

JACKSON COUNTY, MICHIGAN

Comprehensive Annual Financial Report Year Ended December 31, 2012

Prepared by:

**Michael R. Overton
Administrator/Controller**

**Adam J. Brown
Deputy Administrator**

**James E. Latham, CPA
Finance Director**

Jackson County, Michigan
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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INTRODUCTORY SECTION



Jackson County

ADMINISTRATOR/CONTROLLER

Michael R. Overton, Administrator/Controller

Adam J. Brown, Deputy Administrator

July 30, 2013

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, 2012. 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, 2012 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, 2012, 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.

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PROFILE OF JACKSON COUNTY GOVERNMENT

Jackson County, 707 square miles 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 nine-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 / Register of Deeds include keeping and maintaining records of births, marriages and discharges of military personnel, serving as Clerk of the Board of Commissioners as well as the Clerk of the Circuit Court, the recording of deeds, mortgages, surveys, plats, and 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 2012 the Michigan Legislature amended Act 283 of 1909 allowing County Commissions to dissolve County Road Commissions and assume their responsibilities. In January of 2013 the Jackson County Board of Commissioners dissolved the Road Commission and assumed their responsibilities.

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 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 503 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 2012 taxable value for Jackson County decreased by 2.4%. Total assessed property values for the County are \$4.7 billion based on the 2012 Equalization Report. The total change in the Equalized Value (which is approximately 50% of actual property value) was reduced by \$198,767 million or 4% for 2012.

The local economy faced some very tough times from 2007 thru even the end of 2011. However, there appears to be a swing in the economic momentum. In 2011 business expansion in the County created 229 new jobs and retained 133 positions. This added expansion contributed \$50.1 million to business investment.

A major NYSE chemical products corporation Chemetal constructed 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 added approximately 80 jobs in 2012.

Long-Term Financial Planning

Unreserved/undesignated fund balance in the general fund is 28.8% of prior year's 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 2016.

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 77 FTE's. This reduction has largely been achieved via attrition (retirements & terminations) and departmental reorganizations. The adopted 2013 budget does not call for decreases in staff.

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. The expectation is that revenues and expenditures will be structurally balanced by 2016.

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

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 yearend. 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. It would appear that the State revenue sharing has leveled off at 66% of the 2011 funding level.

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 Post-Employment 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.

The County has entered into several Inter-local Agreements with 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, an Inter Local Agreement was consummated with the City of Jackson for Human Resource services in 2010 and agreements for Road Patrol services with two townships. The Equalization office began township assessing in 2012 and expects to add an additional township in 2013. In 2013 the County plans to enter into an agreement to share JCDOT management personnel with the Calhoun County Road Department. 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, 2011. 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 will continue submitting it to the GFOA to determine its eligibility annually.

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, 2013. 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.

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 Department. 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 black ink that reads "Michael Overton". The signature is written in a cursive, flowing style with a long horizontal stroke at the end of the name.

Michael R. Overton

Administrator/Controller

Jackson County, Michigan
Comprehensive Annual Financial Report
Year Ended December 31, 2012

LIST OF COUNTY OFFICIALS

BOARD OF COMMISSIONERS

District #7	James E. Shotwell, Jr.	Chairman
District #11	Michael J. Way	Vice-Chairman
District #1	Clifford E. Herl	Commissioner
District #2	David F. Lutchka	Commissioner
District #3	Carl Rice, Jr.	Commissioner
District #4	Philip S. Duckman, III	Commissioner
District #5	Julie L. Alexander	Commissioner
District #6	James C. Videto	Commissioner
District #8	Gail W. Mahoney	Commissioner
District #9	Jonathan T. Williams	Commissioner
District #10	Kenneth Price	Commissioner
District #12	David K. Elwell	Commissioner

JUDICIARY

4TH CIRCUIT/FAMILY
COURT JUDGES

John G. McBain, Chief Judge
Susan E. Beebe
Thomas Wilson
Richard LaFlamme
Diane Rappleye

12TH DISTRICT
COURT JUDGES

R. Darryl Mazur, Chief Judge
Daniel A. Goostrey
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
Steven Rand
Dean R. Gutekunst

