to other funds	-	-	608,516
Accrued interest payable	99,370	-	36,272
Current portion of compensated absences	271,810	16,129	-
Current portion of capital lease obligation	18,852	-	-
Current portion of estimated closure and post closure monitoring costs	-	-	140,000
Current portion of long term debt	520,000	-	1,750,000
	<u>1,608,479</u>	<u>50,198</u>	<u>2,890,411</u>
Total current liabilities			
Noncurrent liabilities			
Noncurrent portion of compensated absences	92,739	-	-
Noncurrent portion of estimated closure and post closure monitoring costs	-	-	1,255,000
Other post employment benefit obligation	768,206	-	-
Noncurrent portion of capital lease obligation	454,361	-	-
Noncurrent portion of long-term debt	12,302,690	-	2,695,000
	<u>13,617,996</u>	<u>-</u>	<u>3,950,000</u>
Total noncurrent liabilities			
TOTAL LIABILITIES			
	<u>15,226,475</u>	<u>50,198</u>	<u>6,840,411</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,649,668	1,625	10,306,724
Unrestricted	3,447,134	17,129,607	3,866,848
	<u>\$ 6,096,802</u>	<u>\$ 17,131,232</u>	<u>\$ 14,173,572</u>
TOTAL NET ASSETS			

See accompanying notes to financial statements.

Activities		
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 22,294	\$ 8,956,568	\$ 2,082,997
-	4,471,379	151,161
-	2,164,840	-
-	7,872,197	-
100,000	223,000	-
-	976,010	-
-	1,770,548	-
-	139,836	550,600
122,294	26,574,378	2,784,758
-	225,356	-
-	108,357	-
-	2,507,186	-
220,338	269,170	-
-	30,176,875	-
220,338	33,286,944	-0-
342,632	59,861,322	2,784,758
-	728,482	840,718
1,634	361,291	-
1,267	1,267	-
152,939	761,455	-
-	135,642	-
3,440	291,379	-
-	18,852	-
-	140,000	-
-	2,270,000	-
159,280	4,708,368	840,718
-	92,739	-
-	1,255,000	-
-	768,206	-
-	454,361	-
-	14,997,690	-
-0-	17,567,996	-0-
159,280	22,276,364	840,718
220,338	13,178,355	-
(36,986)	24,406,603	1,944,040
\$ 183,352	\$ 37,584,958	\$ 1,944,040

Jackson County, Michigan

Proprietary Funds

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

Year Ended December 31, 2010

	<u>Business-type</u>		
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Resource Recovery</u>
OPERATING REVENUES			
Charges for services	\$ 16,731,793	\$ 1,644,495	\$ 9,732,880
Interest and penalties on delinquent taxes	-	923,273	
TOTAL OPERATING REVENUES	<u>16,731,793</u>	<u>2,567,768</u>	<u>9,732,880</u>
OPERATING EXPENSES			
Personal services	8,126,627	331,852	16,610
Contractual services	-	-	-
Other services and charges	7,397,786	-	7,152,846
Depreciation	552,658	13,274	1,399,977
TOTAL OPERATING EXPENSES	<u>16,077,071</u>	<u>345,126</u>	<u>8,569,433</u>
OPERATING INCOME (LOSS)	654,722	2,222,642	1,163,447
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	5,595	21,861	3,018
Interest expense	(604,205)	-	(324,515)
Other	21,394	3,077	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(577,216)</u>	<u>24,938</u>	<u>(321,497)</u>
INCOME (LOSS) BEFORE TRANSFERS	77,506	2,247,580	841,950
TRANSFERS IN	419,833	70,066	-
TRANSFERS OUT	-	(1,621,260)	(91,063)
TOTAL TRANSFERS	<u>419,833</u>	<u>(1,551,194)</u>	<u>(91,063)</u>
CHANGE IN NET ASSETS	497,339	696,386	750,887
Restated net assets, beginning of year	<u>5,599,463</u>	<u>16,434,846</u>	<u>13,422,685</u>
Net assets, end of year	<u><u>\$ 6,096,802</u></u>	<u><u>\$17,131,232</u></u>	<u><u>\$ 14,173,572</u></u>

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 503,029	\$ 28,612,197	\$ 11,475,839
-	923,273	-
503,029	29,535,470	11,475,839
64,395	8,539,484	-
-	-0-	11,411,376
495,693	15,046,325	65,806
615	1,966,524	-
560,703	25,552,333	11,477,182
(57,674)	3,983,137	(1,343)
-	30,474	3,019
-	(928,720)	-
-	24,471	-
-0-	(873,775)	3,019
(57,674)	3,109,362	1,676
-	489,899	-
(2,599)	(1,714,922)	(94,265)
(2,599)	(1,225,023)	(94,265)
(60,273)	1,884,339	(92,589)
243,625	35,700,619	2,036,629
\$ 183,352	\$ 37,584,958	\$ 1,944,040

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

	Business-type		
	Medical Care Facility	Delinquent Tax Revolving	Resource Recovery
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 14,190,282	\$ 1,647,572	\$ 9,884,699
Cash paid to suppliers	(7,484,529)	11,215	(6,952,929)
Cash paid for employee services and benefits	(7,857,385)	(327,620)	(314,397)
Cash operating receipts	115,920	-	-
Cash received from Quality Assurance Supplement Program	1,964,432	-	-
Interest on delinquent taxes	-	464,880	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	928,720	1,796,047	2,617,373
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	419,833	70,066	-
Transfers out	-	(1,621,260)	(91,063)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	419,833	(1,551,194)	(91,063)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	(470,000)	-	(1,330,000)
Interest paid on long-term debt	(606,950)	-	(324,515)
Acquisition and construction of capital assets	(212,670)	-	(820,390)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,289,620)	-0-	(2,474,905)
CASH FLOWS FROM INVESTING ACTIVITIES			
Resident trust deposits	8,793	-	-
Interest revenue	5,595	21,861	3,018
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	14,388	21,861	3,018
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	73,321	266,714	54,423
Restated cash and pooled investments, beginning of year	2,025,591	5,797,512	3,223,899
Cash and pooled investments, end of year	<u>\$ 2,098,912</u>	<u>\$ 6,064,226</u>	<u>\$ 3,278,322</u>

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 529,529	\$ 26,252,082	\$ 11,789,514
(773,485)	(15,199,728)	(10,958,042)
(65,707)	(8,565,109)	-
-	115,920	-
-	1,964,432	-
-	464,880	-
(309,663)	5,032,477	831,472
-	489,899	-
(2,599)	(1,714,922)	(94,265)
(2,599)	(1,225,023)	(94,265)
-	(1,800,000)	-
-	(931,465)	-
(220,338)	(1,253,398)	-
(220,338)	(3,984,863)	-0-
-	8,793	-
-	30,474	3,019
-0-	39,267	3,019
(532,600)	(138,142)	740,226
554,894	11,601,896	1,342,771
<u>\$ 22,294</u>	<u>\$ 11,463,754</u>	<u>\$ 2,082,997</u>

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended December 31, 2010

	Business-type		
	Medical Care Facility	Delinquent Tax Revolving	Resource Recovery
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 654,722	\$ 2,222,642	\$ 1,163,447
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	552,658	13,274	1,399,977
Changes in assets and liabilities:			
Amortization of benefit obligation	239,581	-	-
Provision for bad debt	123,729	-	-
Amortization of deferred expenses	5,605	-	75,116
Other income	-	3,077	-
Receivables	(584,888)	(937,747)	76,703
Prepays	-	-	46,615
Inventory	-	-	37,676
Due from other funds	-	479,354	-
Other current assets	(17,411)	-	-
Accounts payable	(74,937)	11,215	115,626
Accrued liabilities	29,661	1,744	(8,803)
Other liabilities	-	-	(95,000)
Due to other governmental units	-	-	-
Due to other funds	-	-	(193,984)
Compensated absences	-	2,488	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 928,720	\$ 1,796,047	\$ 2,617,373

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ (57,674)	\$ 3,983,137	\$ (1,343)
615	1,966,524	-
-	239,581	-
-	123,729	-
-	80,721	-
-	3,077	-
26,500	(1,419,432)	313,675
-	46,615	560,835
-	37,676	-
-	479,354	-
-	(17,411)	-
(212)	51,692	(41,695)
164	22,766	-
-	(95,000)	-
(4,308)	(4,308)	-
(273,272)	(467,256)	-
(1,476)	1,012	-
<u>\$ (309,663)</u>	<u>\$ 5,032,477</u>	<u>\$ 831,472</u>

Jackson County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2010

	Pension and Employee Benefit Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and pooled investments	\$ 452,557	\$ 10,651,617
Investments, at fair value		
Money market funds	4,101,567	-
U.S. Government Obligations	9,241,660	-
Domestic corporate bonds	26,108,166	-
Corporate mortgage obligations	568,153	-
Domestic stocks	39,300,839	-
Index stock fund	25,945,721	-
International bonds	704,899	-
International stock & ADR's	27,719,361	-
Accounts receivable	644,441	34,931
Prepays	715,355	-
Accrued interest receivable	240,801	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 135,743,520</u>	<u>\$ 10,686,548</u>
LIABILITIES		
Due to other governmental units	\$ -	\$ 8,719,973
Accounts payable	803,795	-
Accrued wages	3,004	-
Compensated absences	9,071	-
Bonds payable	-	150,250
Escrow payable	-	6,598
Due to individuals and agencies	-	1,809,727
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>815,870</u>	<u>\$ 10,686,548</u>
NET ASSETS		
Held in trust for pension and employee benefits	<u>134,927,650</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 135,743,520</u>	

See accompanying notes to financial statements.

Jackson County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2010

	Pension and Employee Benefit Trusts
	<u> </u>
ADDITIONS	
Investment income	
Net appreciation in fair value of investments	\$ 15,439,884
Interest and dividends	2,105,434
Less investment expense	<u>(694,229)</u>
Net investment income	16,851,089
Contributions	
Employee	2,188,840
Employer	2,341,599
Other	<u>1,555,997</u>
Total contributions	<u>6,086,436</u>
TOTAL ADDITIONS	22,937,525
DEDUCTIONS	
Benefit payments	11,280,480
Refund of contributions	268,246
Administrative expenses	<u>232,220</u>
TOTAL DEDUCTIONS	<u>11,780,946</u>
CHANGE IN NET ASSETS	11,156,579
Net assets, beginning of year	<u>123,771,071</u>
Net assets, end of year	<u><u>\$ 134,927,650</u></u>

See accompanying notes to financial statements.

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2010

	Road Commission	Economic Development Corporation	Land Bank Authority	Brownfield Redevelopment Authority
ASSETS				
Current assets				
Cash and pooled investments	\$ 1,974,449	\$ 49,565	\$ 111,476	\$ 82,775
Receivables	2,108,994	412,451	-	-
Due from other governmental units	-	-	-	-
Inventories	2,086,989	-	133,614	-
Prepays	145,479	-	-	-
Current portion of land contract receivable	-	-	-	20,279
Total current assets	6,315,911	462,016	245,090	103,054
Noncurrent assets				
Noncurrent portion of land contract receivable	-	798,297	-	690,004
Capital assets not being depreciated	16,888,449	-	-	-
Capital assets, net of accumulated depreciation	52,424,233	-	-	-
Total noncurrent assets	69,312,682	798,297	-0-	690,004
TOTAL ASSETS	75,628,593	1,260,313	245,090	793,058
LIABILITIES				
Current liabilities				
Accounts payable	111,537	9,533	-	21,561
Accrued interest payable	160,674	-	-	-
Other accrued liabilities	458,166	-	-	-
Performance bonds payable	105,250	-	-	-
Due to other governmental units	-	202	100,000	117,500
Unearned revenue	181,148	-	-	-
Current portion of compensated absences	25,000	-	-	-
Current portion of long-term debt	70,266	-	-	-
Total current liabilities	1,112,041	9,735	100,000	139,061
Noncurrent liabilities				
Noncurrent portion of compensated absences	275,913	-	-	-
Net other postemployment benefit payable	1,677,657	-	-	-
Noncurrent portion of long-term debt	340,241	-	-	-
TOTAL LIABILITIES	3,405,852	9,735	100,000	139,061
NET ASSETS				
Invested in capital assets, net of related debt	68,902,175	-	-	-
Restricted for capital projects	-	-	-	-
Unrestricted	3,320,566	1,250,578	145,090	653,997
TOTAL NET ASSETS	\$ 72,222,741	\$ 1,250,578	\$ 145,090	\$ 653,997

See accompanying notes to financial statements.

<u>Drainage Districts</u>	<u>Board of Public Works</u>	<u>Total</u>
\$ 1,195,855	\$ 32,246	\$ 3,446,366
52,989	-	2,574,434
14,371,609	19,535,289	33,906,898
-	-	2,220,603
-	-	145,479
-	-	20,279
<u>15,620,453</u>	<u>19,567,535</u>	<u>42,314,059</u>
-	-	1,488,301
-	-	16,888,449
<u>3,962,475</u>	<u>-</u>	<u>56,386,708</u>
<u>3,962,475</u>	<u>-0-</u>	<u>74,763,458</u>
19,582,928	19,567,535	117,077,517
-	-	142,631
143,831	127,437	431,942
-	-	458,166
-	-	105,250
210,000	-	427,702
-	-	181,148
-	-	25,000
<u>1,723,000</u>	<u>1,085,000</u>	<u>2,878,266</u>
2,076,831	1,212,437	4,650,105
-	-	275,913
-	-	1,677,657
<u>12,500,000</u>	<u>18,291,598</u>	<u>31,131,839</u>
<u>14,576,831</u>	<u>19,504,035</u>	<u>37,735,514</u>
3,962,475	-	72,864,650
1,043,622	63,500	1,107,122
-	-	5,370,231
<u>\$ 5,006,097</u>	<u>\$ 63,500</u>	<u>\$ 79,342,003</u>

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets						Total
		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	
Governmental activities											
Road Commission	\$ 15,487,403	\$ 2,805,077	\$ 10,914,064	\$ 1,765,364	\$ (2,898)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,898)
Economic Development Corporation	43,686	400	-	-	-	(43,286)	-	-	-	-	(43,286)
Land Bank Authority	14,497	4,257	-	-	-	-	(10,240)	-	-	-	(10,240)
Brownfield Redevelopment Authority	199,492	-	192,195	-	-	-	-	(7,297)	-	-	(7,297)
Drainage Districts	1,048,684	-	-	748,139	-	-	-	-	(300,545)	-	(300,545)
Board of Public Works	1,014,777	-	-	1,077,891	-	-	-	-	-	63,114	63,114
TOTALS	\$ 17,808,539	\$ 2,809,734	\$ 11,106,259	\$ 3,591,394	(2,898)	(43,286)	(10,240)	(7,297)	(300,545)	63,114	(301,152)
General revenues											
Investment earnings					44,662	44,737	-	-	176	228	89,803
Other					-	745	-	-	-	-	745
Total general revenues					44,662	45,482	-0-	-0-	176	228	90,548
CHANGE IN NET ASSETS					41,764	2,196	(10,240)	(7,297)	(300,369)	63,342	(210,604)
Restated net assets, beginning of year					72,180,977	1,248,382	155,330	661,294	5,306,466	158	79,552,607
Net assets, end of year					\$ 72,222,741	\$ 1,250,578	\$ 145,090	\$ 653,997	\$ 5,006,097	\$ 63,500	\$ 79,342,003

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - Concluded

Jackson County Economic Development Corporation

The Jackson County Economic Development Corporation was established pursuant to the provisions of Public Act 338 of 1974, as amended. The Economic Development Corporation is governed by a nine (9) member Board of Directors appointed by the County Board of Commissioners. The Economic Development 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.

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, 2010. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

The County of Jackson has a contract to invest excess funds for Lifeways, Inc., a standalone 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, 2010.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND FINANCIAL STATEMENTS - CONCLUDED

- 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.
- 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 Fund 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting - Concluded

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.

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 Pooled Investments

The County pools cash and investment resources of various funds in order to facilitate the management of these accounts. Balances applicable to a particular fund are 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. The Treasurer's investment pool consists of U.S. Agencies, commercial paper, and mutual funds of varying maturities.

10. Investments

Investments consist of a wide range of domestic and international stocks, obligations of the U.S. government, corporate bonds, and mutual funds. Investments are recorded at fair value in accordance with GASB Statement No. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Capital Assets - Concluded

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONCLUDED

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

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.

25. Reserved and Designated 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 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.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Deposits, Investments, and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2010:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and pooled investments	\$ 46,340,144	\$ 3,446,366	\$ 49,786,510
Statement of Fiduciary Net Assets:			
Cash and pooled investments	11,104,174	-	11,104,174
Investments	<u>133,690,366</u>	<u>-</u>	<u>133,690,366</u>
Total	<u>\$ 191,134,684</u>	<u>\$ 3,446,366</u>	<u>\$ 194,581,050</u>
Deposits and Investments:			
Bank deposits (checking accounts and certificates of deposit)			\$ 3,257,527
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			56,810,181
Employee retirement system			130,153,701
Retiree health insurance fund			3,536,665
Cash on hand			29,975
Net effect of funds with different fiscal year ends			<u>793,001</u>
Total			<u>\$ 194,581,050</u>

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, 2010, \$2,650,852 of the County's total bank balance of \$3,885,931 (total book balance was \$3,257,527) 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, 2010:

U.S. Agencies	\$ 39,206,510
Commercial Paper	6,992,758
Money Market	<u>10,610,913</u>
Total	<u>\$ 56,810,181</u>

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Bank Deposits and Treasurer's Investment Pool - Continued

Custodial Credit Risk - Investments - Concluded

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, 2010, 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, 2010, 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	45.7%
	Federal National Mortgage Association	18.1%
	Federal Farm Credit Bank	5.2%
Commercial Paper	Notes	5.3%
Money Market	Comerica Bank	14.2%

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.

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Bank Deposits and Treasurer's Investment Pool - Concluded

Interest Rate Risk - Concluded

As of December 31, 2010, 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>6-9</u>
U.S. Agencies	\$ 39,206,510	\$ -	\$ 23,151,595	\$ 16,054,915
Commercial Paper	<u>6,992,758</u>	<u>6,992,758</u>	<u>-</u>	<u>-</u>
Total Debt Securities	<u>\$ 46,199,268</u>	<u>\$ 6,992,758</u>	<u>\$ 23,151,595</u>	<u>\$ 16,054,915</u>

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

Employee 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, 2010:

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

Equities domestic:	
Not on securities loan	\$ 21,554,798
On securities loan	15,938,811
Index fund	25,945,721
Equities international	27,013,434
U.S. Treasuries	3,697,019
U.S. Agencies:	
Not on securities loan	4,313,887
On securities loan	1,064,943
Corporate securities domestic:	
Not on securities loan	23,279,325
On securities loan	2,089,729
Corporate collateralized mortgage obligations	568,153
Corporate securities international	682,230
Money market funds	<u>4,005,651</u>
	<u>\$ 130,153,701</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Employee 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

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The plan mitigates foreign currency risk by holding a diversified number of holdings across different geographic locations and industry sectors.

The Plan's exposure to foreign currency risk stated in US dollars as of December 31, 2010 was as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Equities international	\$ 27,013,434
Corporate securities international	<u>682,230</u>
	<u>\$ 27,695,664</u>

As of December 31, 2010, the System's investments in securities of U.S. agencies and corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 5,442,640
AA+	650,543
AA	155,796
AA-	1,603,574
A+	3,942,449
A	2,554,601
A-	5,470,964
BBB+	3,705,527
BBB	2,567,546
BBB-	1,901,953
BB+	938,000
BB	527,063
BB-	1,226,875
B+	251,719
Not Rated	<u>4,756,036</u>
	<u><u>\$ 35,695,286</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Employee Retirement System Investments - Continued

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.

At December 31, 2010, 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, 2010, maturities of the System's debt securities were as follows:

	<u>Investment maturities (fair value by years)</u>			
	<u>Fair Value</u>	<u>1-5</u>	<u>6-15</u>	<u>More than 15</u>
U.S. Treasuries	\$ 3,697,019	\$ 1,818,906	\$ 1,300,469	\$ 577,644
U.S. Agencies	5,378,830	41,965	5,073,823	263,042
Corporate Domestic and International Bonds	26,051,284	8,581,984	13,297,226	4,172,074
Corporate Collateralized Mortgage Obligations	568,153	-	-	568,153
Total Debt Securities	\$ 35,695,286	\$ 10,442,855	\$ 19,671,518	\$ 5,580,913

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Employee Retirement System Investments - Concluded

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.

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, 2010:

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

Equities domestic	\$ 1,807,230
Equities international	705,927
U.S. Treasuries	110,207
U.S. Agencies	55,604
Corporate bonds	761,781
Money market	95,916
	<u> </u>
	<u><u>\$ 3,536,665</u></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.