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

COUNTY ADMINISTRATOR/CONTROLLER

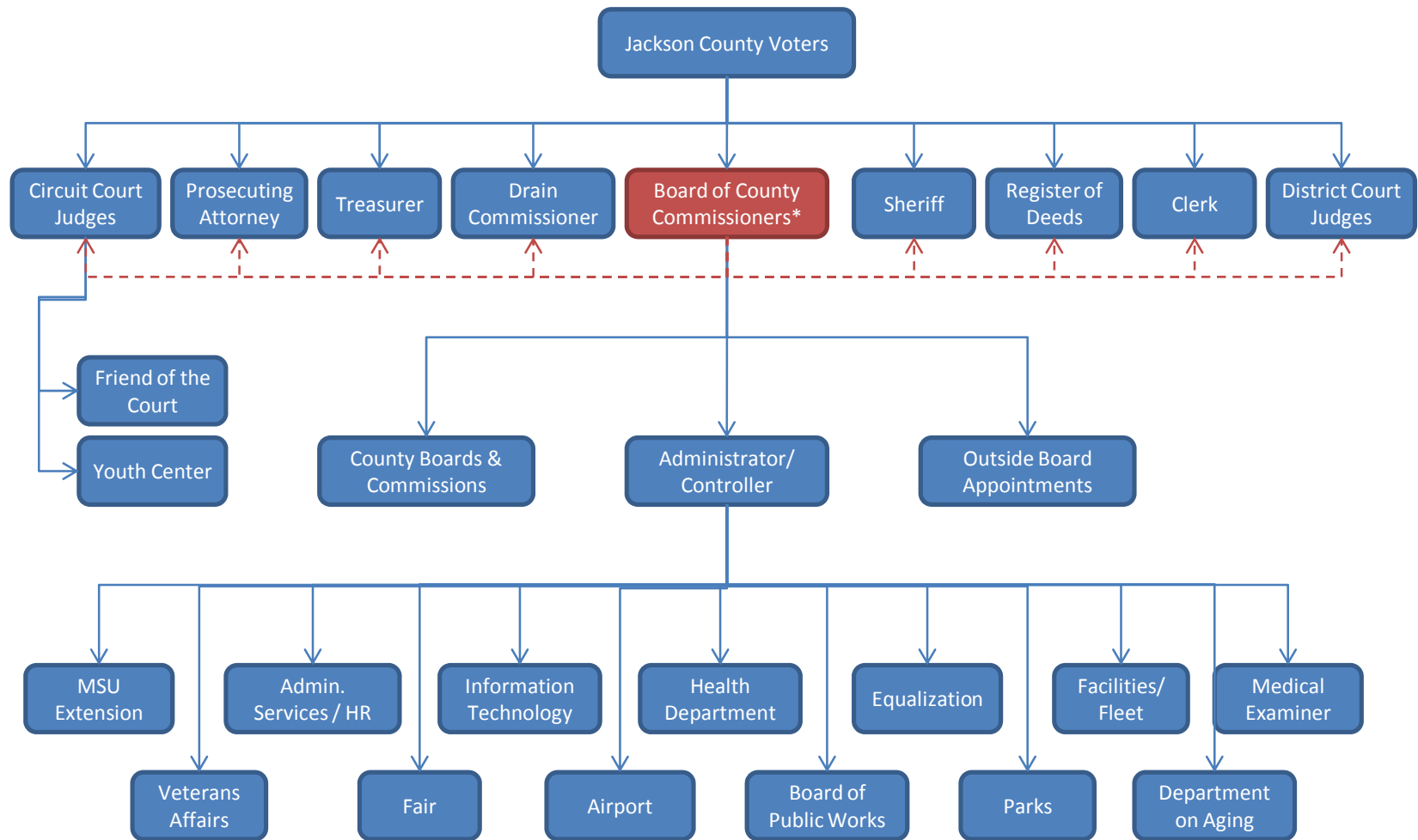
Michael R. Overton

DEPUTY ADMINISTRATOR

Adam J. Brown

FINANCE DIRECTOR

James E. Latham, 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, 2011

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.



Christopher P. Moirice

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

Principals

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



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Jackson County
Jackson, Michigan

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 71% and 91%, respectively of the total assets and revenues of the discretely presented component units and the Medical Care Facility which represents 36% and 58%, respectively of the total assets and revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Jackson County 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note R, during the year Jackson County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the fiscal year. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of GASB Statement No. 63, as applicable. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and employee benefit information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Michigan's basic financial statements. The introductory section, budgetary comparisons for the General Fund and major special revenue funds, combining and individual nonmajor fund financial statements, and statistical section 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 budgetary comparisons for the General Fund and major special revenue funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparisons for the General Fund and major special revenue funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2013, on our consideration of Jackson County, Michigan'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* in considering Jackson County, Michigan's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

July 30, 2013

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, 2012. 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-vi 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 \$84.6 million (*net position*). Of this amount, \$39.1 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$14.0 million of the unrestricted net position. The Delinquent Tax Revolving Fund accounts for 76.4% of the business-type unrestricted net position.
- The County's total net position decreased by \$2,134,915.
- Governmental activities net position decreased by \$3,407,332.
- Business type activity net position increased by \$1,272,417.

Fund Level:

- At the close of 2012, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$32.8 million, a decrease of \$2,411,578 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 deficit of \$652,953 for 2012. At the end of the year, fund balance for the general fund was 36.4 percent of total general fund expenditures and transfers out. The general fund has an *unassigned* fund balance of \$12.8 million.

Capital and Long-term Debt Activities:

- Jackson County's total Primary Government net bonded debt decreased by \$2.8 million.

OVERVIEW of the FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Jackson County's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting to report transactions.

The *statement of net position* presents information on all of Jackson County's assets and liabilities. The difference between assets and liabilities is reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 32 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 28 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 22-62 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 73-135 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 position at December 31, 2012. The schedule shows the County's assets exceeded liabilities by \$84.6 million.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 47,523,918	\$ 49,896,200	\$ 30,278,625	\$ 30,111,278	\$ 77,802,543	\$ 80,007,478
Capital assets	23,781,796	25,142,343	28,319,993	28,937,588	52,101,789	54,079,931
Total assets	<u>71,305,714</u>	<u>75,038,543</u>	<u>58,598,618</u>	<u>59,048,866</u>	<u>129,904,332</u>	<u>134,087,409</u>
Long-term liabilities outstanding	17,954,359	19,172,445	13,567,352	15,312,250	31,521,711	34,484,695
Other liabilities	9,501,608	8,609,019	4,271,977	4,249,744	13,773,585	12,858,763
Total liabilities	<u>27,455,967</u>	<u>27,781,464</u>	<u>17,839,329</u>	<u>19,561,994</u>	<u>45,295,296</u>	<u>47,343,458</u>
Net position:						
Investment in capital assets	14,381,796	15,172,343	15,663,869	13,901,502	30,045,665	29,073,845
Restricted	15,477,619	17,220,863	-	-	15,477,619	17,220,863
Unrestricted	13,990,332	14,863,873	25,095,420	25,585,370	39,085,752	40,449,243
Total net position	<u>\$ 43,849,747</u>	<u>\$ 47,257,079</u>	<u>\$ 40,759,289</u>	<u>\$ 39,486,872</u>	<u>\$ 84,609,036</u>	<u>\$ 86,743,951</u>

At the end of the current fiscal year, Jackson County is able to report positive balances in all three net position categories (investment in capital assets, 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 \$30.0 million in capital assets. This represents 35.5 percent of total net position. 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 position \$15.5 million (18.3 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net position*, \$39.1 million are the largest portion (46.2 percent) of total net position. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue:						
Program revenue:						
Charges for services	\$ 10,060,336	\$ 9,515,532	\$ 31,129,191	\$ 29,741,712	\$ 41,189,527	\$ 39,257,244
Operating grants and contributions	18,373,243	17,845,207	-	-	18,373,243	17,845,207
Capital grants and contributions	4,025	382,293	-	-	4,025	382,293
	<u>28,437,604</u>	<u>27,743,032</u>	<u>31,129,191</u>	<u>29,741,712</u>	<u>59,566,795</u>	<u>57,484,744</u>
General revenues:						
Property taxes	24,605,780	24,779,304	-	-	24,605,780	24,779,304
Investment earnings	437,115	1,303,344	41,007	131,423	478,122	1,434,767
State shared revenue	2,577,616	3,297,426	-	-	2,577,616	3,297,426
Other	130,643	200,941	102,487	25,672	233,130	226,613
	<u>28,751,154</u>	<u>29,581,015</u>	<u>143,494</u>	<u>157,100</u>	<u>28,751,154</u>	<u>29,581,015</u>
Total revenue	<u>56,188,758</u>	<u>57,324,047</u>	<u>31,272,685</u>	<u>29,898,807</u>	<u>87,461,443</u>	<u>87,222,854</u>
Expenses						
General government	25,607,190	22,951,626	-	-	25,607,190	22,951,626
Public safety	18,745,790	18,882,372	-	-	18,745,790	18,882,372
Health & Welfare	10,734,927	10,664,522	-	-	10,734,927	10,664,522
Recreation and Culture	2,910,341	2,844,926	-	-	2,910,341	2,844,926
Community Development	1,795,363	2,006,522	-	-	1,795,363	2,006,522
Debt service-interest	595,138	443,479	-	-	595,138	443,479
Delinquent tax revolving	-	-	325,312	490,959	325,312	490,959
Foreclosure tax	-	-	1,626,864	462,740	1,626,864	462,740
Medical Care Facility	-	-	18,151,367	17,816,002	18,151,367	17,816,002
Resource Recovery	-	-	8,960,431	8,242,890	8,960,431	8,242,890
Personal Property	-	-	63,054	35,350	63,054	35,350
	<u>60,388,749</u>	<u>57,793,447</u>	<u>29,127,028</u>	<u>27,047,941</u>	<u>89,515,777</u>	<u>84,841,388</u>
Total expenses	<u>60,388,749</u>	<u>57,793,447</u>	<u>29,127,028</u>	<u>27,047,941</u>	<u>89,515,777</u>	<u>84,841,388</u>
Increase (decrease) in net position before transfers	(4,199,991)	(469,400)	2,145,657	2,850,866	(2,054,334)	2,381,466
Transfers	792,659	960,559	(873,240)	(948,952)	(80,581)	11,607
Increase (decrease) in net position	(3,407,332)	491,159	1,272,417	1,901,914	(2,134,915)	2,393,073
Net position - beginning of year	47,257,079	46,765,920	39,486,872	37,584,958	86,743,951	84,350,878
Net position - end of year	<u>\$ 43,849,747</u>	<u>\$ 47,257,079</u>	<u>\$ 40,759,289</u>	<u>\$ 39,486,872</u>	<u>\$ 84,609,036</u>	<u>\$ 86,743,951</u>

Governmental activities. Jackson County's expenses exceeded revenue by approximately \$2.8 million which combined with the transfers in from business activities of \$792,659 resulted in a decrease in net position of approximately \$3.4 million for 2012. Key elements of this change are as follows:

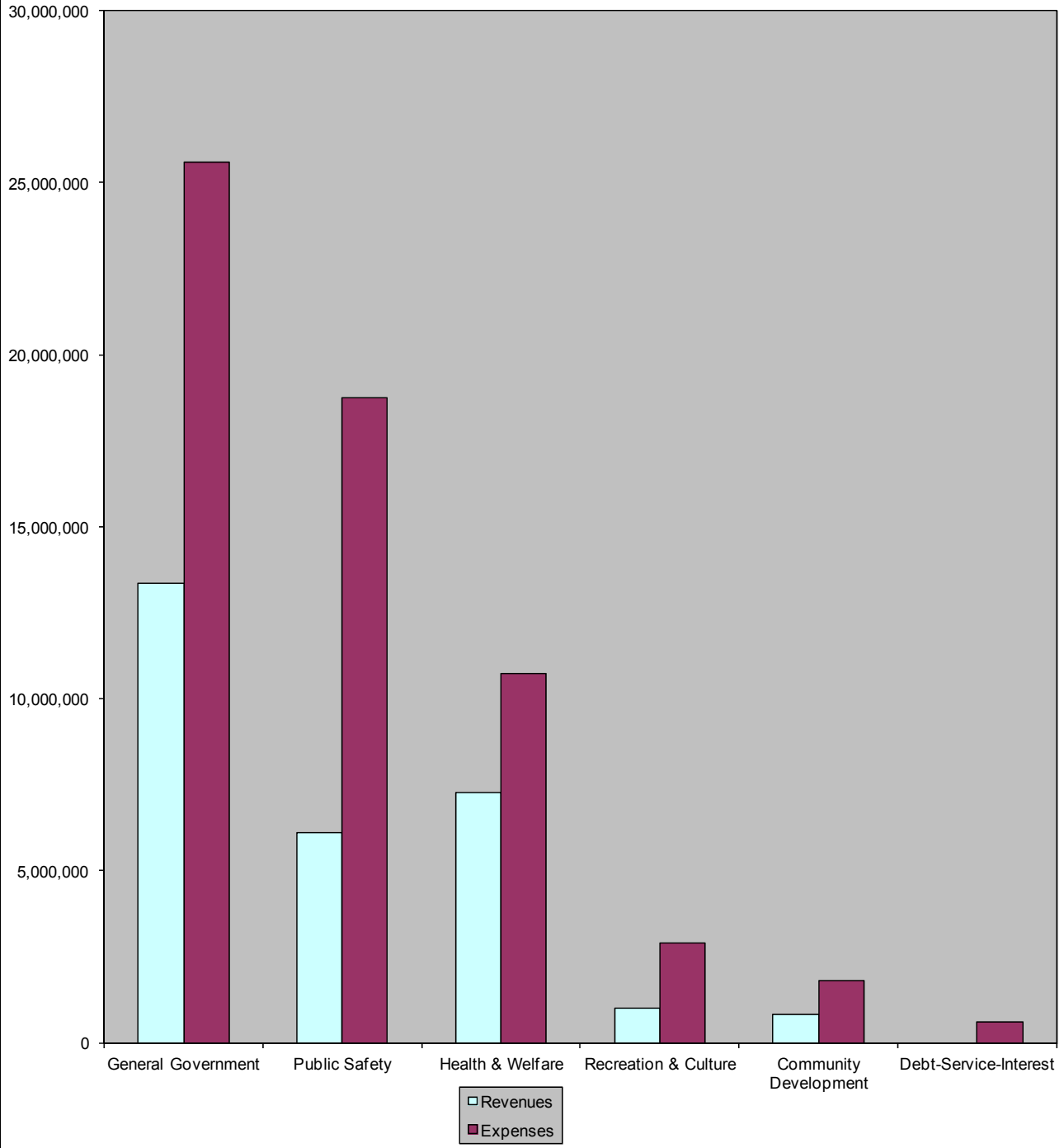
- Total program revenue increased approximately \$694,000 from prior year. This net increase was comprised of service revenue increases and a decrease in federal grants for energy and airport runway projects. Identifiable areas of increase in service revenue incurred in the following: a) 12 District Court, b) County Register of Deeds office, and c) County Clerk's office. These offices experienced a general increase in user fees as a result an improved real estate and business climate.
- The Health Department was the benefactor of the additional federal grant revenues.
- Property tax values continued their decline in 2012 which generated \$173,524 less revenue as compared to the prior year.
- Governmental activities generated \$437,115 in investment earnings during the fiscal year 2012. This is a decrease of \$866,229 compared to 2011. The decrease is directly attributed to the declining interest rates on certificates of deposit and savings accounts.
- State shared revenue decreased by over \$719,800. This was due to a reduction in State Revenue Sharing relative to the prior year. The prior year amounts were restored at a higher level than the current year.
- Total governmental expenses increased by \$2.6 million from the prior year.
- Transfers in from Business-type activities decreased by \$167,900 from the prior year as a result of decreased spending in capital and non-capital asset purchases.