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONTINUED

Retiree's Health Insurance Fund - Continued

Credit Risk - Concluded

As of December 31, 2010, the Fund's investments in securities of U.S. instruments and in corporate securities were rated by Standard and Poor's as follows:

AAA	\$	165,808
AA+		11,760
AA		5,717
AA-		37,763
A+		102,205
A		69,319
A-		78,281
BBB+		45,968
BBB		121,039
BBB-		66,468
BB+		21,253
BB		7,760
B+		21,763
B		9,994
B-		34,818
CCC+		10,175
Not Rated		117,501
		117,501
	\$	927,592

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, 2010, 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. Treasuries	Treasury Notes	11.9%

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.

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE B: CASH AND INVESTMENTS - CONCLUDED

Retiree's Health Insurance Fund - Concluded

Interest Rate Risk - Concluded

As of December 31, 2010, maturities of the Fund'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	\$ 110,207	\$ 6,131	\$ 69,311	\$ 34,765	\$ -
U.S. Agencies	55,604	-	55,604	-	-
Corporate Domestic Bonds	727,375	12,372	453,245	201,937	59,821
International Bonds	34,406	-	10,610	-	23,796
Total Debt Securities	<u>\$ 927,592</u>	<u>\$ 18,503</u>	<u>\$ 588,770</u>	<u>\$ 236,702</u>	<u>\$ 83,617</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	\$ 5,445,287
Other:	
Accounts	831,183
Interest	184,382
Intergovernmental	<u>8,430,754</u>
	<u>9,446,319</u>
Total	<u>\$ 14,891,606</u>

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

Delinquent property taxes	\$ 7,872,197
Due from other governmental units	223,000
Other:	
Accounts	4,571,379
Interest	2,164,840
Less: allowance for doubtful accounts	<u>(100,000)</u>
	<u>6,636,219</u>
Total	<u>\$ 14,731,416</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE C: RECEIVABLES AND DEFERRED REVENUE - CONCLUDED

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	-	2,030,000
Nonmajor governmental funds	-	1,034,500
Federal stimulus energy grant	-	593,040
Long-term receivable - Building Authority Debt Service	6,645,000	-
Miscellaneous revenues received in advance of being earned	-	209,203
	<u>\$ 6,645,000</u>	<u>\$ 4,466,743</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 and business type funds have been eliminated.

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 5,646,699	\$ 5,591,401
Jail Millage	-	1,910,169
Medical Care Facility Maintenance of Effort	-	507,662
Building Authority Bonds	1,065,636	298,222
Delinquent Tax Revolving	70,066	1,621,260
Nonmajor Governmental Funds	6,831,494	3,908,156
Medical Care Facility	419,833	-
Resource Recovery	-	91,063
Internal Service Funds	-	94,265
Nonmajor Enterprise Funds	-	2,599
Adjustments for different fiscal year end:	-	8,931
	<u>\$ 14,033,728</u>	<u>\$ 14,033,728</u>

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.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at December 31, 2010:

Due to Delinquent Tax Revolving Fund from:	
Resource Recovery Fund	\$ 608,516
Nonmajor enterprise funds	152,939
Nonmajor governmental funds	<u>214,555</u>
	<u>\$ 976,010</u>
Due to Component unit funds from:	
Component unit funds	<u>\$ 183,874</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

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2010:

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, 2010, was as follows:

PRIMARY GOVERNMENT

	<u>Balance Jan. 1, 2010</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance Dec. 31, 2010</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,817,012	\$ -	\$ -	\$ 1,817,012
Construction in progress	<u>362,667</u>	<u>441,147</u>	<u>(28,605)</u>	<u>775,209</u>
Subtotal	2,179,679	441,147	(28,605)	2,592,221

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE G: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

	Balance Jan. 1, 2010	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2010
Governmental Activities - Concluded:				
Capital assets being depreciated				
Buildings and improvements	\$ 41,990,717	\$ 210,072	\$ -	\$ 42,200,789
Equipment and furniture	10,148,665	211,212	(22,344)	10,337,533
Vehicles	2,280,030	211,330	(276,987)	2,214,373
Total capital assets being depreciated	54,419,412	632,614	(299,331)	54,752,695
Less accumulated depreciation for:				
Buildings and improvements	(19,330,374)	(1,470,676)	-	(20,801,050)
Equipment and furniture	(8,156,468)	(729,522)	22,344	(8,863,646)
Vehicles	(2,053,676)	(223,310)	276,987	(1,999,999)
Total accumulated depreciation	(29,540,518)	(2,423,508)	299,331	(31,664,695)
Total capital assets being depreciated, net	24,878,894	(1,790,894)	-0-	23,088,000
Governmental activities capital assets, net	<u>\$ 27,058,573</u>	<u>\$ (1,349,747)</u>	<u>\$ (28,605)</u>	<u>\$ 25,680,221</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:		
General government		\$ 759,035
Public safety		927,050
Health and welfare		409,349
Recreational and culture		328,074
Total governmental activities		<u>\$ 2,423,508</u>

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 48,832	\$ 220,338	\$ -	\$ 269,170
Capital assets being depreciated				
Land improvements	65,192	-	-	65,192
Buildings and improvements	39,512,447	954,136	-	40,466,583
Equipment and furniture	14,322,913	78,924	(275,645)	14,126,192
Vehicles	-	113,357	-	113,357
Total capital assets being depreciated	53,900,552	1,146,417	(275,645)	54,771,324

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE G: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
Business-type Activities - Concluded				
Less accumulated depreciation for:				
Land improvements	\$ (65,192)	\$ -	\$ -	\$ (65,192)
Buildings and improvements	(14,354,946)	(1,575,558)	-	(15,930,504)
Equipment and furniture	(8,375,428)	(378,345)	167,641	(8,586,132)
Vehicles	-	(12,621)	-	(12,621)
	<u>(22,795,566)</u>	<u>(1,966,524)</u>	<u>167,641</u>	<u>(24,594,449)</u>
Total accumulated depreciation				
	<u>(22,795,566)</u>	<u>(1,966,524)</u>	<u>167,641</u>	<u>(24,594,449)</u>
Total capital assets being depreciated, net	<u>31,104,986</u>	<u>(820,107)</u>	<u>(108,004)</u>	<u>30,176,875</u>
Business-type activities capital assets, net	<u>\$ 31,153,818</u>	<u>\$ (599,769)</u>	<u>\$ (108,004)</u>	<u>\$ 30,446,045</u>
Business-type activities				
Medical Care Facility			\$ 552,658	
Delinquent Tax Revolving Fund			13,274	
Resource Recovery Facility			1,399,977	
Nonmajor Enterprise Funds			<u>615</u>	
Total business-type activities			<u>\$ 1,966,524</u>	

DISCRETELY PRESENTED COMPONENT UNITS

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
Component Unit - Drainage Districts				
Capital assets being depreciated				
Infrastructure - drains	\$ 12,242,656	\$ -	\$ -	\$ 12,242,656
Less accumulated depreciation for:				
Infrastructure - drains	<u>(8,112,039)</u>	<u>(168,142)</u>	<u>-</u>	<u>(8,280,181)</u>
Drainage districts capital assets, net	<u>\$ 4,130,617</u>	<u>\$ (168,142)</u>	<u>\$ -0-</u>	<u>\$ 3,962,475</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE G: CAPITAL ASSETS - CONCLUDED

DISCRETELY PRESENTED COMPONENT UNITS - CONCLUDED

	Restated Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
Component Unit - Road Commission				
Capital assets not being depreciated				
Land and land improvements	\$ 1,029,834	\$ 165,907	\$ -	\$ 1,195,741
Land - infrastructure	15,692,708	-	-	15,692,708
Subtotal	16,722,542	165,907	-0-	16,888,449
Capital assets being depreciated/depleted				
Buildings and improvements	6,172,942	-	-	6,172,942
Equipment	15,210,990	270,266	(918,882)	14,562,374
Gravel pits	548,074	-	-	548,074
Infrastructure - Roads	83,512,596	4,221,758	-	87,734,354
Total	105,444,602	4,492,024	(918,882)	109,017,744
Less accumulated depreciation/depletion:				
Buildings and improvements	(4,703,075)	(137,307)		(4,840,382)
Equipment	(13,664,458)	(650,134)	918,882	(13,395,710)
Gravel pits	(147,019)	-	-	(147,019)
Infrastructure - Roads	(34,279,695)	(3,930,705)	-	(38,210,400)
Total	(52,794,247)	(4,718,146)	918,882	(56,593,511)
Net capital assets being depreciated	52,650,355	(226,122)	-0-	52,424,233
Total Net Capital Assets	<u>\$ 69,372,897</u>	<u>\$ (60,215)</u>	<u>\$ -0-</u>	<u>\$ 69,312,682</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, 2010:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010	Amounts Due Within One Year
Governmental Activities					
Series 1999A G.O. Bonds	\$ 625,000	\$ -	\$ 50,000	\$ 575,000	\$ 50,000
Series 2002 G.O. Bonds	10,525,000	-	10,075,000	450,000	450,000
Series 2006 G.O. Bonds	6,345,000	-	275,000	6,070,000	130,000
2010 Refunding bonds	-	10,100,000	-	10,100,000	275,000
Compensated absences	1,382,952	3,177,750	3,238,591	1,322,111	1,322,111
Total Governmental Activities	18,877,952	13,277,750	13,638,591	18,517,111	2,227,111

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010	Amounts Due Within One Year
Business-type Activities					
2005 Revenue Refunding Bonds	\$ 2,525,000	\$ -	\$ 370,000	\$ 2,155,000	\$ 830,000
Unlimited Tax G.O. Refunding Bonds	3,250,000	-	960,000	2,290,000	920,000
Series 2005 Refunding Bonds	13,660,000	-	95,000	13,565,000	520,000
Limited Tax G.O. Bonds, Series 2000	375,000	-	375,000	-0-	-
Less deferred amount on refunding	(780,705)	-	(38,395)	(742,310)	-
Total Business-type Activities	19,029,295	-0-	1,761,605	17,267,690	2,270,000
Compensated absences	360,661	64,436	40,979	384,118	291,379
Total Business-type Activities	19,389,956	64,436	1,802,584	17,651,808	2,561,379
TOTAL PRIMARY GOVERNMENT	\$ 38,267,908	\$ 13,342,186	\$ 15,441,175	\$ 36,168,919	\$ 4,788,490

COMPONENT UNITS

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010	Amounts Due Within One Year
Road Commission					
Building Improvement Lease	\$ 191,716	\$ -	\$ 23,595	\$ 168,121	\$ 25,502
Building Improvement Lease	33,089	-	4,518	28,571	4,713
Road Equipment Lease	252,219	-	38,404	213,815	40,051
Compensated absences	305,321	-	4,408	300,913	25,000
Total Road Commission	782,345	-0-	70,925	711,420	95,266
Board of Public Works					
General Obligation Bonds					
2002 Village of Parma	1,450,000	-	75,000	1,375,000	100,000
Revolving Loan Fund					
Village of Parma	780,000	-	50,000	730,000	55,000
2003 Vineyard Lake Section	4,800,000	-	300,000	4,500,000	300,000
2002B Grass Lake Section	405,000	-	25,000	380,000	25,000
Revolving Loan Fund					
Village of Grass Lake	1,690,000	-	100,000	1,590,000	105,000
2005 Round/Farwell Lakes Section	2,925,000	-	225,000	2,700,000	225,000
2005 Southern Regional					
Interceptor Section	4,475,000	-	150,000	4,325,000	150,000
2008 Rives Sanitary Sewer	1,060,000	-	15,000	1,045,000	15,000
2008 Parma Village	2,585,689	145,909	-	2,731,598	110,000
Total Board of Public Works	20,170,689	145,909	940,000	19,376,598	1,085,000

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNITS - CONCLUDED

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010	Amounts Due Within One Year
Drainage Districts					
Special Assessment Bonds					
1994 Clark Lake	\$ 305,000	\$ -	\$ -	\$ 305,000	\$ -
1993 Village of Grass Lake	775,000	-	150,000	625,000	150,000
2002 Clark Lake Refunding	995,000	-	490,000	505,000	505,000
1997 Village of Brooklyn	875,000	-	100,000	775,000	100,000
2000 Wolf Lake	275,000	-	275,000	-0-	-
2001 Napoleon Township	800,000	-	50,000	750,000	75,000
2004 Lake Columbia	9,000,000	-	500,000	8,500,000	550,000
2005 Spring Arbor Township	405,000	-	25,000	380,000	25,000
2006 Wolf Lake Refunding	2,335,000	-	-	2,335,000	270,000
Total Special Assessment Bonds	15,765,000	-0-	1,590,000	14,175,000	1,675,000
Notes payable					
Otter Creek and East Branch					
Intercounty Drain	96,000	-	48,000	48,000	48,000
Total Drainage Districts	15,861,000	-0-	1,638,000	14,223,000	1,723,000
TOTAL COMPONENT UNITS	36,814,034	145,909	2,648,925	34,311,018	2,903,266
TOTAL REPORTING ENTITY	\$ 75,081,942	\$ 13,488,095	\$ 18,090,100	\$ 70,479,937	\$ 7,691,756

PRIMARY GOVERNMENT

General Long-Term Debt Bonds

Bonds payable at December 31, 2010, 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 5.4 to 6.0 percent. Purpose - financing Lifeways building.	\$ 575,000
\$12,750,000 2002 Building Authority Serial Bonds, due in a final installment of \$450,000 in September 2011, with interest rate of 3.625. Purpose - financing county jail buildings.	450,000
\$7,045,000 2006 Building Authority Serial Bonds, due in annual installments of \$275,000 to \$520,000 through 2026, with interest at 4.75 to 5.00 percent. Purpose - financing Lifeways building.	6,070,000
\$10,100,000 2010 Refunding Bonds, due in annual installments ranging from \$130,000 to \$1,145,000 through 2022, with an interest rate of 2.85 percent. Purpose - refinancing county jail building bonds.	<u>10,100,000</u>
	<u>\$17,195,000</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 \$830,000 to \$950,000, with interest rates ranging from 3.50 to 3.75 percent.	\$ 2,155,000
\$10,850,000 2005 Unlimited Tax General Obligation Refunding Bonds, maturing serially to 2013 in annual amounts ranging from \$920,000 to \$950,000, with interest rates ranging from 3.625 to 3.875 percent.	2,290,000
\$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.	<u>13,565,000</u>
	<u>\$18,010,000</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 \$2,755,000 at December 31, 2010.

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 \$2,470,000 at December 31, 2010.

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, 2010.

Advance Refunding - Current

On November 1, 2010, the County issued \$10,100,000 in Refunding Bonds with an average interest rate of 2.850% to advance refund \$10,075,000 of outstanding 2002 Series Long-Term General Obligation Bonds. The balance of the defeased bonds outstanding was \$10,075,000 at December 31, 2010.

As a result of the advance refunding, the County decreased its total debt service requirements by \$649,708, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$554,240.

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 \$1,322,111 for governmental activities and \$384,117 for business-type activities for vacation and sick at December 31, 2010. Of these amounts, \$1,322,111 and \$291,379 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, 2010

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.	\$ 168,121
\$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>28,571</u>
	<u>\$ 196,692</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>\$ 213,815</u>
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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 \$300,913 at December 31, 2010.

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 \$100,000 to \$150,000 through 2021 at an interest rate ranging from 3.30 to 5.50 percent.	\$ 1,375,000
\$1,110,000 State Drinking Water Revolving Loan Funds - Village of Parma, maturing in annual amounts ranging from \$55,000 to \$70,000 through 2022 at an interest rate of 2.50 percent.	730,000
\$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 3.25 to 4.5 percent.	4,500,000
\$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 4.15 to 6.00 percent.	380,000
\$2,255,000 State Drinking Water Revolving Loan Funds - Village of Grass Lake, maturing in annual amounts ranging from \$105,000 to \$140,000 through 2023 at an annual interest rate of 2.5 percent.	1,590,000

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 of \$225,000 through 2022 at an interest rate ranging from 3.25 to 4.0 percent.	\$ 2,700,000
\$4,600,000 Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section Bonds, Series 2005, maturing in annual amounts ranging from \$150,000 to \$425,000 through 2025 at an interest rate ranging from 4.25 to 4.50 percent.	4,325,000
\$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.	1,045,000
\$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>2,731,598</u>
	<u>\$19,376,598</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, 2010:

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 \$150,000 to \$160,000 through 2014 at an interest rate of 2.0 percent.	625,000
\$4,300,000 Clark Lake 2002 Refunding Bonds, maturing serially in a final installment of \$505,000 in 2011 at an interest rate of 4.25 percent.	505,000
\$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.	775,000

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 installments of \$75,000 through 2020 at an interest rate ranging from 4.30 to 5.00 percent.	\$ 750,000
\$11,000,000 Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$550,000 to \$700,000 through 2024 at an interest rate ranging from 3.75 to 4.75 percent.	8,500,000
\$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 3.70 to 4.75 percent.	380,000
\$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>\$14,175,000</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>\$ 48,000</u>
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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 \$2,300,000 at December 31, 2010.

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

Year Ending December 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 905,000	\$ 586,613	\$ 2,270,000	\$ 714,786
2012	895,000	598,733	2,305,000	630,962
2013	1,040,000	566,588	1,460,000	567,520
2014	1,085,000	529,785	550,000	521,177
2015	1,260,000	490,963	595,000	502,173
2016-2020	7,010,000	1,750,578	2,520,000	1,739,011
2021-2025	4,500,000	576,188	3,500,000	1,536,148
2026-2030	500,000	26,000	4,810,000	707,361
	<u>\$ 17,195,000</u>	<u>\$ 5,125,448</u>	<u>\$ 18,010,000</u>	<u>\$ 6,919,138</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE H: LONG-TERM DEBT - CONCLUDED

Year Ending December 31,	Component Units			
	Board of Public Works Water and Sewer Bonds		Road Commission	
	Principal	Interest	Principal	Interest
2011	\$ 1,085,000	\$ 698,582	\$ 70,266	\$ 22,582
2012	1,110,000	663,050	74,248	18,600
2013	1,145,000	625,363	166,916	14,369
2014	1,250,000	584,219	37,549	6,080
2015	1,290,000	538,778	40,383	3,246
2016-2020	6,860,000	1,954,196	21,145	538
2021-2025	5,115,000	679,055	-	-
2026-2030	921,598	170,304	-	-
2031-2035	150,000	108,281	-	-
2036-2040	175,000	74,766	-	-
2041-2045	195,000	37,022	-	-
2046-2047	80,000	3,300	-	-
	<u>\$ 19,376,598</u>	<u>\$ 6,136,916</u>	<u>\$ 410,507</u>	<u>\$ 65,415</u>

Year Ending December 31,	Drainage Districts Bonds Payable		Drainage Districts Notes Payable	
	Principal	Interest	Principal	Interest
	2011	\$ 1,675,000	\$ 559,494	\$ 48,000
2012	1,350,000	503,150	-	-
2013	1,345,000	453,344	-	-
2014	1,190,000	405,506	-	-
2015	1,050,000	360,013	-	-
2016-2020	4,735,000	1,153,538	-	-
2021-2025	2,830,000	273,738	-	-
	<u>\$ 14,175,000</u>	<u>\$ 3,708,783</u>	<u>\$ 48,000</u>	<u>\$ 52,781</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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Plan Description - Concluded

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.

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.

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:

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%

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 exchange 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.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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.

Annual OPEB Cost and Net OPEB Obligation

For 2010, 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	\$ 4,819,087
Interest on net OPEB obligation	262,372
Adjustment to annual required contribution	<u>(161,947)</u>
Annual OPEB cost (expense)	4,919,512
Contributions made	<u>(5,030,653)</u>
(Decrease) in net OPEB obligation	(111,141)
Net OPEB obligation, beginning of year	<u>3,279,644</u>
Net OPEB obligation, end of year	<u><u>\$ 3,168,503</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009 and 2008, 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</u>
12/31/08	\$ 5,438,229	\$ 4,284,943	79%	\$ 1,894,982
12/31/09	5,182,631	3,797,969	73%	3,279,644
12/31/10	4,919,512	5,030,653	102%	3,168,503

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Annual OPEB Cost and Net OPEB Obligation - Concluded

The funded status of the Plan as of the two most recent actuarial valuation dates (the only two available) are as follows (dollar amounts in thousands):

Schedule of Funding Progress

Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ 2,955,983	\$ 67,867,311	\$ (64,911,328)	4.4%	\$ 21,538,544	301.4%
2006	4,256,725	70,170,573	(65,913,848)	6.1%	22,842,590	288.6%

Stand-alone financial statements have not been issued for the Retiree Health Plan. A summary of the financial position and results as of and for the year ended December 31, 2010 is as follows:

	<u>Retiree Health</u>
ASSETS	
Pooled cash and investments	\$ 340,124
Investments, at fair value	
Money market funds	95,916
U.S. Government Obligations	165,811
Domestic corporate bonds	739,112
Domestic stocks	1,807,230
International bonds	22,669
International stocks & ADR's	705,927
	<hr/>
TOTAL ASSETS	3,876,789
LIABILITIES	
	<hr/>
	-
NET ASSETS	
Held in trust for pension and employee benefits	\$ 3,876,789
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Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONCLUDED

ADDITIONS	
Investment income	<u>Retiree Health</u>
Net appreciation in fair value of investments	\$ 287,536
Interest and dividends	84,198
Less investment expense	<u>(30,765)</u>
Net investment income	340,969
Contributions	
Other	<u>1,555,997</u>
TOTAL ADDITIONS	1,896,966
DEDUCTIONS	
Benefit payments	<u>1,962,509</u>
CHANGE IN NET ASSETS	(65,543)
Net assets, beginning of year	<u>3,942,332</u>
Net assets, end of year	<u>\$ 3,876,789</u>

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

Plan Description - Concluded

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:

Actuarial cost method	Individual entry age
Amortization method	Level percent open
Remaining amortization period	14 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases (includes inflation at 4.50%)	4.50 - 8.00%
Cost of living adjustments	None

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.