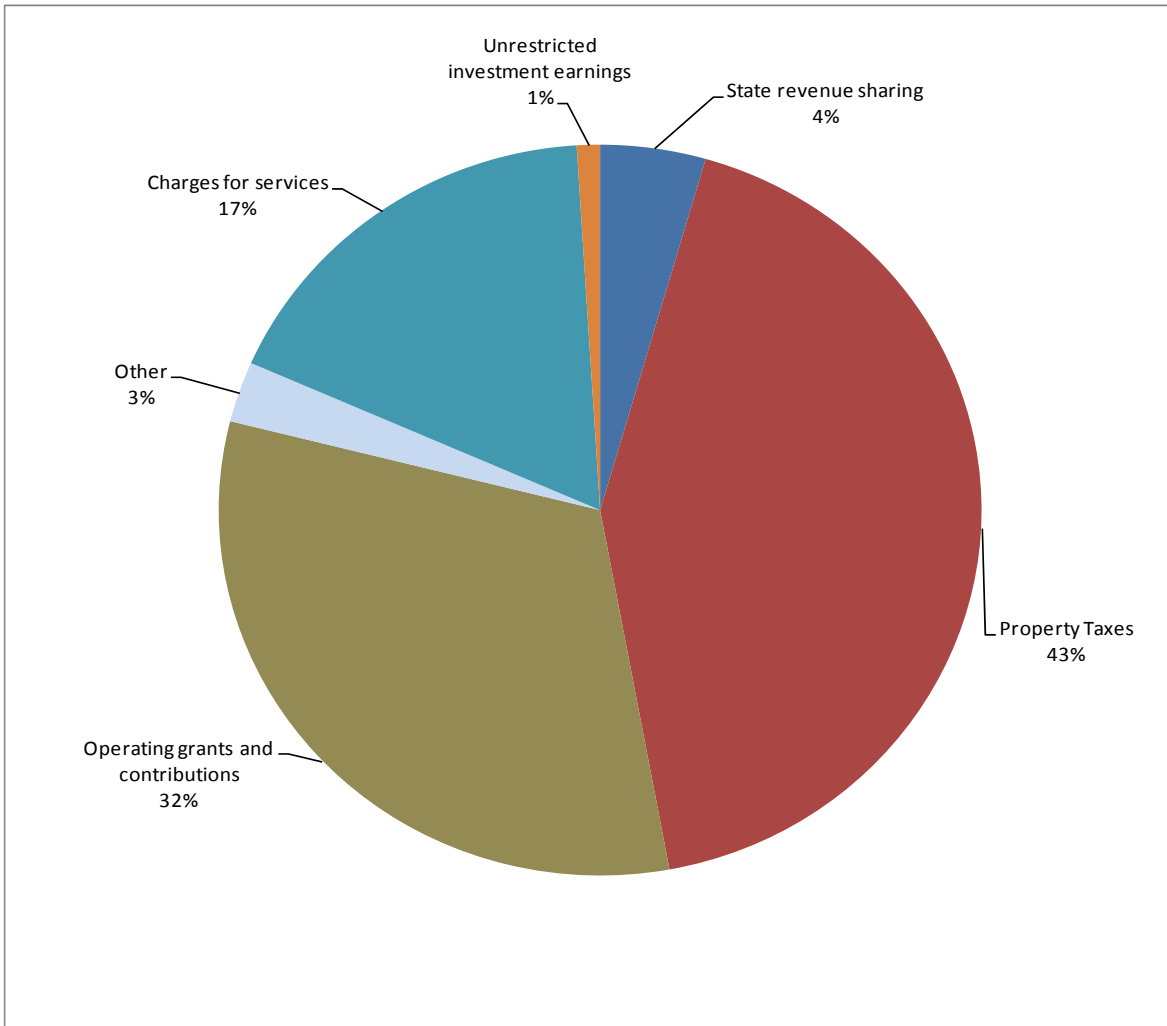
Business-type activities of Jackson County increased the net position by \$1.2 million. Key elements of the current year increase are as follows:

- Increases in net position before transfers of \$2.3 million were reported in the Delinquent Tax Fund, while the Medical Care Facility Fund and Resource Recovery Fund showed a decrease of \$(81,978) and \$(48,532), respectively.
- Business-type expenses increased by \$2.4 million in 2012. There was an increase in operating expenses for the Medical Care Facility Fund in 2012 of \$335,365, an increase in Resource Recovery expenses of \$717,541 million and decrease to Delinquent tax administration of \$165,647.

Transfers - net transfers of \$873,240 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, *unassigned 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 \$32.8 million, a decrease of \$2.4 million in comparison with the prior year. A portion of this total amount (\$12.8 million) constitutes *unassigned fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate that is not available for new spending because it has already been committed 1) for prepaid items and inventory (\$778,658), 2) loaned to other funds or component units (\$496,630), 3) capital project, special revenue, and debt service (\$18,726,537).

The General Fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unassigned fund balance of the general fund was \$12.8 million, while total fund balance was \$15.5 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. Unassigned fund balance represents 30.1 percent of total general fund expenditures and transfers, while total fund balance represents 36.4 percent of that same amount.

The fund balance of the County's general fund decreased by \$652,953 during the fiscal year. The marginally improved economic environment in 2012 contributed to an increase in overall General Fund revenue such as charges for services and investment earnings. On a positive note, the State reinstated 100% Revenue Sharing for our County in 2012 because the County depleted the Revenue Sharing Reserve Fund created in 2004 by State statute. Our original estimate was for State Revenue Sharing to be restored at 50% of previous levels. 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 were less than expenses (transfers out) by \$148,307. The transfers out were comprised of \$1,300,000 for operations to General Fund and \$836,264 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 \$290,184 before a transfer out to the Medical Care Facility for debt payment and operation in the amount of \$946,732 resulting in year end fund balance of \$4.5 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 \$5,995,000 which is carried as a receivable and unavailable 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. Fund balance decreased by \$160,507 during the year.

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 position of the Delinquent Tax, Resource Recovery, and Medical Care Facility funds were \$17,738,678, \$14,739,617, and \$6,630,356, respectively. The Delinquent Tax and Medical Care Facility funds had (decrease) in net position of (\$594,299) and \$769,468, respectively. The Resource Recovery had a decrease of \$147,238.

Internal service funds ended the year with net position of \$1,748,508, a decrease of \$292,636 from the prior year.

General Fund Budgetary Highlights

General Fund revenue increased by approximately \$628,000 from the original to the final budget. This was primarily attributed to the expected increase in grant funding to be received, and other miscellaneous reimbursements.

The General Fund expense increased by \$584,435 from the original to final budget. This increase was primarily attributed to increased employee health insurance costs and additional transfers to the Retiree Health Fund as part of the countywide strategic plan.

Overall, actual general fund revenue and other financing sources during the year were under the final budget for revenue and other financing sources by \$386,554. Actual general fund expenditures and other financing uses were \$868,102 less than final budget. Actual revenues were less than actual expenditures. This resulted in a decrease in the actual fund balance of \$163,732.

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, 2012, amounts to \$52.1 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:

- New phone system for \$250,000
- Improvements to the Resource Recovery buildings.
- Total depreciation expense was \$2,153,202 and \$1,907,108 for Governmental and Business-type activities, respectively.

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,817,012	\$ 1,817,012	\$ 48,832	\$ 48,832	\$ 1,865,844	\$ 1,865,844
Construction in progress	339,602	276,881	-	145,864	339,602	422,745
Buildings	20,375,767	21,660,114	22,968,995	23,319,200	43,344,762	44,979,314
Equipment and vehicles	1,249,415	1,388,336	5,302,166	5,423,692	6,551,581	6,812,028
	<u>\$ 23,781,796</u>	<u>\$ 25,142,343</u>	<u>\$ 28,319,993</u>	<u>\$ 28,937,588</u>	<u>\$ 52,101,789</u>	<u>\$ 54,079,931</u>

Additional information on the Jackson County's capital assets can be found in Note G on pages 39-41 of this report.

Long-term debt. At the end of the 2012 fiscal year, Jackson County had net outstanding debt of \$29.9 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net position. 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 \$3.0 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 \$477 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 41-48 of this report.

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 9,400,000	\$ 9,970,000	\$ -	\$ -	\$ 9,400,000	\$ 9,970,000
Resource recovery bonds	-	-	905,000	2,695,000	905,000	2,695,000
Medical care facility bonds	-	-	11,864,481	12,341,086	11,864,481	12,341,086
	<u>\$ 9,400,000</u>	<u>\$ 9,970,000</u>	<u>\$ 12,769,481</u>	<u>\$ 15,036,086</u>	<u>\$ 22,169,481</u>	<u>\$ 25,006,086</u>

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2013 fiscal year:

- The economic downturn from previous years continues to hamper the County's finances. Declining housing sales and values, as well, as foreclosures continue to have an impact, although to a lesser extent than in prior years, on fiscal operations. Taxable property values are expected to decrease from 2012 levels by 1.5%.
- Unemployment in Jackson County at the end of 2012 stood at 8.20%, which is down from 2011 at 8.64%. This rate continues to be above national averages but consistent with the State's average annual rate.
- The County has entered into Inter-Local Governmental agreements with the City of Jackson for 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. Effective in January 2013 the Jackson County Road Commission has been dissolved and all powers, duties and functions have been transferred to the Board of Commissioners.
- While the status of the State of Michigan budget is somewhat improved and the State has reinstated full funding of revenue sharing payments, legislation phasing out and eliminating personal property tax will have a detrimental effect on future County budgets due to uncertainties with respect to how and to what extent this loss of revenue will be replaced.
- The County has committed to maintaining a general fund balance at a range of 18% to 24% of operating expenditures.
- 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 POSITION

December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and pooled investments	\$ 30,804,581	\$ 11,428,799	\$ 42,233,380	\$ 4,273,436
Receivables, net	14,943,129	13,635,546	28,578,675	28,745,134
Inventories	179,546	2,049,037	2,228,583	1,756,461
Prepays	1,722,349	46,606	1,768,955	-
Current portion of land contract receivable	-	-	-0-	333
Internal balances	(125,687)	122,317	(3,370)	-
Total current assets	47,523,918	27,282,305	74,806,223	34,775,364
Noncurrent assets				
Bond issuance costs	-	172,272	172,272	-
Noncurrent portion of land contract receivable	-	-	-0-	1,212,077
Restricted cash and pooled investments	-	2,824,048	2,824,048	-
Capital assets not being depreciated	2,156,614	48,832	2,205,446	17,135,409
Capital assets being depreciated, net	21,625,182	28,271,161	49,896,343	56,728,710
Total noncurrent assets	23,781,796	31,316,313	55,098,109	75,076,196
TOTAL ASSETS	71,305,714	58,598,618	129,904,332	109,851,560
LIABILITIES				
Current liabilities				
Accounts payable	2,470,335	1,160,948	3,631,283	625,007
Accrued wages	868,389	480,308	1,348,697	-
Other accrued liabilities	26,120	-	26,120	573,636
Accrued interest payable	76,350	98,381	174,731	196,290
Performance bonds payable	-	-	-0-	135,292
Due to other governmental units	34,000	30,908	64,908	427,913
Unearned revenue	3,590,202	-	3,590,202	-
Current portion of capital lease obligation	-	377,041	377,041	-
Current portion of compensated absences	1,396,212	422,786	1,818,998	25,000
Current portion of estimated closure and postclosure monitoring costs	-	241,605	241,605	-
Current portion of long-term debt	1,040,000	1,460,000	2,500,000	2,510,227
Total current liabilities	9,501,608	4,271,977	13,773,585	4,493,365
Noncurrent liabilities				
Noncurrent portion of compensated absences	-	-	-0-	247,302
Other postemployment benefit obligation	3,599,359	1,132,871	4,732,230	1,232,779
Noncurrent portion of estimated closure and postclosure monitoring cost	-	1,125,000	1,125,000	-
Noncurrent portion of long-term debt	14,355,000	11,309,481	25,664,481	23,340,735
Total noncurrent liabilities	17,954,359	13,567,352	31,521,711	24,820,816
TOTAL LIABILITIES	27,455,967	17,839,329	45,295,296	29,314,181
NET POSITION				
Net investment in capital assets	14,381,796	15,663,869	30,045,665	73,727,047
Restricted				
General government	434,824	-	434,824	-
Public safety	2,894,113	-	2,894,113	-
Health and welfare	6,565,639	-	6,565,639	-
Economic development	851,417	-	851,417	1,126,084
Recreation and culture	314,098	-	314,098	-
Capital projects	4,234,519	-	4,234,519	1,355,758
Nonexpendable trusts	9,271	-	9,271	-
Expendable trusts	173,738	-	173,738	-
Unrestricted	13,990,332	25,095,420	39,085,752	4,328,490
TOTAL NET POSITION	\$ 43,849,747	\$ 40,759,289	\$ 84,609,036	\$ 80,537,379