Plan Membership

Membership in the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	644
Terminated plan members entitled to, but not yet receiving benefits	79
Active plan members	<u>718</u>
Total	<u><u>1,441</u></u>

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

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 \$1,534,806 for the year ended December 31, 2010.

The County made \$2,341,599 in contributions to the Plan during 2010.

The funded status of the Plan as of the three most recent actuarial valuation dates, are as follows (dollar amounts in thousands):

Schedule of Funding Progress

Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ 132,409	\$ 160,320	\$ (27,911)	82.6%	\$ 29,092	95.9%
2009	134,978	152,937	(17,959)	88.3%	31,553	56.9%
2008	138,532	146,517	(7,985)	94.6%	32,803	24.3%

The annual required contribution for the current year was determined as part of a December 31, 2010 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>2008</u>	<u>2009</u>	<u>2010</u>
Annual required contribution	\$ 2,156,285	\$ 1,964,353	\$ 2,341,599
Percentage of ARC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

Stand-alone financial statements have not been issued for the Pension Plan. A summary of the financial position and results as of and for the year ended December 31, 2010 is as follows:

	<u>Pension</u>
ASSETS	
Cash and pooled investments	\$ 112,433
Investments, at fair value	
Money market funds	4,005,651
U.S. Government Obligations	9,075,849
Domestic corporate bonds	25,369,054
Corporate mortgage obligations	568,153
Domestic stocks	37,493,609
Index stock fund	25,945,721
International bonds	682,230
International stocks & ADR's	27,013,434
Accounts receivable	644,441
Prepays	715,355
Accrued interest receivable	<u>240,801</u>
TOTAL ASSETS	131,866,731
LIABILITIES	
Accounts payable	803,795
Accrued wages	3,004
Compensated absences	<u>9,071</u>
TOTAL LIABILITIES	<u>815,870</u>
NET ASSETS	
Held in trust for pension and employee benefits	<u><u>\$ 131,050,861</u></u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONCLUDED

ADDITIONS	
Investment income	Pension
Net appreciation in fair value of investments	\$ 15,152,348
Interest and dividends	2,021,236
Less investment expense	<u>(663,464)</u>
Net investment income	16,510,120
Contributions	
Employee	2,188,840
Employer	<u>2,341,599</u>
Total contributions	<u>4,530,439</u>
TOTAL ADDITIONS	21,040,559
DEDUCTIONS	
Benefit payments	9,317,971
Refund of contributions	268,246
Administrative expenses	<u>232,220</u>
TOTAL DEDUCTIONS	<u>9,818,437</u>
CHANGE IN NET ASSETS	11,222,122
Net assets, beginning of year	<u>119,828,739</u>
Net assets, end of year	<u>\$ 131,050,861</u>

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, 2010, the County and employees contributed \$77,867 and \$105,475, respectively, to this Plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE K: RISK MANAGEMENT

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, 2010, the balance of the County's member retention fund was \$78,404.

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

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
Liability	\$100,000
Vehicle physical damage	\$15,000 per vehicle \$30,000 per occurrence
Property and crime	10% of remaining up to \$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 2010 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.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE K: RISK MANAGEMENT - CONCLUDED

County of Jackson Self-Funded Managed Care Insurance - Concluded

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

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, 2010. The change in the claims liability for 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Claims liability at beginning of period	\$ 809,182	\$ 900,762
Claims and changes in estimates	8,654,561	8,635,334
Claims payments	<u>(8,658,352)</u>	<u>(8,726,914)</u>
Claims liability at end of year	<u>\$ 805,391</u>	<u>\$ 809,182</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>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ 42,712	\$ 236,378
Incurred claims (including IBNR's)	60,354	19,058
Claim payments	<u>(71,594)</u>	<u>(212,724)</u>
Unpaid claims, end of year	<u>\$ 31,472</u>	<u>\$ 42,712</u>

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE L: COMMITMENTS AND CONTINGENCIES - CONCLUDED

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

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, 2010 levy was \$4.49 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 \$1,395,000 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2010 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.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE O: RESTATEMENT OF FUND BALANCE/NET ASSETS

At December 31, 2009 net assets of the Road Commission were decreased by \$96,680 to correct the capital assets balances related to infrastructure cost and accumulated depreciation.

Beginning net assets/fund balance has been restated to reflect certain investments at market value rather than cost resulting in decreases in fund balance/net assets.

Primary Government	
General Fund	\$ 369,248
Public Improvement Fund	11,784
Jail Millage Fund	3,990
Department on Aging Millage Fund	4,448
Medical Care Maintenance of Effort Fund	68,521
Resource Recovery	15,547
Delinquent Tax	54,504
Self - Insured Workers Compensation	1,268
Self - Funded Managed Care Insurance	13,948
	<u>543,258</u>
Total Primary Government	<u>\$ 543,258</u>
Component Unit	
Drain Fund	<u>\$ 12,590</u>

NOTE P: FUND BALANCE DEFICITS

The following funds reported fund balance deficits at December 31, 2010:

Fair Fund	\$ 174,682
Brownfield Redevelopment Authority	36,007

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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 20,698,885	\$ 21,615,129	\$ 21,611,716	\$ (3,413)
Payments in lieu of taxes	60,000	60,000	65,100	5,100
Mobile home park taxes	23,000	23,000	23,335	335
Total taxes	20,781,885	21,698,129	21,700,151	2,022
Licenses and permits				
Dog licenses	102,000	102,000	112,529	10,529
Marriage license fees	4,329	4,329	5,405	1,076
Gun permits	32,520	59,000	57,072	(1,928)
Total licenses and permits	138,849	165,329	175,006	9,677
Intergovernmental				
Cigarette tax	4,288	4,288	7,693	3,405
Liquor licenses	720,626	698,113	712,199	14,086
State court funding distribution	1,050,000	950,000	984,611	34,611
Child abuse and neglect	50,729	19,022	21,055	2,033
Crime victims rights	101,000	101,000	101,000	-0-
Remonumentation	64,594	68,094	67,876	(218)
Judges supplement	592,158	592,158	593,593	1,435
Road patrol	206,000	216,000	201,321	(14,679)
Marine safety grant	51,554	51,554	51,778	224
Community corrections board	-	197,700	194,057	(3,643)
Senior citizen programs	226,620	218,146	221,582	3,436
Senior citizen - home delivered meals	408,000	402,950	417,177	14,227
Senior citizen - congregate meals	164,000	172,900	176,591	3,691
Medicaid waiver	240,130	216,490	223,535	7,045
Circuit court reimbursement	12,000	24,100	24,065	(35)
District court reimbursement	204,000	156,100	149,226	(6,874)
Parole violators - county jail	160,000	120,000	129,495	9,495
Diverted felons - county jail	80,000	66,000	45,145	(20,855)
CRP Prosecuting Attorney	169,314	171,114	185,769	14,655
LAWNET narcotics	54,400	54,400	50,729	(3,671)
Emergency management	25,290	41,290	44,563	3,273
Police service contracts	519,743	537,295	521,242	(16,053)
Non-profit organizations - sheriff	82,780	82,780	82,782	2
Emergency dispatch	91,862	91,862	89,868	(1,994)
Respite care grant	45,000	57,200	58,749	1,549
Revenue sharing	-	2,120,064	2,361,911	241,847
Other grants	340,380	158,374	145,008	(13,366)
Total intergovernmental	5,664,468	7,588,994	7,862,620	273,626

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES - CONCLUDED

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES - CONCLUDED				
Charges for services				
District court costs	\$ 1,984,000	\$ 1,594,400	\$ 1,467,186	\$ (127,214)
District court other	1,548,470	1,416,500	1,398,166	(18,334)
Probate court costs	151,000	151,000	115,818	(35,182)
Medical examiner	50,500	50,500	53,333	2,833
Prosecuting attorney	850	850	416	(434)
Treasurer	10,000	10,000	5,236	(4,764)
Clerk	513,880	408,962	371,089	(37,873)
Register of deeds	607,075	499,075	533,643	34,568
Geographic information systems	106,000	118,000	111,296	(6,704)
Sheriff department	101,256	85,256	97,303	12,047
Jail	384,500	1,033,500	1,034,099	599
Equalization	26,000	43,962	33,332	(10,630)
Animal control	37,200	66,700	64,703	(1,997)
Real estate transfer tax	250,000	187,000	202,084	15,084
Miscellaneous services	-	1,600	3,986	2,386
Total charges for services	5,770,731	5,667,305	5,491,690	(175,615)
Fines and forfeits				
District court	25,000	1,000	1,900	900
Ordinance fines	802,000	750,800	726,341	(24,459)
Total fines and forfeits	827,000	751,800	728,241	(23,559)
Interest and rents				
Investment earnings	800,000	875,000	659,341	(215,659)
Rental fees	205,248	205,248	209,769	4,521
Total interest and rents	1,005,248	1,080,248	869,110	(211,138)
Other				
Reimbursements	83,370	104,685	105,597	912
Donations - general	235,950	242,990	241,865	(1,125)
Miscellaneous revenue	126,390	171,026	177,979	6,953
Total other	445,710	518,701	525,441	6,740
TOTAL REVENUES	34,633,891	37,470,506	37,352,259	(118,247)
OTHER FINANCING SOURCES				
Transfers in	6,670,071	6,549,699	5,646,699	(903,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 41,303,962	\$ 44,020,205	\$ 42,998,958	\$ (1,021,247)

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
EXPENDITURES				
General government				
Board of Commissioners	\$ 221,652	\$ 221,652	\$ 208,156	\$ 13,496
Administration	305,185	313,685	313,395	290
Elections	167,267	160,788	160,274	514
Clerk	908,911	917,715	916,621	1,094
County controller	575,969	533,375	525,264	8,111
Equalization	494,032	507,462	507,368	94
Geographic information system	167,091	224,019	223,826	193
Prosecuting attorney	2,198,642	2,166,218	2,148,326	17,892
Register of Deeds	314,623	273,607	261,806	11,801
Public defender	1,200,000	1,190,000	1,187,834	2,166
Remonumentation	64,594	68,094	67,669	425
Treasurer	101,263	101,763	101,399	364
MSU cooperative extension service	337,417	285,669	257,960	27,709
Information technology	910,193	979,066	971,189	7,877
Courthouse and grounds	1,687,442	1,772,441	1,739,440	33,001
Drain commissioner	245,482	243,517	223,978	19,539
Circuit court	2,172,827	2,144,367	2,040,345	104,022
District court	3,392,251	3,355,340	3,318,497	36,843
Probate court	198,663	135,503	132,806	2,697
Human services building	348,786	331,543	316,507	15,036
Jury board	228,435	214,471	212,660	1,811
Total general government	16,240,725	16,140,295	15,835,320	304,975
Public safety				
Sheriff	4,125,846	4,098,443	4,096,520	1,923
Road patrol	214,484	224,484	194,708	29,776
Marine safety	75,455	65,455	64,987	468
Corrections	-	200,800	200,459	341
Emergency management	169,660	170,660	170,312	348
LAWNET	222,650	223,650	223,483	167
County jail	5,735,976	6,046,537	6,042,817	3,720
Youth grant	116,511	193,843	193,362	481
Dispatch	1,404,109	1,270,933	1,268,387	2,546
Animal control	471,309	477,154	470,237	6,917
Total public safety	12,536,000	12,971,959	12,925,272	46,687
Health and welfare				
Medical examiner	312,776	312,776	310,895	1,881
Public health	563,546	572,965	569,795	3,170
Mental health services	198,757	183,242	181,554	1,688
Veteran's affairs	155,165	155,165	147,263	7,902
Home delivery meals - seniors	1,034,579	1,028,293	1,012,340	15,953
Congregate meals - seniors	343,176	345,885	333,478	12,407
Grandparents initiative	49,654	48,124	45,883	2,241
Total health and welfare	2,657,653	2,646,450	2,601,208	45,242

Jackson County, Michigan

General Fund

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

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONCLUDED				
Community economic and development				
Senior center	\$ 355,911	\$ 344,935	\$ 338,940	\$ 5,995
Recreation and culture				
Summer youth programs	-	15,224	6,679	8,545
Other				
Retirees benefits	2,550,345	3,195,676	3,140,067	55,609
Professional services	131,000	205,000	195,728	9,272
Accrued sick and vacation payoff	100,000	130,000	126,361	3,639
Contingency	50,000	967,192	-	967,192
Insurance and bonds	725,000	695,000	657,079	37,921
Other	163,279	288,458	239,821	48,637
Appropriations				
General government				
Regional planning	55,340	55,340	55,340	-0-
Soil conservation	-	10,000	10,000	-0-
Public safety				
Jackson traffic safety program	133,000	123,000	115,004	7,996
Guardian	35,000	35,000	35,000	-0-
Public works				
Transportation system	100,000	100,000	100,000	-0-
Health and welfare				
Retired Citizen Volunteer Program	-	7,500	7,500	-0-
Region II aging commission	11,814	11,814	11,814	-0-
Substance abuse - liquor tax	355,813	354,557	350,812	3,745
Food system economic	-	7,500	7,500	-0-
Enterprise group	100,000	100,000	100,000	-0-
Total other	4,510,591	6,286,037	5,152,026	1,134,011
TOTAL EXPENDITURES	36,300,880	38,404,900	36,859,445	1,545,455
OTHER FINANCING USES				
Transfers out	5,003,081	5,614,829	5,591,401	23,428
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 41,303,961	\$ 44,019,729	\$ 42,450,846	\$ 1,568,883

Jackson County, Michigan

Jail Millage Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,142,508	\$ 42,508
OTHER FINANCING (USES)				
Transfers out	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(1,910,169)</u>	<u>189,831</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	232,339	232,339
Restated fund balance, beginning of year	<u>291,086</u>	<u>291,086</u>	<u>291,086</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 291,086</u>	<u>\$ 291,086</u>	<u>\$ 523,425</u>	<u>\$ 232,339</u>

Jackson County, Michigan

Medical Care Facility Maintenance of Effort Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 600,000	\$ 600,000	\$ 613,130	\$ 13,130
Interest	30,000	30,000	7,759	(22,241)
TOTAL REVENUES	630,000	630,000	620,889	(9,111)
EXPENDITURES				
Current				
Health and welfare	225,000	350,000	355,568	(5,568)
EXCESS OF REVENUES OVER EXPENDITURES	405,000	280,000	265,321	(14,679)
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	350,000	-	(350,000)
Transfers out	(630,000)	(630,000)	(507,662)	122,338
TOTAL OTHER FINANCING SOURCES (USES)	(405,000)	(280,000)	(507,662)	(227,662)
NET CHANGE IN FUND BALANCE	-0-	-0-	(242,341)	(242,341)
Restated fund balance, beginning of year	5,665,906	5,665,906	5,665,906	-0-
Fund balance, end of year	\$ 5,665,906	\$ 5,665,906	\$ 5,423,565	\$ (242,341)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

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. 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 and Special Revenue Funds.

During the year ended December 31, 2010, the County incurred expenditures in one (1) Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Sparks Park Renovation Fund Recreation and Culture	\$ -	\$ 25,834	\$ (25,834)

OTHER SUPPLEMENTARY INFORMATION

Jackson County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
 December 31, 2010

	Special			
	Parks Commission	Friend of the Court	Budget Stabilization Fund	Public Improvement and Building Fund
ASSETS				
Cash and pooled investments	\$ 110,089	\$ 286,675	\$ 1,447,924	\$ 1,374,682
Accounts receivable	-	7,241	-	48,931
Taxes receivable	-	-	-	-
Due from other governmental units	-	318,755	-	-
Inventories	96,657	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 206,746	\$ 612,671	\$ 1,447,924	\$ 1,423,613
LIABILITIES AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable	\$ 16,775	\$ 1,896	\$ -	\$ 20,801
Accrued wages	10,525	103,791	-	-
Other accrued liabilities	-	-	-	-
Advances from other funds	-	497,030	-	-
Due to other governmental units - State	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	27,300	602,717	-0-	20,801
FUND BALANCES (DEFICIT)				
Reserved for:				
Inventories	96,657	-	-	-
Prepays	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	17,383	9,954	250,000	35,000
Undesignated, reported in:				
Special revenue funds	65,406	-	1,197,924	1,367,812
Permanent funds	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	179,446	9,954	1,447,924	1,402,812
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 206,746	\$ 612,671	\$ 1,447,924	\$ 1,423,613

Revenue				
Sparks Park Renovation	Omnibus Forfeitures Fund	Prosecuting Attorney Drug Enforcement Fund	Drug Enforcement Fund	County Law Library
\$ 89,309	\$ 534	\$ 72,774	\$ 92,068	\$ 5,222
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 89,309</u>	<u>\$ 534</u>	<u>\$ 72,774</u>	<u>\$ 92,068</u>	<u>\$ 5,222</u>
\$ -	\$ -	\$ 875	\$ 702	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-0-	-0-	875	702	-0-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
89,309	534	71,899	91,366	5,222
-	-	-	-	-
<u>89,309</u>	<u>534</u>	<u>71,899</u>	<u>91,366</u>	<u>5,222</u>
<u>\$ 89,309</u>	<u>\$ 534</u>	<u>\$ 72,774</u>	<u>\$ 92,068</u>	<u>\$ 5,222</u>

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2010

	Special			
	Michigan Justice Training Fund	Social Services Fund	Veterans Trust Fund	Airport Fund
ASSETS				
Cash and pooled investments	\$ 50,915	\$ 165,469	\$ 2,459	\$ 50,179
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Inventories	-	-	-	-
Prepays	2,400	-	-	-
TOTAL ASSETS	\$ 53,315	\$ 165,469	\$ 2,459	\$ 50,179
LIABILITIES AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 13,838
Accrued wages	-	-	-	6,800
Other accrued liabilities	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governmental units	-	45,000	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	7,737
TOTAL LIABILITIES	-0-	45,000	-0-	28,375
FUND BALANCES (DEFICIT)				
Reserved for:				
Inventories	-	-	-	-
Prepays	2,400	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	-	-	-	-
Undesignated, reported in:				
Special revenue funds	50,915	120,469	2,459	21,804
Permanent funds	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	53,315	120,469	2,459	21,804
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 53,315	\$ 165,469	\$ 2,459	\$ 50,179

Revenue				
Joint Narcotics Fund	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project Fund	Child Care Fund
\$ 260,797	\$ -	\$ 562,891	\$ 416,167	\$ 2,202,155
-	-	-	-	7,881
-	-	-	-	-
-	-	-	-	619,174
-	-	-	-	-
-	-	-	85,047	-
<u>\$ 260,797</u>	<u>\$ -0-</u>	<u>\$ 562,891</u>	<u>\$ 501,214</u>	<u>\$ 2,829,210</u>
\$ 7,779	\$ -	\$ 10,490	\$ -	\$ 41,881
-	-	-	-	68,405
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,779</u>	<u>-0-</u>	<u>10,490</u>	<u>-0-</u>	<u>110,286</u>
-	-	-	-	-
-	-	-	85,047	-
-	-	-	-	-
-	-	26,890	-	520,984
253,018	-	525,511	416,167	2,197,940
-	-	-	-	-
<u>253,018</u>	<u>-0-</u>	<u>552,401</u>	<u>501,214</u>	<u>2,718,924</u>
<u>\$ 260,797</u>	<u>\$ -0-</u>	<u>\$ 562,891</u>	<u>\$ 501,214</u>	<u>\$ 2,829,210</u>

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2010

	Special			
	Golf Courses	Health Department Fund	Department on Aging Millage Fund	Falling Waters Trail Fund
ASSETS				
Cash and pooled investments	\$ 15,839	\$ 3,457,183	\$ 517,183	\$ 263,683
Accounts receivable	-	117,504	-	-
Taxes receivable	-	-	998,989	-
Due from other governmental units	-	-	-	-
Inventories	64,798	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 80,637	\$ 3,574,687	\$ 1,516,172	\$ 263,683
LIABILITIES AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable	\$ 624	\$ 378,915	\$ -	\$ 308
Accrued wages	3,918	136,978	-	-
Other accrued liabilities	-	42,980	-	-
Advances from other funds	-	-	-	-
Due to other governmental units - State	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	1,034,500	-
TOTAL LIABILITIES	4,542	558,873	1,034,500	308
FUND BALANCES (DEFICIT)				
Reserved for:				
Inventories	64,798	-	-	-
Prepays	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	2,971	324,022	60,939	-
Undesignated, reported in:				
Special revenue funds	8,326	2,691,792	420,733	263,375
Permanent funds	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	76,095	3,015,814	481,672	263,375
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 80,637	\$ 3,574,687	\$ 1,516,172	\$ 263,683