See accompanying notes to financial statements.

Jackson County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			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	\$ 25,607,190	\$ 6,743,324	\$ 6,457,554	\$ 4,025	\$ (12,402,287)	\$ -	\$ (12,402,287)	\$ -
Public safety	18,745,790	1,362,064	4,751,779	-	(12,631,947)	-	(12,631,947)	-
Health and welfare	10,734,927	802,134	6,476,274	-	(3,456,519)	-	(3,456,519)	-
Community and economic development	1,795,363	274,336	554,075	-	(966,952)	-	(966,952)	-
Recreation and culture	2,910,341	878,478	133,561	-	(1,898,302)	-	(1,898,302)	-
Interest on long-term debt	595,138	-	-	-	(595,138)	-	(595,138)	-
Total governmental activities	60,388,749	10,060,336	18,373,243	4,025	(31,951,145)	-0-	(31,951,145)	-0-
Business-type activities								
Medical Care Facility	18,151,367	17,980,920	-	-	-	(170,447)	(170,447)	-
Delinquent Tax Revolving	325,312	2,583,369	-	-	-	2,258,057	2,258,057	-
Resource Recovery	8,960,431	8,896,637	-	-	-	(63,794)	(63,794)	-
Foreclosure Tax Administration	1,626,864	1,629,692	-	-	-	2,828	2,828	-
Personal Property Tax	63,054	38,573	-	-	-	(24,481)	(24,481)	-
Total business-type activities	29,127,028	31,129,191	-0-	-0-	-0-	2,002,163	2,002,163	-0-
Total primary government	\$ 89,515,777	\$ 41,189,527	\$ 18,373,243	\$ 4,025	(31,951,145)	2,002,163	(29,948,982)	-0-
Component units								
Road Commission	\$ 14,657,227	\$ 2,755,908	\$ 10,323,500	\$ 2,267,145	-	-	-0-	689,326
Economic Development Corporation	115,350	600	-	-	-	-	-0-	(114,750)
Land Bank Authority	89,269	107,139	-	-	-	-	-0-	17,870
Brownfield Redevelopment Authority	119,440	-	94,327	-	-	-	-0-	(25,113)
Drainage Districts	697,471	-	-	564,241	-	-	-0-	(133,230)
Board of Public Works	696,482	-	-	701,334	-	-	-0-	4,852
Total component units	\$ 16,375,239	\$ 2,863,647	\$ 10,417,827	\$ 3,532,720	-0-	-0-	-0-	438,955
General revenues								
Property taxes					24,605,780	-	24,605,780	-
State shared revenue					2,577,616	-	2,577,616	-
Investment earnings					437,115	41,007	478,122	92,451
Other					130,643	102,487	233,130	-
Transfers					792,659	(873,240)	(80,581)	-
Total general revenues and transfers					28,543,813	(729,746)	27,814,067	92,451
Change in net position					(3,407,332)	1,272,417	(2,134,915)	531,406
Net position, beginning of the year					47,257,079	39,486,872	86,743,951	80,005,973
Net position, end of the year					\$ 43,849,747	\$ 40,759,289	\$ 84,609,036	\$ 80,537,379

See accompanying notes to financial statements.

Jackson County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2012

	General	Jail Millage Fund	Medical Care Facility Maintenance of Effort Fund
ASSETS			
Cash and pooled investments	\$ 12,333,833	\$ 366,207	\$ 4,803,852
Accounts receivable	522,449	-	-
Taxes receivable	1,968,074	1,856,033	578,695
Due from other funds	65,757	-	-
Due from other governmental units	1,024,429	-	-
Interest receivable	178,098	-	-
Advances to other funds	496,630	-	-
Inventories	-	-	-
Prepays	64,019	-	-
	<u>\$ 16,653,289</u>	<u>\$ 2,222,240</u>	<u>\$ 5,382,547</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 464,395	\$ -	\$ 282,416
Accrued wages	691,910	-	-
Other accrued liabilities	-	-	-
Advances from other funds	-	-	-
Due to other governmental units	-	-	-
Due to other funds	-	-	-
Unavailable revenue	-	-	-
Unearned revenue	30,294	1,930,000	600,000
	<u>1,186,599</u>	<u>1,930,000</u>	<u>882,416</u>
TOTAL LIABILITIES	1,186,599	1,930,000	882,416
FUND BALANCES			
Nonspendable	888,149	-	-
Restricted	-	292,240	4,500,131
Committed	958,703	-	-
Assigned	830,299	-	-
Unassigned	12,789,539	-	-
	<u>15,466,690</u>	<u>292,240</u>	<u>4,500,131</u>
TOTAL FUND BALANCES	15,466,690	292,240	4,500,131
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,653,289</u>	<u>\$ 2,222,240</u>	<u>\$ 5,382,547</u>

See accompanying notes to financial statements.