Revenue		Capital Projects		
Revenue Sharing Reserve Fund	Fair Fund	Equipment Replacement Fund	Sheriff Department Equipment Fund	Building Authority Fund
\$ -	\$ 79,731	\$ 806,961	\$ 995,783	\$ 598,472
-	-	13,116	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -0-</u>	<u>\$ 79,731</u>	<u>\$ 820,077</u>	<u>\$ 995,783</u>	<u>\$ 598,472</u>
\$ -	\$ 5,835	\$ 47,720	\$ 7,886	\$ 5,432
-	1,598	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	214,555	-	-	-
-	32,425	-	-	593,040
-0-	254,413	47,720	7,886	598,472
-	-	-	-	-
-	-	-	-	-
-	-	772,357	987,897	-
-	-	-	-	-
-	(174,682)	-	-	-
-	-	-	-	-
<u>-0-</u>	<u>(174,682)</u>	<u>772,357</u>	<u>987,897</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 79,731</u>	<u>\$ 820,077</u>	<u>\$ 995,783</u>	<u>\$ 598,472</u>

Jackson County, Michigan
Nonmajor Governmental Funds
COMBINING BALANCE SHEET - CONCLUDED
December 31, 2010

	Capital Projects	Permanent		
	Justice Center Fund	Department on Aging Endowment Fund	Preston Endowment Fund	Cemetery Trust Fund
ASSETS				
Cash and pooled investments	\$ 1,029,368	\$ 66,815	\$ 110,898	\$ 3,075
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	<u>\$ 1,029,368</u>	<u>\$ 66,815</u>	<u>\$ 110,898</u>	<u>\$ 3,075</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable	\$ -	\$ 172	\$ -	\$ -
Accrued wages	-	-	-	-
Other accrued liabilities	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governmental units - State	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-0-	172	-0-	-0-
FUND BALANCES (DEFICIT)				
Reserved for:				
Inventories	-	-	-	-
Prepays	-	-	-	-
Capital projects	1,029,368	-	-	-
Unreserved				
Designated for subsequent years' expenditures	-	-	-	-
Undesignated, reported in:				
Special revenue funds	-	-	-	-
Permanent funds	-	66,643	110,898	3,075
TOTAL FUND BALANCES (DEFICIT)	<u>1,029,368</u>	<u>66,643</u>	<u>110,898</u>	<u>3,075</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 1,029,368</u>	<u>\$ 66,815</u>	<u>\$ 110,898</u>	<u>\$ 3,075</u>

Total

\$ 15,135,300
194,673
998,989
937,929
161,455
87,447

\$ 17,515,793

\$ 561,929
332,015
42,980
497,030
45,000
214,555
1,667,702

3,361,211

161,455
87,447
2,789,622

1,248,143

9,687,299
180,616

14,154,582

\$ 17,515,793

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended, December 31, 2010

	Special			
	Parks Commission	Friend of the Court	Budget Stabilization Fund	Public Improvement and Building Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	2,268,686	-	48,931
Charges for services	287,860	288,760	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	71,541
	<u>287,860</u>	<u>2,557,446</u>	<u>-0-</u>	<u>120,472</u>
TOTAL REVENUES	287,860	2,557,446	-0-	120,472
EXPENDITURES				
Current				
General government	-	2,801,286	-	261,456
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	45,084
Recreation and culture	771,432	-	-	82,125
Capital outlay	-	44,129	-	277,975
	<u>771,432</u>	<u>2,845,415</u>	<u>-0-</u>	<u>666,640</u>
TOTAL EXPENDITURES	771,432	2,845,415	-0-	666,640
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(483,572)	(287,969)	-0-	(546,168)
OTHER FINANCING SOURCES (USES)				
Transfers in	572,977	62,216	-	945,832
Transfers out	(42,176)	-	-	-
	<u>530,801</u>	<u>62,216</u>	<u>-0-</u>	<u>945,832</u>
TOTAL OTHER FINANCING SOURCES (USES)	530,801	62,216	-0-	945,832
NET CHANGE IN FUND BALANCES	47,229	(225,753)	-0-	399,664
Restated fund balances (deficit), beginning of year	<u>132,217</u>	<u>235,707</u>	<u>1,447,924</u>	<u>1,003,148</u>
Fund balances (deficit), end of year	<u>\$ 179,446</u>	<u>\$ 9,954</u>	<u>\$ 1,447,924</u>	<u>\$ 1,402,812</u>

Revenue				
Sparks Park Renovation	Omnibus Forfeitures Fund	Prosecuting Attorney Drug Enforcement Fund	Drug Enforcement Fund	County Law Library
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	120	680	76,288	-
-	-	-	-	-
<u>115,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
115,143	120	680	76,288	6,500
-	-	20,463	-	6,481
-	-	-	15,499	-
-	-	-	-	-
-	-	-	-	-
25,834	-	-	-	-
-	-	-	-	-
<u>25,834</u>	<u>-0-</u>	<u>20,463</u>	<u>15,499</u>	<u>6,481</u>
89,309	120	(19,783)	60,789	19
-	-	-	-	-
-	-	-	(30,000)	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(30,000)</u>	<u>-0-</u>
89,309	120	(19,783)	30,789	19
-	414	91,682	60,577	5,203
<u>\$ 89,309</u>	<u>\$ 534</u>	<u>\$ 71,899</u>	<u>\$ 91,366</u>	<u>\$ 5,222</u>

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2010

	Special			
	Michigan Justice Training Fund	Social Services Fund	Veterans Trust Fund	Airport Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	12,489
Intergovernmental	27,763	278,031	33,080	-
Charges for services	-	-	-	7,951
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	245,321
Other	53,370	-	-	35,607
	<u>81,133</u>	<u>278,031</u>	<u>33,080</u>	<u>301,368</u>
TOTAL REVENUES	81,133	278,031	33,080	301,368
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	50,813	-	-	-
Health and welfare	-	310,589	30,828	-
Community and economic development	-	-	-	468,533
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
	<u>50,813</u>	<u>310,589</u>	<u>30,828</u>	<u>468,533</u>
TOTAL EXPENDITURES	50,813	310,589	30,828	468,533
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,320	(32,558)	2,252	(167,165)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	29,000	-	211,895
Transfers out	(42,200)	-	-	(27,890)
	<u>(42,200)</u>	<u>29,000</u>	<u>-0-</u>	<u>184,005</u>
TOTAL OTHER FINANCING SOURCES (USES)	(42,200)	29,000	-0-	184,005
NET CHANGE IN FUND BALANCES	(11,880)	(3,558)	2,252	16,840
Restated fund balances (deficit), beginning of year	<u>65,195</u>	<u>124,027</u>	<u>207</u>	<u>4,964</u>
Fund balances (deficit), end of year	<u>\$ 53,315</u>	<u>\$ 120,469</u>	<u>\$ 2,459</u>	<u>\$ 21,804</u>

Revenue				
Joint Narcotics Fund	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project Fund	Child Care Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	11,873	-	871	1,762,725
-	-	136,377	-	466
181,989	-	-	-	-
344	-	669	-	10,880
-	-	-	-	-
<u>182,333</u>	<u>11,873</u>	<u>137,046</u>	<u>871</u>	<u>1,774,071</u>
152,541	-	68,996	-	771,942
-	-	-	-	2,140,796
-	-	-	-	1,060,348
-	11,873	-	55,254	-
-	-	-	-	-
-	-	-	-	-
<u>152,541</u>	<u>11,873</u>	<u>68,996</u>	<u>55,254</u>	<u>3,973,086</u>
29,792	-0-	68,050	(54,383)	(2,199,015)
-	-	-	100,000	3,435,975
<u>(60,155)</u>	<u>-</u>	<u>-</u>	<u>(6,832)</u>	<u>(624,475)</u>
<u>(60,155)</u>	<u>-0-</u>	<u>-0-</u>	<u>93,168</u>	<u>2,811,500</u>
(30,363)	-0-	68,050	38,785	612,485
<u>283,381</u>	<u>-</u>	<u>484,351</u>	<u>462,429</u>	<u>2,106,439</u>
<u>\$ 253,018</u>	<u>\$ -0-</u>	<u>\$ 552,401</u>	<u>\$ 501,214</u>	<u>\$ 2,718,924</u>

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2010

	Special			
	Golf Courses	Health Department Fund	Department on Aging Millage Fund	Falling Waters Trail Fund
REVENUES				
Taxes	\$ -	\$ -	\$ 1,085,255	\$ -
Licenses and permits	-	283,937	-	-
Intergovernmental	-	3,046,623	-	-
Charges for services	577,867	403,993	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other	-	411,652	-	6,675
TOTAL REVENUES	577,867	4,146,205	1,085,255	6,675
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	4,450,413	-	-
Community and economic development	-	-	-	-
Recreation and culture	521,025	-	-	7,183
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	521,025	4,450,413	-0-	7,183
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,842	(304,208)	1,085,255	(508)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	622,926	-	-
Transfers out	(45,829)	(26,000)	(960,582)	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,829)	596,926	(960,582)	-0-
NET CHANGE IN FUND BALANCES	11,013	292,718	124,673	(508)
Restated fund balances (deficit), beginning of year	65,082	2,723,096	356,999	263,883
Fund balances (deficit), end of year	<u>\$ 76,095</u>	<u>\$ 3,015,814</u>	<u>\$ 481,672</u>	<u>\$ 263,375</u>

Revenue		Capital Projects		
Revenue Sharing Reserve Fund	Fair Fund	Equipment/ Replacement Fund	Sheriff Department Equipment Fund	Building Authority Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	63,092	-	94,460
-	725,611	-	-	-
-	-	-	-	-
-	50	1,767	-	750
-	71,219	15,000	1,103,269	-
-0-	796,880	79,859	1,103,269	95,210
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	697,769	-	-	-
-	-	488,721	124,743	95,210
-0-	697,769	488,721	124,743	95,210
-0-	99,111	(408,862)	978,526	-0-
-	-	713,501	-	-
(1,315,792)	-	-	(726,225)	-
(1,315,792)	-0-	713,501	(726,225)	-0-
(1,315,792)	99,111	304,639	252,301	-0-
1,315,792	(273,793)	467,718	735,596	-
\$ -0-	\$ (174,682)	\$ 772,357	\$ 987,897	\$ -0-

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2010

	Capital Project	Permanent		
	Justice Center Fund	Department on Aging Endowment Fund	Preston Endowment Fund	Cemetery Trust Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	140	-
Other	-	9,055	-	-
TOTAL REVENUES	-0-	9,055	140	-0-
EXPENDITURES				
Current				
General government	-	5,773	3,940	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-0-	5,773	3,940	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	3,282	(3,800)	-0-
OTHER FINANCING SOURCES (USES)				
Transfers in	137,172	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	137,172	-0-	-0-	-0-
NET CHANGE IN FUND BALANCE	137,172	3,282	(3,800)	-0-
Restated fund balances (deficit), beginning of year	892,196	63,361	114,698	3,075
Fund balances (deficit), end of year	<u>\$ 1,029,368</u>	<u>\$ 66,643</u>	<u>\$ 110,898</u>	<u>\$ 3,075</u>

Total

\$ 1,085,255
296,426
7,636,135
2,428,885
259,077
259,921
1,899,031

13,864,730

4,092,878
2,207,108
5,852,178
580,744
2,105,368
1,030,778

15,869,054

(2,004,324)

6,831,494
(3,908,156)

2,923,338

919,014

13,235,568

\$ 14,154,582

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Parks Commission</u>			
REVENUES			
Charges for services			
Cascades falls	\$ 136,734	\$ 132,538	\$ (4,196)
Parks	<u>148,900</u>	<u>155,322</u>	<u>6,422</u>
TOTAL REVENUES	285,634	287,860	2,226
EXPENDITURES			
Current			
Recreation and culture			
Administration	200,772	197,728	3,044
Cascade Falls	104,513	94,876	9,637
Parks	326,143	305,562	20,581
Equipment and shop	129,457	102,453	27,004
Our-County Parks	<u>74,721</u>	<u>70,813</u>	<u>3,908</u>
TOTAL EXPENDITURES	<u>835,606</u>	<u>771,432</u>	<u>64,174</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(549,972)	(483,572)	66,400
OTHER FINANCING SOURCES (USES)			
Transfers in	592,148	572,977	(19,171)
Transfers out	<u>(42,176)</u>	<u>(42,176)</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>549,972</u>	<u>530,801</u>	<u>(19,171)</u>
NET CHANGE IN FUND BALANCE	-0-	47,229	47,229
Fund balance, beginning of year	<u>132,217</u>	<u>132,217</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 132,217</u></u>	<u><u>\$ 179,446</u></u>	<u><u>\$ 47,229</u></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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Friend of the Court</u>			
REVENUES			
Intergovernmental			
Federal	\$ 2,591,245	\$ 2,268,686	\$ (322,559)
Charges for services	<u>297,100</u>	<u>288,760</u>	<u>(8,340)</u>
TOTAL REVENUES	2,888,345	2,557,446	(330,899)
EXPENDITURES			
Current			
General government	2,928,129	2,801,286	126,843
Capital outlay	<u>-</u>	<u>44,129</u>	<u>(44,129)</u>
TOTAL EXPENDITURES	<u>2,928,129</u>	<u>2,845,415</u>	<u>82,714</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(39,784)	(287,969)	(248,185)
OTHER FINANCING SOURCES			
Transfers in	<u>39,784</u>	<u>62,216</u>	<u>22,432</u>
NET CHANGE IN FUND BALANCE	-0-	(225,753)	(225,753)
Fund balance, beginning of year	<u>235,707</u>	<u>235,707</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 235,707</u>	<u>\$ 9,954</u>	<u>\$ (225,753)</u>
<u>Budget Stabilization Fund</u>			
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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Improvement and Building Fund</u>			
REVENUES			
Intergovernmental	\$ 48,934	\$ 48,931	\$ (3)
Other	6,800	71,541	64,741
TOTAL REVENUES	55,734	120,472	64,738
EXPENDITURES			
Current			
General government	706,501	261,456	445,045
Recreation and culture	297,222	82,125	215,097
Community and economic development	50,774	45,084	5,690
Capital outlay	487,615	277,975	209,640
TOTAL EXPENDITURES	1,542,112	666,640	875,472
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,486,378)	(546,168)	940,210
OTHER FINANCING SOURCES (USES)			
Transfers in	2,086,378	945,832	(1,140,546)
Transfers out	(600,000)	-	600,000
NET CHANGE IN FUND BALANCE	-0-	399,664	399,664
Restated fund balance, beginning of year	1,003,148	1,003,148	-0-
Fund balance, end of year	<u>\$ 1,003,148</u>	<u>\$ 1,402,812</u>	<u>\$ 399,664</u>

Sparks Park Renovation

REVENUES			
Other	\$ -	\$ 115,143	\$ 115,143
EXPENDITURES			
Current			
Recreation and culture	-	25,834	(25,834)
NET CHANGE IN FUND BALANCE	-0-	89,309	89,309
Fund balance, beginning of year	-	-	-0-
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ 89,309</u>	<u>\$ 89,309</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Omnibus Forfeitures Fund</u>			
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 120	\$ (9,880)
EXPENDITURES			
Current			
General government	<u>10,000</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCE	-0-	120	120
Fund balance, beginning of year	<u>414</u>	<u>414</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 414</u></u>	<u><u>\$ 534</u></u>	<u><u>\$ 120</u></u>
<u>Prosecuting Attorney Drug Enforcement Fund</u>			
REVENUES			
Fines and forfeitures	\$ 35,000	\$ 680	\$ (34,320)
EXPENDITURES			
Current			
General government	<u>35,000</u>	<u>20,463</u>	<u>14,537</u>
NET CHANGE IN FUND BALANCE	-0-	(19,783)	(19,783)
Fund balance, beginning of year	<u>91,682</u>	<u>91,682</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 91,682</u></u>	<u><u>\$ 71,899</u></u>	<u><u>\$ (19,783)</u></u>
<u>Drug Enforcement Fund</u>			
REVENUES			
Fines and forfeitures	\$ 55,000	\$ 76,288	\$ 21,288
EXPENDITURES			
Current			
Public safety	<u>25,000</u>	<u>15,499</u>	<u>9,501</u>
EXCESS OF REVENUES OVER EXPENDITURES	30,000	60,789	30,789
OTHER FINANCING (USES)			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	30,789	30,789
Fund balance, beginning of year	<u>60,577</u>	<u>60,577</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 60,577</u></u>	<u><u>\$ 91,366</u></u>	<u><u>\$ 30,789</u></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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>County Law Library</u>			
REVENUES			
Other	\$ 6,500	\$ 6,500	\$ -0-
EXPENDITURES			
Current			
General government	6,500	6,481	19
EXCESS OF REVENUES OVER EXPENDITURES	-0-	19	19
OTHER FINANCING SOURCES			
Transfers in	30,000	-	(30,000)
NET CHANGE IN FUND BALANCE	30,000	19	(29,981)
Fund balance, beginning of year	5,203	5,203	-0-
Fund balance, end of year	<u>\$ 35,203</u>	<u>\$ 5,222</u>	<u>\$ (29,981)</u>
<u>Michigan Justice Training Fund</u>			
REVENUES			
Intergovernmental			
State	\$ 40,000	\$ 27,763	\$ (12,237)
Other	60,000	53,370	(6,630)
TOTAL REVENUES	100,000	81,133	(18,867)
EXPENDITURES			
Current			
Public safety	57,800	50,813	6,987
EXCESS OF REVENUES OVER EXPENDITURES	42,200	30,320	(11,880)
OTHER FINANCING (USES)			
Transfers out	(42,200)	(42,200)	-0-
NET CHANGE IN FUND BALANCE	-0-	(11,880)	(11,880)
Restated fund balance, beginning of year	65,195	65,195	-0-
Fund balance, end of year	<u>\$ 65,195</u>	<u>\$ 53,315</u>	<u>\$ (11,880)</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Social Services Fund</u>			
REVENUES			
Intergovernmental State	\$ 871,000	\$ 278,031	\$ (592,969)
EXPENDITURES			
Current			
Health and welfare	900,000	310,589	589,411
EXCESS OF REVENUES (UNDER) EXPENDITURES	(29,000)	(32,558)	(3,558)
OTHER FINANCING SOURCES			
Transfers in	29,000	29,000	-0-
NET CHANGE IN FUND BALANCE	-0-	(3,558)	(3,558)
Fund balance, beginning of year	124,027	124,027	-0-
Fund balance, end of year	<u>\$ 124,027</u>	<u>\$ 120,469</u>	<u>\$ (3,558)</u>
<u>Veterans Trust Fund</u>			
REVENUES			
Intergovernmental State	\$ 55,000	\$ 33,080	\$ (21,920)
EXPENDITURES			
Current			
Health and welfare	55,000	30,828	24,172
NET CHANGE IN FUND BALANCE	-0-	2,252	2,252
Fund balance, beginning of year	207	207	-0-
Fund balance, end of year	<u>\$ 207</u>	<u>\$ 2,459</u>	<u>\$ 2,252</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Airport Fund</u>			
REVENUES			
Licenses and permits	\$ 13,470	\$ 12,489	\$ (981)
Charges for services	9,500	7,951	(1,549)
Interest and rents	244,499	245,321	822
Other	<u>37,422</u>	<u>35,607</u>	<u>(1,815)</u>
TOTAL REVENUES	304,891	301,368	(3,523)
EXPENDITURES			
Current			
Community and economic development			
Personal services	256,346	255,332	1,014
Administration	2,300	1,754	546
Operating	186,000	172,189	13,811
Repairs and maintenance	<u>44,250</u>	<u>39,258</u>	<u>4,992</u>
TOTAL EXPENDITURES	<u>488,896</u>	<u>468,533</u>	<u>20,363</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(184,005)	(167,165)	16,840
OTHER FINANCING SOURCES (USES)			
Transfers in	211,895	211,895	-0-
Transfers out	<u>(27,890)</u>	<u>(27,890)</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>184,005</u>	<u>184,005</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	16,840	16,840
Fund balance, beginning of year	<u>4,964</u>	<u>4,964</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 4,964</u></u>	<u><u>\$ 21,804</u></u>	<u><u>\$ 16,840</u></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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Joint Narcotics Fund</u>			
REVENUES			
Fines and forfeitures	\$ 265,000	\$ 181,989	\$ (83,011)
Interest revenue	<u>10,000</u>	<u>344</u>	<u>(9,656)</u>
TOTAL REVENUE	275,000	182,333	(92,667)
EXPENDITURES			
Current			
General government	<u>214,845</u>	<u>152,541</u>	<u>62,304</u>
EXCESS OF REVENUES OVER EXPENDITURES	60,155	29,792	(30,363)
OTHER FINANCING (USES)			
Transfers out	<u>(60,155)</u>	<u>(60,155)</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	(30,363)	(30,363)
Fund balance, beginning of year	<u>283,381</u>	<u>283,381</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 283,381</u></u>	<u><u>\$ 253,018</u></u>	<u><u>\$ (30,363)</u></u>
<u>Community Development Block Grant</u>			
REVENUES			
Intergovernmental Federal	\$ 300,000	\$ 11,873	\$ (288,127)
EXPENDITURES			
Current			
Community and economic development	<u>300,000</u>	<u>11,873</u>	<u>288,127</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Register Of Deeds Automation Fund</u>			
REVENUES			
Charges for services	\$ 135,000	\$ 136,377	\$ 1,377
Interest	-	669	669
	<u>135,000</u>	<u>137,046</u>	<u>2,046</u>
TOTAL REVENUE	135,000	137,046	2,046
EXPENDITURES			
Current			
General government	<u>135,000</u>	<u>68,996</u>	<u>66,004</u>
NET CHANGE IN FUND BALANCE	-0-	68,050	68,050
Fund balance, beginning of year	<u>484,351</u>	<u>484,351</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 484,351</u>	<u>\$ 552,401</u>	<u>\$ 68,050</u>
<u>Airport Runway Project Fund</u>			
REVENUES			
Intergovernmental			
State	\$ -	\$ 871	\$ 871
EXPENDITURES			
Current			
Community and economic development	<u>100,000</u>	<u>55,254</u>	<u>44,746</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(100,000)	(54,383)	45,617
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	-0-
Transfers out	<u>-</u>	<u>(6,832)</u>	<u>(6,832)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>93,168</u>	<u>(6,832)</u>
NET CHANGE IN FUND BALANCE	-0-	38,785	38,785
Fund balance, beginning of year	<u>462,429</u>	<u>462,429</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 462,429</u>	<u>\$ 501,214</u>	<u>\$ 38,785</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Child Care Fund</u>			
REVENUES			
Intergovernmental	\$ 2,261,467	\$ 1,762,725	\$ (498,742)
Charges for services	4,000	466	(3,534)
Interest and rents	4,500	10,880	6,380
TOTAL REVENUES	2,269,967	1,774,071	(495,896)
EXPENDITURES			
Current			
General government	1,646,458	771,942	874,516
Public safety	2,235,204	2,140,796	94,408
Health and welfare	1,262,340	1,060,348	201,992
TOTAL EXPENDITURES	5,144,002	3,973,086	1,170,916
EXCESS OF REVENUES (UNDER) EXPENDITURES	(2,874,035)	(2,199,015)	675,020
OTHER FINANCING SOURCES (USES)			
Transfers in	3,498,510	3,435,975	(62,535)
Transfers out	(624,475)	(624,475)	-0-
TOTAL OTHER FINANCING SOURCES (USES)	2,874,035	2,811,500	(62,535)
NET CHANGE IN FUND BALANCE	-0-	612,485	612,485
Fund balance, beginning of year	2,106,439	2,106,439	-0-
Fund balance, end of year	<u>\$ 2,106,439</u>	<u>\$ 2,718,924</u>	<u>\$ 612,485</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Golf Courses</u>			
REVENUES			
Charges for services			
Cascades golf course	\$ 511,624	\$ 501,110	\$ (10,514)
Cascades short course	97,561	76,757	(20,804)
	<u>609,185</u>	<u>577,867</u>	<u>(31,318)</u>
EXPENDITURES			
Current			
Recreation and culture			
Cascades golf course	427,383	426,760	623
Cascades short course	116,802	94,265	22,537
	<u>544,185</u>	<u>521,025</u>	<u>23,160</u>
EXCESS OF REVENUES OVER EXPENDITURES	65,000	56,842	(8,158)
OTHER FINANCING (USES)			
Transfers out	(65,000)	(45,829)	19,171
NET CHANGE IN FUND BALANCE	-0-	11,013	11,013
Fund balance, beginning of year	65,082	65,082	-0-
Fund balance, end of year	<u>\$ 65,082</u>	<u>\$ 76,095</u>	<u>\$ 11,013</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Health Department</u>			
REVENUES			
Intergovernmental	\$ 2,882,214	\$ 3,046,623	\$ 164,409
Licenses and permits	275,807	283,937	8,130
Charges for services	457,770	403,993	(53,777)
Interest and rent	315	-	(315)
Other	426,072	411,652	(14,420)
TOTAL REVENUES	4,042,178	4,146,205	104,027
EXPENDITURES			
Current			
Health and welfare	4,671,380	4,450,413	220,967
EXCESS OF REVENUES (UNDER) EXPENDITURES	(629,202)	(304,208)	324,994
OTHER FINANCING SOURCES (USES)			
Transfers in	655,122	622,926	(32,196)
Transfers out	(26,000)	(26,000)	-0-
TOTAL OTHER FINANCING SOURCES (USES)	629,122	596,926	(32,196)
NET CHANGE IN FUND BALANCE	(80)	292,718	292,798
Fund balance, beginning of year	2,723,096	2,723,096	-0-
Fund balance, end of year	<u>\$ 2,723,016</u>	<u>\$ 3,015,814</u>	<u>\$ 292,798</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Department of Aging Millage</u>			
REVENUES			
Taxes	\$ 1,065,000	\$ 1,085,255	\$ 20,255
OTHER FINANCING (USES)			
Transfers out	<u>(960,582)</u>	<u>(960,582)</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	104,418	124,673	20,255
Restated fund balance, beginning of year	<u>356,999</u>	<u>356,999</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 461,417</u></u>	<u><u>\$ 481,672</u></u>	<u><u>\$ 20,255</u></u>
<u>Falling Waters Trail Fund</u>			
REVENUES			
Other	\$ 201,379	\$ 6,675	\$ (194,704)
EXPENDITURES			
Current			
Recreation and culture	<u>17,500</u>	<u>7,183</u>	<u>10,317</u>
NET CHANGE IN FUND BALANCE	183,879	(508)	(184,387)
Fund balance, beginning of year	<u>263,883</u>	<u>263,883</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 447,762</u></u>	<u><u>\$ 263,375</u></u>	<u><u>\$ (184,387)</u></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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenue Sharing Reserve Fund</u>			
OTHER FINANCING USES			
Transfers out	\$ (1,315,792)	\$ (1,315,792)	\$ -0-
Fund balance, beginning of year	<u>1,315,792</u>	<u>1,315,792</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Fair Fund</u>			
REVENUES			
Charges for service	\$ 816,575	\$ 725,611	\$ (90,964)
Interest and rents	1,000	50	(950)
Other	<u>44,000</u>	<u>71,219</u>	<u>27,219</u>
TOTAL REVENUES	861,575	796,880	(64,695)
EXPENDITURES			
Current			
Recreation and culture			
Personnel services	222,878	162,655	60,223
Cost of services	<u>587,173</u>	<u>535,114</u>	<u>52,059</u>
TOTAL EXPENDITURES	<u>810,051</u>	<u>697,769</u>	<u>112,282</u>
NET CHANGE IN FUND BALANCE	51,524	99,111	47,587
Fund balance (deficit), beginning of year	<u>(273,793)</u>	<u>(273,793)</u>	<u>-0-</u>
Fund balance (deficit), end of year	<u>\$ (222,269)</u>	<u>\$ (174,682)</u>	<u>\$ 47,587</u>

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2010

	Foreclosure Tax Administration	Personal Property Tax	Total
ASSETS			
Current assets			
Cash and pooled investments	\$ 15,007	\$ 7,287	\$ 22,294
Due from other governmental units	100,000	-	100,000
Total current assets	115,007	7,287	122,294
Noncurrent assets			
Capital assets not being depreciated	220,338	-	220,338
TOTAL ASSETS	335,345	7,287	342,632
LIABILITIES			
Current liabilities			
Accrued liabilities	-	1,634	1,634
Due to other governmental units	-	1,267	1,267
Due to other funds	152,939	-	152,939
Current portion of compensated absences	-	3,440	3,440
TOTAL LIABILITIES	152,939	6,341	159,280
NET ASSETS			
Invested in capital assets	220,338	-	220,338
Unrestricted	(37,932)	946	(36,986)
TOTAL NET ASSETS	\$ 182,406	\$ 946	\$ 183,352

Jackson County, Michigan

Nonmajor Enterprise Funds

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

Year Ended December 31, 2010

	Foreclosure Tax Administration	Personal Property Tax	Total
OPERATING REVENUES			
Charges for services	\$ 421,951	\$ 81,078	\$ 503,029
OPERATING EXPENSES			
Personal services	-	64,395	64,395
Other services and charges	494,072	1,621	495,693
Depreciation	-	615	615
TOTAL OPERATING EXPENSES	<u>494,072</u>	<u>66,631</u>	<u>560,703</u>
OPERATING INCOME (LOSS)	(72,121)	14,447	(57,674)
OTHER FINANCING (USES)			
Transfers out	<u>-</u>	<u>(2,599)</u>	<u>(2,599)</u>
CHANGE IN NET ASSETS	(72,121)	11,848	(60,273)
Net assets (deficit), beginning of year	<u>254,527</u>	<u>(10,902)</u>	<u>243,625</u>
Net assets, end of year	<u>\$ 182,406</u>	<u>\$ 946</u>	<u>\$ 183,352</u>

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

	Foreclosure Tax Administration	Personal Property Tax	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 448,451	\$ 81,078	\$ 529,529
Cash paid to suppliers	(767,344)	(6,141)	(773,485)
Cash paid for employee services and benefits	-	(65,707)	(65,707)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(318,893)	9,230	(309,663)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(220,338)	-0-	(220,338)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-0-	(2,599)	(2,599)
	<u> </u>	<u> </u>	<u> </u>
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(539,231)	6,631	(532,600)
Cash and pooled investments, beginning of year	554,238	656	554,894
	<u> </u>	<u> </u>	<u> </u>
Cash and pooled investments, end of year	<u>\$ 15,007</u>	<u>\$ 7,287</u>	<u>\$ 22,294</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (72,121)	\$ 14,447	\$ (57,674)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	615	615
Changes in assets and liabilities:			
Receivables	26,500	-	26,500
Accounts payable	-	(212)	(212)
Accrued liabilities	-	164	164
Due to other governmental units	-	(4,308)	(4,308)
Due to other funds	(273,272)	-	(273,272)
Compensated absences	-	(1,476)	(1,476)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (318,893)</u>	<u>\$ 9,230</u>	<u>\$ (309,663)</u>

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2010

	<u>Self - Insured Workers Compensation</u>	<u>Self - Funded Managed Care Insurance</u>	<u>Land Use Planning</u>	<u>Community Planning</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and pooled investments	\$ 190,669	\$ 1,864,896	\$ 23,661	\$ 3,771	\$ 2,082,997
Accounts receivable	-	151,161	-	-	151,161
Prepays	2,500	548,100	-	-	550,600
	<hr/>				
TOTAL ASSETS	193,169	2,564,157	23,661	3,771	2,784,758
LIABILITIES					
Current liabilities					
Accounts payable	31,742	808,976	-	-	840,718
	<hr/>				
NET ASSETS					
Unrestricted	<u>\$ 161,427</u>	<u>\$ 1,755,181</u>	<u>\$ 23,661</u>	<u>\$ 3,771</u>	<u>\$ 1,944,040</u>

Jackson County, Michigan

Internal Service Funds

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

Year Ended December 31, 2010

	Self - Insured Workers Compensation	Self - Funded Managed Care Insurance	Land Use Planning	Community Planning	Total
OPERATING REVENUES					
Charges for services	\$ 185,710	\$ 11,290,129	\$ -	\$ -	\$ 11,475,839
OPERATING EXPENSES					
Contractual services	60,623	11,350,753	-	-	11,411,376
Other services and charges	33,174	32,632	-	-	65,806
TOTAL OPERATING EXPENSES	93,797	11,383,385	-0-	-0-	11,477,182
OPERATING INCOME (LOSS)	91,913	(93,256)	-0-	-0-	(1,343)
NONOPERATING REVENUES					
Interest earned	173	2,846	-	-	3,019
INCOME (LOSS) BEFORE TRANSFERS	92,086	(90,410)	-0-	-0-	1,676
TRANSFERS					
Transfers out	-	(94,265)	-	-	(94,265)
CHANGE IN NET ASSETS	92,086	(184,675)	-0-	-0-	(92,589)
Restated net assets, beginning of year	69,341	1,939,856	23,661	3,771	2,036,629
Net assets, end of year	\$ 161,427	\$ 1,755,181	\$ 23,661	\$ 3,771	\$ 1,944,040

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

	Self - Insured Workers Compensation	Self - Funded Managed Care Insurance	Land Use Planning	Community Planning	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 185,710	\$ 11,603,804	\$ -	\$ -	\$ 11,789,514
Cash paid to suppliers	(104,767)	(10,853,275)	-	-	(10,958,042)
NET CASH PROVIDED BY OPERATING ACTIVITIES	80,943	750,529	-0-	-0-	831,472
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	-	(94,265)	-	-	(94,265)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest revenue	173	2,846	-	-	3,019
NET INCREASE IN CASH AND POOLED INVESTMENTS	81,116	659,110	-0-	-0-	740,226
Restated cash and pooled investments, beginning of year	109,553	1,205,786	23,661	3,771	1,342,771
Cash and pooled investments, end of year	\$ 190,669	\$ 1,864,896	\$ 23,661	\$ 3,771	\$ 2,082,997
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 91,913	\$ (93,256)	\$ -	\$ -	\$ (1,343)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Changes in assets and liabilities:					
Receivables	-	313,675	-	-	313,675
Prepays	-	560,835	-	-	560,835
Accounts payable	(10,970)	(30,725)	-	-	(41,695)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 80,943	\$ 750,529	\$ -0-	\$ -0-	\$ 831,472

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2010

	Agency		
	Trust and Agency	Library Fund	District Court Escrow and Bonds
ASSETS			
Cash and pooled investments	\$ 2,431,347	\$ 17,693	\$ 140,538
Accounts receivable	34,931	-	-
TOTAL ASSETS	<u>\$ 2,466,278</u>	<u>\$ 17,693</u>	<u>\$ 140,538</u>
LIABILITIES			
Due to other governmental units	\$ 883,900	\$ -	\$ -
Bonds payable	150,250	-	-
Escrow payable	-	-	-
Due to individuals and agencies	1,432,128	17,693	140,538
TOTAL LIABILITIES	<u>\$ 2,466,278</u>	<u>\$ 17,693</u>	<u>\$ 140,538</u>

Circuit Court Trust	Funds Sheriff Canteen Account	Lifeways	Total
\$ 158,814 -	\$ 67,152 -	\$ 7,836,073 -	\$ 10,651,617 34,931
\$ 158,814	\$ 67,152	\$ 7,836,073	\$ 10,686,548
\$ - - 6,598 152,216	\$ - - - 67,152	\$ 7,836,073 - - -	\$ 8,719,973 150,250 6,598 1,809,727
\$ 158,814	\$ 67,152	\$ 7,836,073	\$ 10,686,548

Jackson County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<u>Trust and Agency</u>				
ASSETS				
Cash and pooled investments	\$ 2,126,854	\$ 51,585,288	\$ 51,280,795	\$ 2,431,347
Accounts receivable	16,097	563,827	544,993	34,931
TOTAL ASSETS	\$ 2,142,951	\$ 52,149,115	\$ 51,825,788	\$ 2,466,278
LIABILITIES				
Due to individuals and agencies	\$ 1,569,141	\$ 20,136,766	\$ 20,273,779	\$ 1,432,128
Due to other governmental units	480,560	31,955,349	31,552,009	883,900
Bonds payable	93,250	57,000	-	150,250
TOTAL LIABILITIES	\$ 2,142,951	\$ 52,149,115	\$ 51,825,788	\$ 2,466,278
<u>Library Fund</u>				
ASSETS				
Cash and pooled investments	\$ 18,861	\$ 291,797	\$ 292,965	\$ 17,693
LIABILITIES				
Due to individuals and agencies	\$ 18,861	\$ 291,797	\$ 292,965	\$ 17,693
<u>District Court Escrow and Bonds</u>				
ASSETS				
Cash and pooled investments	\$ 107,287	\$ 599,206	\$ 565,955	\$ 140,538
LIABILITIES				
Due to individuals and agencies	\$ 107,287	\$ 599,206	\$ 565,955	\$ 140,538
<u>Circuit Court Trust</u>				
ASSETS				
Cash and pooled investments	\$ 297,431	\$ 642,227	\$ 780,844	\$ 158,814
LIABILITIES				
Escrow payable	\$ 136,743	\$ -	\$ 130,145	\$ 6,598
Due to individuals and agencies	160,688	642,227	650,699	152,216
	\$ 297,431	\$ 642,227	\$ 780,844	\$ 158,814

Jackson County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<u>Sheriff Canteen Account</u>				
ASSETS				
Cash and pooled investments	\$ -	\$ 1,168,455	\$ 1,101,303	\$ 67,152
LIABILITIES				
Due to individuals and agencies	\$ -	\$ 1,168,455	\$ 1,101,303	67,152
<u>Lifeways</u>				
ASSETS				
Cash and pooled investments	\$ 2,951,208	\$ 51,376,741	\$ 46,491,876	\$ 7,836,073
LIABILITIES				
Due to other governmental units	\$ 2,951,208	\$ 51,376,741	\$ 46,491,876	\$ 7,836,073
<u>Total</u>				
ASSETS				
Cash and pooled investments	\$ 5,501,641	\$ 105,663,714	\$ 100,513,738	\$ 10,651,617
Accounts receivable	16,097	563,827	544,993	34,931
TOTAL ASSETS	\$ 5,517,738	\$ 106,227,541	\$ 101,058,731	\$ 10,686,548
LIABILITIES				
Due to other governmental units	\$ 3,431,768	\$ 83,332,090	\$ 78,043,885	\$ 8,719,973
Bonds payable	93,250	57,000	-	150,250
Escrow payable	136,743	-	130,145	6,598
Due to individuals and agencies	1,855,977	22,838,451	22,884,701	1,809,727
TOTAL LIABILITIES	\$ 5,517,738	\$ 106,227,541	\$ 101,058,731	\$ 10,686,548

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2010

	<u>Pension</u>	<u>Retiree Health</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 112,433	\$ 340,124	\$ 452,557
Investments, at fair value			
Money market funds	4,005,651	95,916	4,101,567
U.S. Government Obligations	9,075,849	165,811	9,241,660
Domestic corporate bonds	25,369,054	739,112	26,108,166
Corporate mortgage obligations	568,153	-	568,153
Domestic stocks	37,493,609	1,807,230	39,300,839
Index stock fund	25,945,721	-	25,945,721
International bonds	682,230	22,669	704,899
International stocks & ADR's	27,013,434	705,927	27,719,361
Accounts receivable	644,441	-	644,441
Prepays	715,355	-	715,355
Accrued interest receivable	240,801	-	240,801
	<u>131,866,731</u>	<u>3,876,789</u>	<u>135,743,520</u>
TOTAL ASSETS			
LIABILITIES			
Accounts payable	803,795	-	803,795
Accrued wages	3,004	-	3,004
Compensated absences	9,071	-	9,071
	<u>815,870</u>	<u>-0-</u>	<u>815,870</u>
TOTAL LIABILITIES			
NET ASSETS			
Held in trust for pension and employee benefits	<u>\$ 131,050,861</u>	<u>\$ 3,876,789</u>	<u>\$ 134,927,650</u>

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2010

ADDITIONS

	<u>Pension</u>	<u>Retiree Health</u>	<u>Total</u>
Investment income			
Net appreciation in fair value of investments	\$ 15,152,348	\$ 287,536	\$ 15,439,884
Interest and dividends	2,021,236	84,198	2,105,434
Less investment expense	<u>(663,464)</u>	<u>(30,765)</u>	<u>(694,229)</u>
Net investment income	16,510,120	340,969	16,851,089
Contributions			
Employee	2,188,840	-	2,188,840
Employer	2,341,599	-	2,341,599
Other	<u>-</u>	<u>1,555,997</u>	<u>1,555,997</u>
Total contributions	<u>4,530,439</u>	<u>1,555,997</u>	<u>6,086,436</u>
TOTAL ADDITIONS	21,040,559	1,896,966	22,937,525

DEDUCTIONS

Benefit payments	9,317,971	1,962,509	11,280,480
Refund of contributions	268,246	-	268,246
Administrative expenses	<u>232,220</u>	<u>-</u>	<u>232,220</u>
TOTAL DEDUCTIONS	<u>9,818,437</u>	<u>1,962,509</u>	<u>11,780,946</u>
CHANGE IN NET ASSETS	11,222,122	(65,543)	11,156,579

Net assets, beginning of year	<u>119,828,739</u>	<u>3,942,332</u>	<u>123,771,071</u>
Net assets, end of year	<u>\$ 131,050,861</u>	<u>\$ 3,876,789</u>	<u>\$ 134,927,650</u>

Jackson County, Michigan

Component Unit Fund

STATEMENT OF NET ASSETS - LAND BANK AUTHORITY

September 30, 2010

ASSETS

Current assets

Cash and pooled investments

\$ 111,476

Inventories

133,614

TOTAL ASSETS

245,090

LIABILITIES

Due to other governmental units

100,000

NET ASSETS

Unrestricted

\$ 145,090

Jackson County, Michigan

Component Unit Fund

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

Year Ended September 30, 2010

OPERATING REVENUES	
Charges for services	\$ 4,257
OPERATING EXPENSES	
Other	<u>14,497</u>
OPERATING (LOSS)/CHANGE IN NET ASSETS	(10,240)
Net assets, beginning of year	<u>155,330</u>
Net assets, end of year	<u>\$ 145,090</u>

Jackson County, Michigan

Component Unit Fund

STATEMENT OF CASH FLOWS - LAND BANK AUTHORITY

Year Ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Purchase of property	\$ (316)
Sales of property	4,257
Cash paid to suppliers	<u>(14,497)</u>

NET CASH (USED) BY OPERATING ACTIVITIES (10,556)

Cash and pooled investments, beginning of year 122,032

Cash and pooled investments, end of year \$ 111,476

CASH FLOWS FROM OPERATING ACTIVITIES

Operating (loss)	\$ (10,240)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Changes in assets and liabilities:	
Inventories	<u>(316)</u>

NET CASH (USED) BY OPERATING ACTIVITIES \$ (10,556)

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT
OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2010

	Debt			
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
ASSETS				
Cash and pooled investments	\$ -	\$ 306	\$ 6	\$ 21
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
TOTAL ASSETS	\$ -0-	\$ 306	\$ 6	\$ 21
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Long-term liabilities	-	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-	-0-
FUND BALANCES				
Reserved for debt service	-	306	6	21
Reserved for capital projects	-	-	-	-
TOTAL FUND BALANCES	-0-	306	6	21
TOTAL LIABILITIES AND FUND BALANCES	\$ -0-	\$ 306	\$ 6	\$ 21
NET ASSETS				
Invested in capital assets, net of related debt				
Restricted for construction				
TOTAL NET ASSETS				

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	\$ 350	\$ 598	\$ 113	\$ 3,312	\$ -	\$ 2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 70</u>	<u>\$ 350</u>	<u>\$ 598</u>	<u>\$ 113</u>	<u>\$ 3,312</u>	<u>\$ -0-</u>	<u>\$ 2</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
70	350	598	113	3,312	-	2
-	-	-	-	-	-	-
<u>70</u>	<u>350</u>	<u>598</u>	<u>113</u>	<u>3,312</u>	<u>-0-</u>	<u>2</u>
<u>\$ 70</u>	<u>\$ 350</u>	<u>\$ 598</u>	<u>\$ 113</u>	<u>\$ 3,312</u>	<u>\$ -0-</u>	<u>\$ 2</u>

Jackson County, Michigan

Component Unit Funds

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

December 31, 2010

	Capital Projects			
	Drain Fund	Drain Revolving	Lake Level Districts	Lake Level Revolving
ASSETS				
Cash and pooled investments	\$ 1,095,708	\$ 22,146	\$ 69,243	\$ 3,980
Due from other governmental units	-	-	-	-
Due from other funds	-	177,854	-	6,020
Special assessments receivable	52,989	-	-	-
Capital assets being depreciated, net	-	-	-	-
TOTAL ASSETS	<u>\$ 1,148,697</u>	<u>\$ 200,000</u>	<u>\$ 69,243</u>	<u>\$ 10,000</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenue	\$ 52,989	\$ -	\$ -	\$ -
Due to other funds	178,251	-	5,623	-
Due to other governmental units	-	200,000	-	10,000
Long-term liabilities	-	-	-	-
TOTAL LIABILITIES	231,240	200,000	5,623	10,000
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for capital projects	917,457	-	63,620	-
TOTAL FUND BALANCES	<u>917,457</u>	<u>-0-</u>	<u>63,620</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,148,697</u>	<u>\$ 200,000</u>	<u>\$ 69,243</u>	<u>\$ 10,000</u>
NET ASSETS				
Invested in capital assets, net of related debt				
Restricted for construction				
TOTAL NET ASSETS				

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 1,195,855	\$ -	\$ 1,195,855
-0-	14,371,609	14,371,609
183,874	(183,874)	-0-
52,989	-	52,989
-0-	3,962,475	3,962,475
<u>\$ 1,432,718</u>	18,150,210	19,582,928
\$ 52,989	(52,989)	-0-
183,874	(183,874)	-0-
210,000	-	210,000
-0-	14,366,831	14,366,831
<u>446,863</u>	14,129,968	<u>14,576,831</u>
4,778	(4,778)	
981,077	(981,077)	
<u>985,855</u>	<u>(985,855)</u>	
<u>\$ 1,432,718</u>		
	3,962,475	3,962,475
	1,043,622	1,043,622
	<u>\$ 5,006,097</u>	<u>\$ 5,006,097</u>

Jackson County, Michigan

Component Unit Funds

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

December 31, 2010

Total fund balances - component unit funds \$ 985,855

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>(8,280,181)</u>	
Capital assets, net		3,962,475

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

Deferred revenue		52,989
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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.

14,371,609

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	14,223,000	
Accrued interest payable	<u>143,831</u>	
		<u>(14,366,831)</u>

Net assets of component unit activities \$ 5,006,097

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, 2010

	Debt			
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
REVENUES				
Intergovernmental	\$ 165,500	\$ -	\$ 41,775	\$ 142,925
Interest	-	-	-	1
TOTAL REVENUES	165,500	-0-	41,775	142,926
EXPENDITURES/EXPENSES				
Current				
Public works	-	-	-	-
Debt service				
Principal	150,000	-	25,000	100,000
Interest and fiscal charges	15,500	-	16,775	42,925
TOTAL EXPENDITURES/EXPENSES	165,500	-0-	41,775	142,925
NET CHANGE IN FUND BALANCES/ NET ASSETS	-0-	-0-	-0-	1
Restated fund balances/net assets, beginning of year	-	306	6	20
Fund balances/net assets, end of year	\$ -0-	\$ 306	\$ 6	\$ 21

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
\$ 531,825	\$ 379,549	\$ 86,868	\$ 870,875	\$ -	\$ -	\$ -
-	1	7	-	4	-	70
531,825	379,550	86,875	870,875	4	-0-	70
800	-	-	-	-	-	97,909
490,000	275,000	50,000	500,000	-	-	-
41,025	104,475	36,650	370,875	-	-	-
531,825	379,475	86,650	870,875	-0-	-0-	97,909
-0-	75	225	-0-	4	-0-	(97,839)
70	275	373	113	3,308	-	97,841
\$ 70	\$ 350	\$ 598	\$ 113	\$ 3,312	\$ -0-	\$ 2

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, 2010

	Capital Projects			
	Drain Fund	Drain Revolving	Lake Level Districts	Lake Level Revolving
REVENUES				
Intergovernmental	\$ 178,807	\$ -	\$ -	\$ -
Interest	-	-	93	-
TOTAL REVENUES	178,807	-0-	93	-0-
EXPENDITURES/EXPENSES				
Current				
Public works	166,244	-	6,158	-
Debt service				
Principal	48,000	-	-	-
Interest and fiscal charges	2,440	-	-	-
TOTAL EXPENDITURES/EXPENSES	216,684	-0-	6,158	-0-
NET CHANGE IN FUND BALANCES/ NET ASSETS	(37,877)	-0-	(6,065)	-0-
Restated fund balances/net assets, beginning of year	955,334	-	69,685	-
Fund balances/net assets, end of year	<u>\$ 917,457</u>	<u>\$ -0-</u>	<u>\$ 63,620</u>	<u>\$ -0-</u>

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 2,398,124	\$ (1,649,985)	\$ 748,139
176	-	176
<u>2,398,300</u>	<u>(1,649,985)</u>	<u>748,315</u>
271,111	168,142	439,253
1,638,000	(1,638,000)	-
630,665	(21,234)	609,431
<u>2,539,776</u>	<u>(1,491,092)</u>	<u>1,048,684</u>
(141,476)	(158,893)	(300,369)
<u>1,127,331</u>	<u>4,179,135</u>	<u>5,306,466</u>
<u>\$ 985,855</u>	<u>\$ 4,020,242</u>	<u>\$ 5,006,097</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, 2010

Net change in fund balances - total component unit funds \$ (141,476)

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

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 (168,142)

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not: (1,649,985)

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:

Decrease in accrued interest payable 21,234

Change in net assets of component unit activities \$ (300,369)

Jackson County, Michigan

Component Unit Fund

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2010

	Governmental Fund	Adjustments	Statement of Net Assets
ASSETS			
Current assets			
Cash and pooled investments	\$ 82,775	\$ -	\$ 82,775
Accounts receivable	20,279	-	20,279
TOTAL	103,054	-0-	103,054
Noncurrent assets			
Note receivable - long term	690,004	-	690,004
TOTAL ASSETS	<u>\$ 793,058</u>	-0-	793,058
LIABILITIES AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts payable	\$ 21,561	-	21,561
Due to other governmental units	117,500	-	117,500
Deferred revenue	690,004	(690,004)	-0-
TOTAL LIABILITIES	829,065	(690,004)	139,061
FUND BALANCE (DEFICIT)			
Unreserved - undesignated	(36,007)	36,007	-0-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 793,058</u>		
NET ASSETS			
Unrestricted		<u>\$ 653,997</u>	<u>\$ 653,997</u>

Jackson County, Michigan

Component Unit Fund

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

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2010

Fund balance (deficit) - component unit fund	\$ (36,007)
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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.

<u>690,004</u>

Net assets of component unit activities

<u><u>\$ 653,997</u></u>

Jackson County, Michigan

Component Unit Fund

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

BROWNFIELD REDEVELOPMENT AUTHORITY

Year Ended December 31, 2010

	<u>Governmental Fund</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
REVENUES			
Intergovernmental	\$ 212,925	\$ (20,730)	\$ 192,195
EXPENDITURES/EXPENSES			
Community and economic development	<u>199,492</u>	<u>-</u>	<u>199,492</u>
NET CHANGE IN FUND BALANCE/ NET ASSETS	13,433	(20,730)	(7,297)
Fund (deficit)/net assets, beginning of year	<u>(49,440)</u>	<u>710,734</u>	<u>661,294</u>
Fund (deficit)/net assets, end of year	<u><u>\$ (36,007)</u></u>	<u><u>\$ 690,004</u></u>	<u><u>\$ 653,997</u></u>

Jackson County, Michigan

Component Unit Fund

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

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2010

Net change in fund balances (deficit) - total component unit funds \$ 13,433

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.

Deferred revenue (20,730)

Change in net assets of component unit activities \$ (7,297)

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET ASSETS

BOARD OF PUBLIC WORKS

December 31, 2010

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

Service

Grass Lake SER 2002B	Vineyard Lake Area Section	Round / Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer	Village of Parma Waste Water
\$ 3,230	\$ 63	\$ 8,833	\$ 11,184	\$ 12	\$ 5,959
-	-	-	-	-	-
<u>\$ 3,230</u>	<u>\$ 63</u>	<u>\$ 8,833</u>	<u>\$ 11,184</u>	<u>\$ 12</u>	<u>\$ 5,959</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
3,230	63	8,833	11,184	12	5,959
-	-	-	-	-	-
<u>3,230</u>	<u>63</u>	<u>8,833</u>	<u>11,184</u>	<u>12</u>	<u>5,959</u>
<u>\$ 3,230</u>	<u>\$ 63</u>	<u>\$ 8,833</u>	<u>\$ 11,184</u>	<u>\$ 12</u>	<u>\$ 5,959</u>

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET ASSETS - CONCLUDED

BOARD OF PUBLIC WORKS

December 31, 2010

	Debt Service			Capital
	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer
ASSETS				
Cash and pooled investments	\$ 404	\$ 135	\$ 1,345	\$ 62
Due from other governmental units	-	-	-	-
TOTAL ASSETS	\$ 404	\$ 135	\$ 1,345	\$ 62
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Bonds payable	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	-	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-	-0-
FUND BALANCES				
Reserved for debt service	404	135	1,345	-
Reserved for capital projects	-	-	-	62
TOTAL FUND BALANCES	404	135	1,345	62
TOTAL LIABILITIES AND FUND BALANCES	\$ 404	\$ 135	\$ 1,345	\$ 62
NET ASSETS				
Restricted for construction				

Projects					
US 127 Extension	Parma Village Wastewater	Total	Adjustments	Statement of Net Assets	
\$ 1	\$ 929	\$ 32,246	\$ -	\$ 32,246	
-	-	-0-	19,535,289	19,535,289	
<u>\$ 1</u>	<u>\$ 929</u>	<u>\$ 32,246</u>	19,535,289	19,567,535	
\$ -	\$ -	\$ -0-	19,376,598	19,376,598	
-	-	-0-	127,437	127,437	
-0-	-0-	-0-	19,504,035	19,504,035	
1	-	31,254	(31,254)		
	929	992	(992)		
<u>1</u>	<u>929</u>	<u>32,246</u>	<u>(32,246)</u>		
<u>\$ 1</u>	<u>\$ 929</u>	<u>\$ 32,246</u>			
			<u>\$ 63,500</u>	<u>\$ 63,500</u>	

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2010

Fund balances - total component unit funds \$ 32,246

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. 19,535,289

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	\$ (19,376,598)	
Accrued interest payable	<u>(127,437)</u>	
		<u>(19,504,035)</u>

Net assets of component unit activities \$ 63,500

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, 2010

	Debt			
	Village of Springport	Village of Parma Revolving	Village of Parma LDFA	Grass Lake Revolving
REVENUES				
Intergovernmental - local	\$ -	\$ 68,875	\$ 132,513	\$ 141,000
Interest	-	-	-	-
TOTAL REVENUES	-0-	68,875	132,513	141,000
EXPENDITURES				
Current				
Public works	-	-	-	-
Debt service				
Principal	-	50,000	75,000	100,000
Interest and fiscal charges	-	18,875	57,513	41,000
TOTAL EXPENDITURES	-0-	68,875	132,513	141,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-0-	-0-
OTHER FINANCING SOURCES				
Bond proceeds	-	-	-	-
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	71	-	18	-
Fund balances, end of year	<u>\$ 71</u>	<u>\$ -0-</u>	<u>\$ 18</u>	<u>\$ -0-</u>

Service

Grass Lake SER 2002B	Vineyard Lake Area Section	Round / Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer	Village of Parma Waste Water
\$ 43,768 4	\$ 488,800 -	\$ 330,413 11	\$ 340,613 83	\$ 58,416 4	\$ 65,826 -
43,772	488,800	330,424	340,696	58,420	65,826
-	-	-	-	-	-
25,000 18,768	300,000 188,800	225,000 105,413	150,000 190,613	15,000 43,416	- 65,826
43,768	488,800	330,413	340,613	58,416	65,826
4	-0-	11	83	4	-0-
-	-	-	-	-	-
4	-0-	11	83	4	-0-
3,226	63	8,822	11,101	8	5,959
<u>\$ 3,230</u>	<u>\$ 63</u>	<u>\$ 8,833</u>	<u>\$ 11,184</u>	<u>\$ 12</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, 2010

	Debt Service			Capital
	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer
REVENUES				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ 30,400
Interest	93	1	3	4
TOTAL REVENUES	93	1	3	30,404
EXPENDITURES				
Current				
Public works	82,949	-	8,062	30,462
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	82,949	-0-	8,062	30,462
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,856)	1	(8,059)	(58)
OTHER FINANCING SOURCES				
Bond proceeds	-	-	-	-
NET CHANGE IN FUND BALANCES/ NET ASSETS	(82,856)	1	(8,059)	(58)
Fund balances/Net assets, beginning of year	83,260	134	9,404	120
Fund balances/Net assets, end of year	\$ 404	\$ 135	\$ 1,345	\$ 62

Projects					
US 127 Extension	Parma Village Wastewater	Total	Adjustments	Statement of Activities	
\$ -	\$ 23,900	\$ 1,724,524	\$ (646,633)	\$ 1,077,891	
-	25	228	-	228	
-0-	23,925	1,724,752	(646,633)	1,078,119	
-	168,942	290,415	-	290,415	
-	-	940,000	(940,000)	-0-	
-	-	730,224	(5,862)	724,362	
-0-	168,942	1,960,639	(945,862)	1,014,777	
-0-	(145,017)	(235,887)	299,229	63,342	
-	145,909	145,909	(145,909)	-0-	
-0-	892	(89,978)	153,320	63,342	
1	37	122,224	(122,066)	158	
\$ 1	\$ 929	\$ 32,246	\$ 31,254	\$ 63,500	

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, 2010

Net change in fund balances - total component unit funds \$ (89,978)

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. (646,633)

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	\$ 940,000	
Bond proceeds	<u>(145,909)</u>	
		794,091

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	<u>5,862</u>
--------------------------------------	--------------

Change in net assets of component unit activities \$ 63,342

STATISTICAL SECTION (UNAUDITED)

JACKSON COUNTY
Net Assets by Component
Last Eight 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>	<u>2010</u>
Governmental activities								
Invested in capital assets, net of related debt	\$15,599,655	\$16,852,113	\$15,904,438	\$16,131,214	\$16,662,254	\$16,820,741	\$16,533,573	\$15,130,221
Restricted	2,447,451	2,072,383	1,598,012	2,248,154	1,999,818	1,851,694	2,398,320	2,970,238
Unrestricted	17,092,802	20,951,919	26,634,239	30,618,527	29,152,734	28,243,259	27,949,778	28,418,753
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>	<u>\$46,519,212</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 6,418,081	\$ 7,577,629	\$ 8,331,629	\$ 8,256,892	\$ 9,254,305	\$11,920,478	\$12,124,522	\$13,178,355
Restricted	-	-	-	-	-	-	-	-
Unrestricted	17,758,169	16,012,507	16,105,046	19,923,786	22,051,366	21,158,429	23,646,148	24,406,603
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>	<u>\$37,584,958</u>
Primary government								
Invested in capital assets, net of related debt	\$22,017,736	\$24,429,742	\$24,236,067	\$24,388,106	\$25,916,559	\$28,741,219	\$28,658,095	\$28,308,576
Restricted	2,447,451	2,072,383	1,598,012	2,248,154	1,999,818	1,851,694	2,398,320	2,970,238
Unrestricted	34,850,971	36,964,426	42,739,285	50,542,313	51,204,100	49,401,688	51,595,926	52,825,356
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>	<u>\$84,104,170</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 Eight 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>	<u>2010</u>
Expenses								
Governmental activities:								
General government	\$20,524,277	\$21,196,404	\$21,992,799	\$21,501,134	\$23,777,304	\$22,601,423	\$23,650,817	\$22,366,906
Public safety	14,784,198	14,785,492	15,373,560	16,090,197	16,944,208	18,171,168	18,196,223	18,336,839
Health	9,060,387	5,723,355	9,640,700	9,687,103	9,878,983	9,254,566	9,521,311	10,487,852
Culture and recreation	1,536,627	1,607,037	1,691,953	1,666,183	1,732,731	1,766,639	3,188,894	2,843,700
Community development	7,370,705	11,226,594	8,798,015	8,225,733	8,253,892	7,494,081	1,463,740	1,033,799
Interest on long-term debt	528,227	544,615	536,869	570,535	856,277	831,753	803,914	1,156,503
Total governmental activities expenses	<u>53,804,421</u>	<u>55,083,497</u>	<u>58,033,896</u>	<u>57,740,885</u>	<u>61,443,395</u>	<u>60,119,630</u>	<u>56,824,899</u>	<u>56,225,599</u>
Business-type activities:								
Delinquent tax collection/forfeitures	219,945	584,691	465,438	582,566	543,975	523,433	560,542	345,126
Foreclosure tax	192,716	80,434	107,519	382,099	233,853	301,988	426,210	494,072
Medical care facility	12,481,811	12,478,688	12,982,116	14,950,198	15,375,425	15,758,850	16,060,347	16,681,276
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	8,893,948
Personal Property Tax	13,873	98,706	394,249	59,534	70,351	66,944	66,998	66,631
Soil erosion	-	35,528	83,665	108,442	98,247	65,186	-	-
Total business-type activities expenses	<u>21,859,637</u>	<u>22,282,849</u>	<u>23,501,632</u>	<u>24,941,057</u>	<u>26,051,435</u>	<u>26,525,699</u>	<u>26,105,210</u>	<u>26,481,053</u>
Total primary government expenses	<u>75,664,058</u>	<u>77,366,346</u>	<u>81,535,528</u>	<u>82,681,942</u>	<u>87,494,830</u>	<u>86,645,329</u>	<u>82,930,109</u>	<u>82,706,652</u>
Program revenues								
Governmental activities:								
Charges for services:								
General government	6,554,975	5,908,588	6,042,546	5,721,451	5,919,618	4,990,931	6,745,421	6,448,052
Public safety	1,060,630	1,172,088	1,226,579	1,203,630	1,225,488	1,139,985	1,148,390	1,203,977
Health	1,075,893	1,074,443	1,014,150	899,984	803,243	852,737	799,753	791,184
Culture and recreation	901,627	927,955	912,318	875,804	870,466	881,788	882,320	869,020
Community development	-	-	-	310,630	337,918	273,898	279,240	285,455
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	16,857,973
Capital grants and contributions	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>27,833,586</u>	<u>27,207,914</u>	<u>29,724,591</u>	<u>28,814,311</u>	<u>29,159,689</u>	<u>27,673,530</u>	<u>25,986,452</u>	<u>26,455,661</u>

JACKSON COUNTY
Changes in Net Assets (Continued)
Last Eight 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>	<u>2010</u>
Program revenues - concluded								
Business-type activities:								
Charges for services:								
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	\$ 2,567,768
Foreclosure tax	361,807	75,248	201,356	160,311	229,487	65,979	580,854	421,951
Medical care facility	11,746,818	12,630,867	12,474,369	15,402,690	15,754,525	15,523,903	15,992,786	16,731,793
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	9,732,880
Personal Property Tax	46,942	103,333	194,748	250,052	154,886	47,285	52,915	81,078
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	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>24,406,596</u>	<u>24,621,248</u>	<u>25,942,273</u>	<u>30,177,578</u>	<u>30,491,813</u>	<u>30,925,085</u>	<u>30,569,896</u>	<u>29,535,470</u>
Total primary government program revenues	<u>52,240,182</u>	<u>51,829,162</u>	<u>55,666,864</u>	<u>58,991,889</u>	<u>59,651,502</u>	<u>58,598,615</u>	<u>56,556,348</u>	<u>55,991,131</u>
Net (Expense)/Revenue								
Government activities	(25,970,835)	(27,875,583)	(28,309,305)	(28,926,574)	(32,283,706)	(32,446,100)	(30,838,447)	(29,769,938)
Business-type activities	<u>2,546,959</u>	<u>2,338,399</u>	<u>2,440,641</u>	<u>5,236,521</u>	<u>4,440,378</u>	<u>4,399,386</u>	<u>4,464,686</u>	<u>3,054,417</u>
Total primary government net expense	<u>(23,423,876)</u>	<u>(25,537,184)</u>	<u>(25,868,664)</u>	<u>(23,690,053)</u>	<u>(27,843,328)</u>	<u>(28,046,714)</u>	<u>(26,373,761)</u>	<u>(26,715,521)</u>
General Revenues								
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	25,542,916
State shared revenue	3,598,156	2,232,993	612,647	656,012	686,772	736,391	1,236,701	2,361,911
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	663,497
Transfers	2,833,792	2,873,036	1,614,331	592,990	1,574,795	2,679,194	1,122,574	1,233,954
Other	-	-	-	-	-	-	63,107	78,408
Total governmental activities	<u>27,215,097</u>	<u>33,407,134</u>	<u>32,569,580</u>	<u>33,787,780</u>	<u>31,100,618</u>	<u>31,546,988</u>	<u>29,920,323</u>	<u>29,880,686</u>

JACKSON COUNTY
Changes in Net Assets (Concluded)
Last Eight 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>	<u>2010</u>
General Revenues - concluded								
Business-type activities:								
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,033	\$ 30,474
Transfers	(2,833,792)	(2,924,513)	(1,594,101)	(663,226)	(1,565,385)	(2,626,150)	(1,123,027)	(1,225,023)
Other	-	-	-	-	-	-	141,172	24,471
Total business-type activities	<u>(2,833,792)</u>	<u>(2,924,513)</u>	<u>(1,594,101)</u>	<u>(663,226)</u>	<u>(1,565,385)</u>	<u>(2,626,150)</u>	<u>(888,822)</u>	<u>(1,170,078)</u>
Total primary government	<u>24,381,305</u>	<u>30,482,621</u>	<u>30,975,479</u>	<u>33,124,554</u>	<u>29,535,233</u>	<u>28,920,838</u>	<u>29,031,501</u>	<u>28,710,608</u>
Change in Net Assets								
Government activities	1,244,262	5,531,551	4,260,275	4,861,206	(1,183,088)	(899,112)	(918,124)	110,748
Business-type activities	<u>(286,833)</u>	<u>(586,114)</u>	<u>846,540</u>	<u>4,573,295</u>	<u>2,874,993</u>	<u>1,773,236</u>	<u>3,575,864</u>	<u>1,884,339</u>
Total primary government	<u>\$ 957,429</u>	<u>\$ 4,945,437</u>	<u>\$ 5,106,815</u>	<u>\$ 9,434,501</u>	<u>\$ 1,691,905</u>	<u>\$ 874,124</u>	<u>\$ 2,657,740</u>	<u>\$ 1,995,087</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
Fund Balances - Governmental Funds
Last Eight 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>	<u>2010</u>
General Fund								
Reserved	\$ 856,227	\$ 823,857	\$ 887,987	\$ 881,264	\$ 881,943	\$ 878,826	\$ 879,589	\$ 880,467
Unreserved	5,901,904	4,745,938	5,470,437	6,105,169	8,333,984	10,211,100	12,834,704	13,012,690
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>	<u>\$13,893,157</u>
All Other Governmental Funds								
Reserved	\$ 5,587,515	\$ 2,260,783	\$ 1,577,476	\$ 2,227,860	\$ 1,988,260	\$ 1,815,135	\$ 1,886,987	\$ 3,038,560
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	16,882,432
Permanent funds	139,295	128,790	128,548	136,555	149,945	176,986	181,134	180,616
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>	<u>\$20,101,608</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 Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$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	\$25,541,044
Licenses and permits	485,465	508,251	539,133	588,399	568,405	536,321	497,887	474,069	437,296	471,432
Intergovernmental	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	15,498,755
Charges for services	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	7,920,575
Fines and forfeits	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	987,318
Investment income	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	1,136,906
Other revenues	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	3,871,363
Total revenues	45,865,776	48,568,042	52,341,124	57,712,748	60,604,860	61,980,482	58,659,688	56,522,594	55,066,254	55,427,393
Expenditures										
General government	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	19,928,198
Public safety	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	15,132,380
Public works	4,498	1,635	-	-	-	-	-	-	-	-
Health	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	8,808,954
Culture and recreation	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	2,112,047
Community development	-	-	-	-	-	143,212	2,002,491	1,090,014	1,290,775	919,684
Other activities	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	5,932,361
Capital outlay	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	1,030,778
Debt service										
Principal	235,000	245,000	275,000	275,000	275,000	350,000	600,000	700,000	700,000	775,000
Interest	1,012,000	927,638	502,681	1,389,257	539,369	531,869	860,645	836,969	809,331	779,925
Total expenditures	53,738,549	58,959,913	65,181,941	60,728,333	58,063,508	64,148,066	61,392,686	58,715,386	55,250,767	55,419,327
Revenues over (under) expenditures	(7,872,773)	(10,391,871)	(12,840,817)	(3,015,585)	2,541,352	(2,167,584)	(2,732,998)	(2,192,792)	(184,513)	8,066
Other financing sources (uses)										
Issuance of bonds	-	12,654,424	-	-	-	7,045,000	-	-	-	10,100,000
Bond discount	-	-	-	-	-	(42,340)	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	-	-	(82,333)
Transfer to escrow agent	-	-	-	-	-	-	-	-	-	(10,018,468)
Transfers in	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	13,543,829
Transfers out	(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)	(12,215,610)
Total other financing sources (uses)	1,539,433	14,240,288	2,946,949	3,585,776	1,791,122	7,777,180	1,788,372	2,784,882	938,262	1,327,418
Net changes in fund balances	\$ (6,333,340)	\$ 3,848,417	\$ (9,893,868)	\$ 570,191	\$ 4,332,474	\$ 5,609,596	\$ (944,626)	\$ 592,090	\$ 753,749	\$ 1,335,484
Debt service as a percentage of noncapital expenditures	2.4%	2.1%	1.4%	3.1%	1.5%	1.4%	2.5%	2.8%	2.8%	2.9%

Source: Jackson County Administrative Services Department

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

	<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>	<u>2010</u>
Revenues										
Taxes	\$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	\$21,700,151
Licenses and permits	118,893	98,020	101,723	138,631	140,166	126,079	119,539	135,192	156,335	175,006
Intergovernmental	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	7,862,620
Charges for services	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	5,491,690
Fines and forfeits	1,266,969	1,220,720	1,129,809	1,066,752	906,658	845,866	941,868	749,644	732,132	728,241
Investment income	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	869,110
Other revenues	720,810	895,325	679,688	756,016	1,382,861	1,283,861	1,329,233	1,474,543	580,749	525,441
Total revenues	<u>34,044,805</u>	<u>35,103,465</u>	<u>36,173,407</u>	<u>36,342,992</u>	<u>36,053,615</u>	<u>37,775,729</u>	<u>40,056,073</u>	<u>38,092,501</u>	<u>36,449,028</u>	<u>37,352,259</u>
Expenditures										
Elections	48,578	162,667	82,590	168,639	101,107	180,727	127,981	277,010	-	-
Legislative	287,753	275,223	206,663	212,660	214,972	204,724	222,134	223,025	-	-
Judicial	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	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	15,835,320
Public safety	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	12,925,272
Health	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	2,601,208
Other activities	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	5,497,645
Total expenditures	<u>30,028,736</u>	<u>32,429,692</u>	<u>32,831,193</u>	<u>35,532,960</u>	<u>36,013,392</u>	<u>37,251,400</u>	<u>38,116,090</u>	<u>37,500,521</u>	<u>36,094,302</u>	<u>36,859,445</u>
Revenues over (under) expenditures	<u>4,016,069</u>	<u>2,673,773</u>	<u>3,342,214</u>	<u>810,032</u>	<u>40,223</u>	<u>524,329</u>	<u>1,939,983</u>	<u>591,980</u>	<u>354,726</u>	<u>492,814</u>
Other financing sources (uses)										
Transfers in	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	5,646,699
Transfers out	(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)	(5,591,401)
Total other financing sources (uses)	<u>(3,994,098)</u>	<u>(2,902,017)</u>	<u>(2,307,062)</u>	<u>(1,998,368)</u>	<u>748,406</u>	<u>103,680</u>	<u>289,511</u>	<u>1,282,019</u>	<u>2,269,641</u>	<u>55,298</u>
Net changes in fund balances	<u>\$ 21,971</u>	<u>\$ (228,244)</u>	<u>\$ 1,035,152</u>	<u>\$ (1,188,336)</u>	<u>\$ 788,629</u>	<u>\$ 628,009</u>	<u>\$ 2,229,494</u>	<u>\$ 1,873,999</u>	<u>\$ 2,624,367</u>	<u>\$ 548,112</u>

Source: Jackson County Administrative Services Department

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

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural</u>	<u>Other</u>	<u>Personal Property</u>	<u>Assessed Taxable Value</u>	<u>*State Equalized Value</u>	<u>Total Direct Tax Rate</u>
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
2010	3,010,501	593,343	217,483	181,464	5,667	364,718	4,373,176	5,225,510	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)

		<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>	<u>2010</u>
County direct rates											
Operating		5.4194	5.3559	5.2734	5.2022	5.1471	5.1259	5.1187	5.1187	5.1187	5.1187
Medical Care facility		0.1482	0.1465	0.1442	0.1422	0.1406	0.1400	0.1398	0.1398	0.1398	0.1398
Jail				0.5000	0.4932	0.4879	0.4858	0.4851	0.4851	0.4851	0.4851
Senior Services					0.2500	0.2488	0.2477	0.2473	0.2473	0.2473	0.2473
Total direct rate		<u>5.5676</u>	<u>5.5024</u>	<u>5.9176</u>	<u>6.0876</u>	<u>6.0244</u>	<u>5.9994</u>	<u>5.9909</u>	<u>5.9909</u>	<u>5.9909</u>	<u>5.9909</u>
Overlapping rates											
Cities:											
Jackson		13.0225	15.5718	15.2982	15.7482	15.8785	15.3289	14.6889	14.5889	15.8089	15.3589
Townships (average)	(A)	1.5733	1.6957	1.5206	1.8247	1.7763	1.7185	1.6796	1.7737	1.7709	1.8980
Villages (average)	(B)	10.4539	11.0025	10.3166	10.3812	10.7263	10.6623	10.0423	9.4123	10.9535	10.7720
School districts (average)	(C)	21.6972	22.7631	22.3200	22.4380	22.2208	22.3375	22.3495	22.4486	22.3737	22.3737
Intermediate school district (average)	(D)	5.9273	5.8925	5.6821	5.8137	6.0999	5.9006	5.8883	5.8986	5.9528	5.9528
Community college		1.2131	1.1980	1.1798	1.1638	1.1565	1.1463	1.1446	1.1446	1.1446	1.1446
District Library		0.9102	0.8995	0.8556	0.8736	0.8682	0.8606	0.8593	1.2593	1.2593	1.2593
(A) - Rates range from:											
Low		0.8175	0.7994	0.7854	0.7749	0.7642	0.7603	0.7603	0.7603	0.7603	0.7603
High		3.2751	4.2992	3.1654	5.7618	5.7409	3.3088	2.6809	5.3386	5.3386	5.3386
(B) - Rates range from:											
Low		5.1200	5.1200	5.1200	4.3860	4.9786	4.4180	4.5694	0.0000	4.6766	4.6766
High		15.0000	19.0053	18.5477	17.8835	17.4205	17.3560	17.0409	16.6124	16.4509	16.4509
(C) - Rates range from:											
Low		16.8519	17.2210	17.8018	17.6658	17.3796	18.0000	18.0000	18.0000	18.0000	18.0000
High		27.3574	26.4736	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500
(D) - Rates range from:											
Low		3.1311	3.1050	3.0738	3.0550	3.8488	3.8342	3.8342	3.8342	3.9745	3.9745
High		8.5624	8.4928	7.4217	8.2207	8.1704	8.1111	8.0963	8.1100	8.1100	8.1100

Source: Jackson County Administrative Services Department

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

Taxpayer	2010			2001		
	Assessed* Taxable Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Taxable Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 155,693,631	1	3.56%	\$ 121,424,657	1	4.02%
Kinder Morgan Michigan LLC	87,693,278	2	2.01%			
MACI	58,079,783	3	1.33%	68,023,610	2	2.25%
Gerdau MAC Steel	44,161,861	4	1.01%	35,122,789	3	1.16%
Ramco Jackson LTD	17,955,258	5	0.41%			
TAC Manufacturing Inc.	16,494,267	6	0.38%	14,675,691	5	0.49%
Lloyd Ganton	15,392,526	7	0.35%			
Meijer Inc.	14,221,284	8	0.33%	12,141,602	7	0.40%
Wal-mart Stores Inc.	13,310,282	9	0.30%			
Wolverine Tech/Certainteed	12,415,050	10	0.28%	12,631,839	6	0.42%
Vista Grande Villa	11,548,286	11	0.26%			
John Ganton	10,922,014	12	0.25%	7,812,579	10	0.26%
Comcast	10,876,519	13	0.25%			
Tenneco/Walker	10,102,108	14	0.23%			
Vector Pipeline LP	8,125,411	15	0.19%	8,795,539	8	0.29%
Sears Roebuck	8,078,748	16	0.18%			
Adco	7,488,404	17	0.17%			
ALRO	6,706,407	18	0.15%			
Federal National Mortgage	6,497,656	19	0.15%			
Worthington Steele	6,067,602	20	0.14%			
TRW Automotive				15,746,498	4	0.52%
Jackson Automotive				8,130,217	9	0.27%
	<u>\$ 521,830,375</u>		<u>11.93%</u>	<u>\$ 304,505,021</u>		<u>10.08%</u>

Source: Jackson County Equalization and 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 for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Subsequent Years Collections</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
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%
2010	24,776,520	22,980,074	92.75%	1,568,371	24,548,445	99.08%

Source: Jackson County Treasurer's Office

JACKSON COUNTY
Ratios of Outstanding Debt by Type
Last Ten Years

	<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>	<u>2010</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	\$10,550,000
For the benefit of										
Lifeways Mental Health Agency	<u>1,120,000</u>	<u>875,000</u>	<u>850,000</u>	<u>825,000</u>	<u>800,000</u>	<u>7,820,000</u>	<u>7,570,000</u>	<u>7,988,195</u>	<u>6,970,000</u>	<u>6,645,000</u>
	<u>1,120,000</u>	<u>13,625,000</u>	<u>13,350,000</u>	<u>13,075,000</u>	<u>12,800,000</u>	<u>19,495,000</u>	<u>18,895,000</u>	<u>18,913,195</u>	<u>17,495,000</u>	<u>17,195,000</u>
Business-type activities										
Resource Recovery	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	4,445,000
Medical Care Facility	<u>15,500,000</u>	<u>15,500,000</u>	<u>15,225,000</u>	<u>14,950,000</u>	<u>14,790,714</u>	<u>14,424,109</u>	<u>14,052,505</u>	<u>13,680,900</u>	<u>13,254,295</u>	<u>12,822,690</u>
	<u>33,010,000</u>	<u>32,255,000</u>	<u>30,730,000</u>	<u>28,900,000</u>	<u>27,175,714</u>	<u>25,249,109</u>	<u>23,297,505</u>	<u>21,355,900</u>	<u>19,029,295</u>	<u>17,267,690</u>
Total Debt	<u>\$34,130,000</u>	<u>\$45,880,000</u>	<u>\$44,080,000</u>	<u>\$41,975,000</u>	<u>\$39,975,714</u>	<u>\$44,744,109</u>	<u>\$42,192,505</u>	<u>\$40,269,095</u>	<u>\$36,524,295</u>	<u>\$34,462,690</u>
Taxable value (000's)	\$ 3,022,210	\$ 3,267,299	\$ 3,595,875	\$ 3,760,571	\$ 3,988,239	\$ 4,220,568	\$ 4,450,148	\$ 4,531,910	\$ 4,551,416	\$ 4,373,176
Ratio of total debt to taxable value	1.13%	1.40%	1.23%	1.12%	1.00%	1.06%	0.95%	0.89%	0.80%	0.79%
Total population	159,886	161,156	162,580	162,653	163,629	163,851	163,006	160,180	159,828	160,248
Total debt per capita	\$ 213.46	\$ 284.69	\$ 271.13	\$ 258.06	\$ 244.31	\$ 273.08	\$ 258.84	\$ 251.40	\$ 228.52	\$ 215.06
% of personal income	0.07%	0.06%	0.06%	0.06%	0.07%	0.06%	0.07%	0.07%	0.08%	0.09%

Source: Jackson County Administrative Services Department

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2010

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
Direct debt			
General obligation bonds	\$ 17,195,000	\$ 6,645,000	\$ 10,550,000
Resource recovery bonds	4,445,000	4,445,000	-
Medical care facility bonds	12,822,690	12,822,690	-
County Road Commission debt	410,507	410,507	-
Drain bonds and notes	14,223,000	14,223,000	-
Public Works-water and sewer debt	19,376,598	19,376,598	-
	<u>\$ 68,472,795</u>	<u>\$ 57,922,795</u>	<u>10,550,000</u>
Overlapping debt			
School districts			170,398,746
Cities			43,230,000
Townships			31,777,139
Villages			10,935,000
Intermediate school district			912,160
Community colleges			<u>41,085,000</u>
			<u>298,338,045</u>
Net direct and overlapping debt			<u><u>\$ 308,888,045</u></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	\$ 5,225,510,000
Debt limit (10% of assessed value)	522,551,000
Debt applicable to limit - gross direct bonds	<u>68,472,795</u>
Legal debt margin	<u><u>\$ 454,078,205</u></u>

	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
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%
2010	522,551,000	68,472,795	454,078,205	13.10%

Source: Jackson County Finance Department

JACKSON COUNTY
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Labor Force</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	27,266	6.77%
2006	163,851	78,612	4,475,638	27,315	7.16%
2007	163,006	77,442	4,644,937	28,495	7.56%
2008	160,180	76,513	4,767,939	29,766	8.71%
2009	159,828	76,470	4,713,086	29,488	13.48%
2010	160,248	72,338	4,713,086 (a)	29,411	10.95%

(a) Census Data not available at time of publication, so prior year information was used.

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
Current Year and Ten Years Ago

<u>Employer</u>	<u>2010 (1)</u>			<u>2001 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Foote Health Systems	3,536	1	5.46%	2,025	3	2.65%
Consumers Energy	2,026	2	3.13%	2,025	2	2.65%
Michigan Department of Corrections	2,040	3	3.15%	2,167	1	2.83%
Great Lakes Home & Health	1,118	4	1.73%			
Local Government	870	5	1.34%	905	5	1.18%
Jackson Public Schools	782	6	1.21%			
Meijer Inc	755	7	1.17%	1,400	4	1.83%
MACI	750	8	1.16%	500	9	0.65%
Jackson Community College	650	9	1.00%	669	7	0.87%
Eaton Corporation	650	10	1.00%	600	8	0.78%
TAC Manufacturing	590	11	0.91%	300	13	0.39%
Wal-Mart Inc	568	12	0.88%			
Jackson County Intermediate School District	500	13	0.77%			
McDonald's 8 Jackson locations	450	14	0.69%			
Dawn Food products	400	15	0.62%			
Mac Steel-Div of Quanex	385	16	0.59%			
Tenneco	350	17	0.54%			
Spring Arbor University	300	18	0.46%			
Anesthesia Business Consultants	284	19	0.44%			
Lifeways/Community Connections	275	20	0.42%			
Jacobson Stores Inc.				745	6	0.97%
Michigan Seat Company				400	10	0.52%
Wolverine Vinyl Siding				350	11	0.46%
Varity Kelsey Hayes				316	12	0.41%
	<u>17,279</u>		<u>26.67%</u>	<u>12,402</u>		<u>16.19%</u>

Source (1): Enterprise Group of Jackson Inc.

Source (2): Jackson County Wastewater Disposal Facility (Napoleon Section)
Official Bond Statement 2001

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legislative										
Board of Commissioners	15.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Judicial										
Circuit Court	30.7	30.0	31.0	30.5	30.5	31.5	30.0	29.0	29.0	28.0
District Court	60.0	60.0	60.0	57.0	55.0	55.0	55.0	55.0	54.5	51.0
Friend of the Court	47.8	51.8	51.5	50.0	47.5	47.5	47.5	46.5	44.5	43.5
County Guardian	3.5	3.3	3.3	3.4	3.3	3.0	-	-	-	-
General Government and Elections										
County Administration	3.0	3.5	3.5	3.8	3.0	3.0	2.0	2.0	3.0	3.5
Administrative Services	6.0	5.0	5.0	4.0	4.8	4.5	4.5	4.3	7.5	6.5
Information & Tech Systems	7.0	8.0	9.0	8.0	7.0	7.0	7.0	7.0	7.0	9.0
*Human Resources	7.0	7.0	6.0	6.0	5.0	3.0	3.0	3.0	-	-
Equalization	9.0	8.0	8.0	9.0	9.0	8.0	8.0	8.0	8.0	7.0
GIS	-	-	-	-	-	-	3.0	3.0	3.0	2.0
Facilities Management	25.3	25.8	27.3	24.8	18.0	18.0	17.8	21.5	20.5	17.0
Fleet Operations	5.0	5.0	5.0	5.0	3.0	3.0	2.0	-	-	-
Clerk	20.3	20.3	20.5	21.0	19.5	20.3	20.4	20.7	21.0	20.0
Register of Deeds	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	4.0
Treasurer	8.0	8.0	7.0	3.0	1.5	2.0	1.5	1.5	1.5	1.0
MSU Extension	3.8	3.8	3.5	3.5	3.5	3.5	3.0	3.0	2.5	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	-	-
Retirement Board	1.0	1.0	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.3
Public Safety										
Prosecuting Attorney	32.0	28.8	26.0	27.5	27.5	27.5	27.5	27.5	27.5	25.6
Sheriff	67.0	66.0	60.0	65.0	65.0	65.0	62.0	60.0	59.0	54.0
Emergency Management	18.0	17.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	19.0
Jail	31.0	32.0	56.0	57.5	56.3	58.0	56.0	56.0	55.0	54.0
Animal Control	7.0	7.0	7.0	7.8	7.8	7.3	7.3	7.0	4.0	3.0
Youth Center	41.5	40.8	38.5	42.8	39.5	39.5	38.0	36.6	35.8	32.4
Health and Welfare										
Environmental Health	-	-	-	-	-	13.0	13.0	9.8	8.3	8.0
Public Health	70.0	62.8	60.0	59.3	56.0	43.7	40.7	39.0	41.8	40.2
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	27.3	31.8	27.0	24.2	26.5	26.3	30.4	29.9	28.8	28.6
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	3.5
Culture & Recreation										
Parks & Recreation	9.0	11.0	10.0	10.0	10.0	8.0	8.0	8.0	8.0	6.0
Golf Course	-	-	-	-	-	1.0	4.6	4.0	4.0	2.6
***Fair										2.5
Other										
Airport	3.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5
Enterprise Funds	4.0	3.5	3.5	7.5	9.0	8.5	7.5	7.5	8.5	6.0
Total	574.2	574.2	578.6	580.4	558.1	557.0	550.0	540.1	533.5	503.2

Source: Jackson County Finance Department

* Human Resources was combined with Administrative Services in 2009

** Animal Shelter was separated in 2009 from Animal Control

*** Fair Fund became a Special Revenue Fund in 2010

JACKSON COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Sheriff:										
Number of complaints	-	-	-	25,110	23,795	24,669	26,641	26,792	33,034	30,069
Number of dispatches	-	-	-	136,800	140,099	134,028	129,691	127,895	146,669	138,673
Number of arrests	-	-	-	1,562	1,610	1,871	1,856	1,875	1,551	1,506
Number of bookings	-	-	-	7,448	8,376	8,991	9,576	8,996	9,543	11,104
Health										
Public Health:										
Immunizations administered	-	11,277	10,839	10,558	12,586	7,859	7,645	7,575	7,133	14,921
WIC participants	-	4,896	5,031	5,200	5,243	5,082	5,272	5,534	5,687	5,725
Vision/hearing screening	-	17,998	17,208	16,855	15,411	9,518	14,964	16,433	10,472	16,392
Culture & Recreation										
Parks & Recreation:										
Special events participation	175,000	180,000	200,000	210,000	215,000	215,000	200,000	220,000	220,000	220,000
Cascades Falls participation	25,000	26,500	25,000	25,000	28,000	27,500	40,000	29,750	29,750	29,750
Rounds of Golf	47,900	50,000	43,620	44,056	45,665	40,700	30,000	38,550	33,700	33,400
Camper participation	12,540	13,500	12,540	12,590	14,500	15,300	13,300	15,550	15,550	33,700

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Corrections facility capacities	186	186	426	426	426	426	426	426	426	426
Vehicle:										
Sheriff	36	36	35	38	40	43	38	39	47	41
Animal control	5	4	4	5	4	4	4	4	5	4
Parks and recreation										
Parks:										
County	15	15	15	15	15	15	16	16	16	16
Park acreage:										
Parkland	591	591	591	591	591	591	1000	900	900	900
Picnic areas	15	15	15	15	15	15	17	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	15	15	15
Concession	1	2	2	2	2	2	2	4	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	4	4	4	4
Playgrounds	15	15	15	15	15	15	15	9	9	10
Boat launch	8	8	8	8	8	8	8	8	8	8
Campgrounds	2	2	2	2	2	2	2	2	2	2
Public works										
Miles of streets										
Paved primary	540	540	542	652	652	652	652	546	544	544
Paved local	656	656	722	972	972	1,010	1,010	788	790	786
Gravel	369	369	312	312	312	283	283	249	248	253

Source: Jackson County Finance , Sheriff, Parks Departments and
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
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

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of Jackson County's major Federal programs for the year ended December 31, 2010. Jackson County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of 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 and Economic Development Corporation, discretely presented component units, which received \$1,572,978 and \$941,552 in federal awards, respectively, which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2010. Our single audit did not include the operations of the Economic Development Corporation, discretely presented component unit, because the component unit did not engage us to perform their audit. The Jackson County Road Commission was not required to have a single audit because 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. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and 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, 2010.

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 to determine the 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.

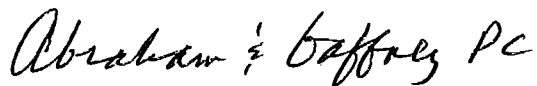
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2010-2. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Jackson County's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. 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 and the Board of Commissioners of Jackson County, others within the entity, the Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 18, 2011

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantors Number	Current Year Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Program			
U.S.D.A. Food Distribution	10.555		
Entitlement commodities		N/A	\$ 2,377
Bonus commodities		N/A	<u>55</u>
			2,432
Water and Waste Disposal Systems for Rural Communities			
Wastewater Disposal Grant	10.760	N/A	30,400
Passed-through the Michigan Department of Education			
School Breakfast Program ^(f)	10.553		
Jackson County Youth Center		N/A	14,653
National School Lunch Program ^(f)			
Jackson County Youth Center	10.555	N/A	30,064
Passed-through the Michigan Department of Community Health			
Special Supplemental Program for Women, Infants and Children ^(d)	10.557		
2009-2010		IW 100342	797,700
Passed-through the Region 2 Area Agency on Aging			
Title III Elderly Feeding Program	10.558	N/A	<u>143,403</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,018,652
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed-through Michigan State Housing Development Authority			
Community Development Block Grants	14.228		
2008		MSC-2008-0727-HOA	137
2010		MSC-2010-0727-HOA	<u>4,133</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,270
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed-through the City of Jackson			
Project Safe Neighborhoods	16.609	N/A	4,870

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantors Number	Current Year Expenditures
<u>U.S. DEPARTMENT OF JUSTICE - CONCLUDED</u>			
Passed-through Michigan Department of Community Health Edward Byrne Memorial State and Local Law Enforcement Assistance - Discretionary Grants LAWNET Enhancement Project	16.580		
2009/2010		72239-5-10-B	\$ 27,126
2010/2011		72239-6-11-B	<u>23,204</u>
			50,330
Edward Byrne Memorial Justice Assistance Grant - ARRA	16.803	2009-SU-B9-0017	11,685
Passed-through Michigan Supreme Court, State Court Administrative Office Edward Byrne Memorial State and Local Law Enforcement Assistance - Discretionary Grants	16.738		
2009/2010		2009-DJ-BX-0003	100,785
2010/2011		2010-DJ-BX-0003	<u>27,867</u>
			128,652
Edward Byrne Memorial State and Local Law Enforcement Assistance - Discretionary Grants - ARRA	16.803		
2009/2010		2009-SU-B9-0017	71,231
2010/2011		2009-SU-B9-0017	<u>10,203</u>
			<u>81,434</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			276,971
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed-through Michigan Office of Highway Safety Planning Highway Training and Education Safe Communities			
2009/2010	20.600	PT-10-16	8,511
Youth Alcohol Enforcement Grant			
2009/2010	20.601	PT-10-16	2,261

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantors Number	Current Year Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION - CONCLUDED</u>			
Passed-through Michigan Office of Highway Safety Planning - Concluded			
Highway Training and Education - Concluded			
Hazardous Materials Emergency Preparedness	20.703		
2008-2009		HMEM16018140	\$ 3,139
2009-2010		HMEM16018140	4,837
			<u>7,976</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			18,748
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed through Michigan Department of Environmental Quality			
State Grant to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471	CT975861	872
Direct Assistance			
Brownfield Assessment and Cleanup	66.818		
2010		BF 00E64701-1	129,533
2010 - ARRA		2B 00E87601	2,783
			<u>132,316</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			133,188
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Program			
Energy Efficiency and Conservation Block Grant - ARRA	81.128	SC 0002711	95,345
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed-through Jackson Public Schools			
Title IV Part D for Neglected and Delinquent Children	84.013	N/A	990
Passed-through Jackson County Intermediate School District			
IDEA ⁽⁹⁾	84.181		
2008/2009		N/A	102,023
2009/2010		N/A	32,350
			<u>134,373</u>

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantors Number	Current Year Expenditures
<u>U.S. DEPARTMENT OF EDUCATION - CONCLUDED</u>			
Passed-through Jackson County Intermediate School District - Concluded Special Education - Grants for Infants and Families - ARRA ^(g)			
	84.393	101345-190	\$ 125,188
Total Early Intervention Services Cluster			<u>259,561</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			260,551
<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 ^{(a)(d)}			
Part B - Grants for Supportive Services and Senior Centers			
Home Care Assistance		N/A	43,494
Chore		N/A	19,531
Respite		N/A	4,357
Senior Center Operations		N/A	23,269
Counseling		N/A	16,073
Case Coordination		N/A	20,944
Health Prevention/Promotion		N/A	<u>8,100</u>
			135,768
Part C - Nutrition Services			
C-1 Congregate Site Meals	93.045	N/A	141,883
C-2 Home Delivered Meals		N/A	<u>133,748</u>
			275,631
American Recovery and Reinvestment Act (ARRA)			
Congregate Site Meals	93.707	N/A	22,104
Home Delivered Meals	93.705	N/A	<u>15,002</u>
			<u>37,106</u>
Total Aging Cluster			448,505
Part E - National Family Caregiver Support			
Caregiver Information and Assistance	93.052	N/A	15,854
Caregiver Education, Support and Training		N/A	28,893
Caregiver Supplemental Services		N/A	<u>10,173</u>
			54,920

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantors Number	Current Year Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED</u>			
Passed-through the Mid-South Substance Abuse Commission Adult Drug Treatment Court	93.243	1H79T1023096-01	\$ 6,304
Passed-through the Michigan Department of Human Services IV-D Support Incentive ^{(b)(c)(d)} Child Support Enforcement Friend of the Court 2009/2010	93.563	N/A	264,592
Prosecuting Attorney 2008/2009		CS/FOC-10-38001	1,999,019
2009/2010		CSPA-09-38002 CSPA-10-38002	125,909 46,225
			<u>2,435,745</u>
Child Abuse and Neglect 2010	93.658	PROFC-08-38001	10,527
Passed-through the Michigan Department of Community Health Public Health Emergency Preparedness ^(d) Bioterrorism - Pandemic Flu	93.069	IH 75TD000353 CCU517018	199,760 158,002
Bioterrorism - Focus A Vaccines Provided		N/A	<u>91,850</u>
			449,612
Immunizations ^{(d)(g)} IAP	93.268	H23CCH522556	71,701
Nurse Training		5H23IP522556	1,050
Vaccine Handling		5H23IP522556	5,500
Vaccines Provided		N/A	<u>507,971</u>
			586,222
Immunizations - ARRA ^{(d)(g)}	93.712	3H23IP522556	14,550
Prevention and Wellness - ARRA	93.723	3U58DPO01973	6,000

Jackson County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantors Number	Current Year Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONCLUDED</u>			
Passed-through the Michigan Department of Community Health - Concluded			
Medical Assistance Program ^(e)	93.778		
Medicaid Administration		5XX05MI5048	\$ 70,457
CSHC Care Coordination		50506MI5048	21,946
			<u>92,403</u>
Medicaid Outreach Activities	93.778	20100274	129,561
HIV Prevention Activities	93.940		
AIDS Counseling and Testing		U62 CCU52346401	18,318
HIV/AIDS Expanded Testing		1062PS00077101	6,250
			<u>24,568</u>
Maternal and Child Health Services Block Grant to the States	93.994		
Local MCH		B1 MI MCHS	88,189
Case Management Services		B1 MI MCHS	31,771
			<u>119,960</u>
Passed-through the Michigan Department of Education Prevent the Spread of HIV	93.938	92750	<u>11,000</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			4,389,877
<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	38,586
2007 Emergency Management Performance Grant	97.042	HMEP	390
			<u>38,976</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>38,976</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 6,236,578</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2010

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) - (g) 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.
- (g) Programs considered to be a cluster by the U.S. Department of Health and Human Services.

Jackson County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

December 31, 2010

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the Federal revenues reported in the December 31, 2010, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	<u>Federal/State Revenue</u>	<u>Less: State/Local Revenue</u>	<u>Federal Expenditures</u>
PRIMARY GOVERNMENT			
GENERAL FUND			
CRP Prosecuting attorney	\$ 185,769	\$ (13,635)	\$ 172,134
Senior citizen programs	221,582	(85,814)	135,768
Senior citizen - home delivered meals	417,177	(137,628)	279,549
Senior citizen - congregate meals	176,591	-	176,591
Child abuse and neglect	21,055	(10,528)	10,527
State court funding distribution	984,611	(855,959)	128,652
Other programs	<u>5,855,835</u>	<u>(5,493,223)</u>	<u>362,612</u>
TOTAL GENERAL FUND	7,862,620	(6,596,787)	1,265,833
OTHER GOVERNMENTAL FUNDS			
Friend of the Court	2,268,686	(5,075)	2,263,611
Community Development Block Grant	11,873	(7,603)	4,270
Child Care	1,762,725	(1,714,586)	48,139
Health Department	3,046,623	(554,614)	2,492,009
Other	<u>546,228</u>	<u>(546,228)</u>	<u>-0-</u>
TOTAL OTHER GOVERNMENTAL FUNDS	7,636,135	(2,828,106)	4,808,029
TOTAL PRIMARY GOVERNMENT	15,498,755	(9,424,893)	6,073,862
COMPONENT UNITS			
Drainage Districts	2,398,124	(2,367,724)	30,400
Brownfield Redevelopment Authority	<u>212,295</u>	<u>(79,979)</u>	<u>132,316</u>
TOTAL COMPONENT UNITS	<u>2,610,419</u>	<u>(2,447,703)</u>	<u>162,716</u>
TOTAL	<u>\$ 18,109,174</u>	<u>\$ (11,872,596)</u>	<u>\$ 6,236,578</u>

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Certified Public Accountants

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

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, 2010, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated June 18, 2011. We did not audit the financial statements of the Jackson County Road Commission and Economic Development Corporation, which represents 66% and 89%, respectively of the total assets and revenues of the discretely presented component units and the Medical Care Facility which represents 36% and 57%, respectively of the total assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has 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.

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.

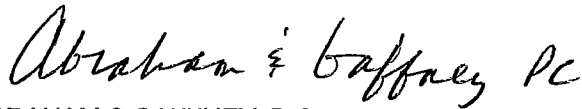
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson 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 those 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 is described as 2010-1 in the accompanying Schedule of Findings and Questioned Costs.

Jackson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 18, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2010

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)? _____ Yes X 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)? X Yes _____ 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
10.557	Special Supplemental Program for Women, Infants and Children
93.044, 93.045, 93.705, 93.707	Aging Cluster
93.563	Title IV-D Child Support Enforcement
93.069	Public Health Emergency Preparedness
93.268, 93.712	Immunization Cluster

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

2010-1 FUND DEFICITS

Condition: As of December 31, 2010, the County is reporting deficit fund balances in the Fair Fund and the Brownfield Redevelopment Authority Fund. A similar issue was noted and reported in our prior year audit findings.

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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONCLUDED

Year Ended December 31, 2010

Section II - Financial Statement Findings - Concluded

2010-1 FUND DEFICITS - CONCLUDED

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, 2010, the following funds incurred deficits, a) Fair Fund and b) 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. 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.

Section III - Federal Award Findings and Questioned Costs

2010-2 HEALTH DEPARTMENT FINANCIAL STATUS REPORT

Condition: The Jackson County Health Department submits monthly claims (Financial Status Reports) to the Michigan Department of Community Health (MDCH) for reimbursement under various grant programs related to the Comprehensive Planning and Budgeting Contract (CPBC). These Financial Status Reports (FSR's) are prepared from the Department's general ledger. There is no review process in place at the Jackson County Health Department to ensure accuracy of these reports.

Criteria: The final Financial Status Reports should be reviewed to ensure that they agree with general ledger expenditures related to the grant period being reported. Review of reimbursement claim reports is a key internal control over compliance with grant requirements for this contract.

Effect: The final CPBC FSR reported more expenditures than actually occurred during the year; therefore, the County was reimbursed for more than their actual expenditures. An amended FSR was later filed with MDCH and the over-claimed amount netted against a subsequent payment.

Recommendation: We recommend controls be put in place to allow for a review of the CPBC FSR by someone independent of the individual preparing the report.

Corrective Action Response: The County Finance Officer will review draft copies with Health Department staff prior to submission.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended December 31, 2010

FINDINGS/NONCOMPLIANCE

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

2009-1 INTERNAL CONTROLS OVER ACCOUNTS PAYABLE

Condition: During our review and evaluation of the internal controls over the accounts payable (A/P) function, we noted several opportunities for improvement. There were two accounts payable clerks who were responsible for coordinating accounts payable batch payments that originated 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 could be initiated, processed, and paid without any supervisory knowledge that the transaction occurred.

Resolution: The Finance Officer is now reviewing new vendors as they are established and check registers prior to mailing checks. The compensating controls should preclude the A/P clerks from being able to independently process payments. We consider this issue to be resolved.

2009-2 FRAUD RISK MANAGEMENT PROGRAM

Condition: During the course of the prior year's audit, we noted that the County had not developed or implemented a fraud risk management program.

Resolution: A fraud risk management policy has been adopted. We consider this issue to be resolved.

2009-3 DISTRICT COURT CASH AND RECEIPTING PROCESS

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

Resolution: The District Court has made changes to their internal control procedures. The clerks are retaining documents for verification the cash drawer has been balanced, all bank reconciliations are reviewed by the court administrator, the individual performing bank reconciliations is no longer a check signer, and the check signor is not the same individual initiating the disbursement. We consider this issue resolved.

2009-4 CIRCUIT COURT CASH AND RECEIPTING PROCESS

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

Resolution: The Circuit Court has implemented a new separation of duties structure where one individual does not take a transaction from beginning to end. We consider this issue resolved.

2009-5 UNRECORDED ACTIVITY

Condition: During our prior year's 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 were used by the Parks Department and the Sheriff's Department.

Resolution: The activity relating to these accounts is now being recorded. We consider the issue resolved.

Jackson County, Michigan

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - CONCLUDED

Year Ended December 31, 2010

FINDINGS/NONCOMPLIANCE - CONCLUDED

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

2009-6 SEPARATION OF DUTIES - COUNTY JAIL CANTEEN ACCOUNT

Condition: During our analysis and testing of the prior year's internal control structure at the County Jail, we noted potential opportunities to strengthen internal control.

Resolution: The County Jail has begun using a new kiosk system that handles all transactions for inmate accounts. We consider this issue resolved.

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

2009-7 FUND DEFICITS

Condition: In the prior year, the County had reported fund balance deficits in the Fair Fund, the Personal Property Tax Fund, and the Brownfield Redevelopment Authority Fund.

Resolution: A similar issue has been reported in the current year findings. We do not consider this issue resolved.

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.