Building Authority Bonds	Nonmajor Governmental Funds	Total
\$ 358	\$ 12,709,164	\$ 30,213,414
-	1,280,794	1,803,243
-	948,907	5,351,709
-	-	65,757
5,995,000	211,384	7,230,813
-	-	178,098
-	71,475	568,105
-	179,546	179,546
-	126,847	190,866
<u>\$ 5,995,358</u>	<u>\$ 15,528,117</u>	<u>\$ 45,781,551</u>
\$ -	\$ 970,116	\$ 1,716,927
-	176,479	868,389
-	26,120	26,120
-	571,475	571,475
-	34,000	34,000
-	188,074	188,074
5,995,000	-	5,995,000
-	1,029,908	3,590,202
<u>5,995,000</u>	<u>2,996,172</u>	<u>12,990,187</u>
-	387,139	1,275,288
358	10,604,998	15,397,727
-	1,539,808	2,498,511
-	-	830,299
-	-	12,789,539
<u>358</u>	<u>12,531,945</u>	<u>32,791,364</u>
<u>\$ 5,995,358</u>	<u>\$ 15,528,117</u>	<u>\$ 45,781,551</u>

Jackson County, Michigan

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

December 31, 2012

Total fund balances - governmental funds \$ 32,791,364

Amounts reported for the governmental activities in the statement of net position 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	\$ 59,580,578	
Accumulated depreciation is	<u>(35,798,782)</u>	
Capital assets, net		23,781,796

Long-term receivables are not available to pay for current period expenditures and are therefore reported as unavailable in the funds.		5,995,000
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Net position of governmental activities accounted for in Internal Service Funds		1,748,508
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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	(15,395,000)	
Other postemployment benefit obligation	(3,599,359)	
Accrued interest payable	(76,350)	
Compensated absences	<u>(1,396,212)</u>	
		<u>(20,466,921)</u>

Net position of governmental activities \$ 43,849,747

Jackson County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2012

	General	Jail Millage Fund	Medical Care Facility Maintenance of Effort Fund
REVENUES			
Taxes	\$ 21,043,608	\$ 1,987,427	\$ 568,619
Licenses and permits	156,443	-	-
Intergovernmental	8,287,347	-	-
Charges for services	5,564,361	-	-
Fines and forfeits	728,655	-	-
Interest and rents	617,042	530	3,982
Contributions from local units	-	-	-
Other	710,319	-	-
TOTAL REVENUES	37,107,775	1,987,957	572,601
EXPENDITURES			
Current			
General government	16,241,246	-	-
Public safety	13,386,637	-	-
Health and welfare	2,653,476	-	282,417
Community and economic development	345,623	-	-
Recreation and culture	-	-	-
Other	5,317,926	-	-
Debt service	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	37,944,908	-0-	282,417
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(837,133)	1,987,957	290,184
OTHER FINANCING SOURCES (USES)			
Transfers in	4,576,289	-	-
Transfers out	(4,392,109)	(2,136,264)	(946,732)
TOTAL OTHER FINANCING SOURCES (USES)	184,180	(2,136,264)	(946,732)
NET CHANGE IN FUND BALANCES	(652,953)	(148,307)	(656,548)
Fund balances, beginning of year	16,119,643	440,547	5,156,679
Fund balances, end of year	<u>\$ 15,466,690</u>	<u>\$ 292,240</u>	<u>\$ 4,500,131</u>

See accompanying notes to financial statements.

Building Authority Bonds	Nonmajor Governmental Funds	Total
\$ -	\$ 1,007,343	\$ 24,606,997
-	308,417	464,860
-	9,126,093	17,413,440
-	2,238,579	7,802,940
-	155,430	884,085
55	353,501	975,110
1,580,730	-	1,580,730
-	2,075,277	2,785,596
<u>1,580,785</u>	<u>15,264,640</u>	<u>56,513,758</u>
-	4,353,721	20,594,967
-	2,334,337	15,720,974
-	6,177,313	9,113,206
-	1,240,917	1,586,540
-	2,175,564	2,175,564
1,082,423	-	6,400,349
1,495,133	-	1,495,133
-	2,671,516	2,671,516
<u>2,577,556</u>	<u>18,953,368</u>	<u>59,758,249</u>
(996,771)	(3,688,728)	(3,244,491)
836,264	5,589,299	11,001,852
-	(2,693,834)	(10,168,939)
<u>836,264</u>	<u>2,895,465</u>	<u>832,913</u>
(160,507)	(793,263)	(2,411,578)
<u>160,865</u>	<u>13,325,208</u>	<u>35,202,942</u>
<u>\$ 358</u>	<u>\$ 12,531,945</u>	<u>\$ 32,791,364</u>

Jackson County, Michigan

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

Year Ended December 31, 2012

Net change in fund balances - total governmental funds \$ (2,411,578)

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	\$ 792,655	
Depreciation expense	<u>(2,153,202)</u>	
Excess of depreciation expense over capital outlay		(1,360,547)

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 loss from governmental activities accounted for in internal service fund	(253,910)	
Add: Interest revenue	1,528	
Subtract: internal activities (transfers)	<u>(40,254)</u>	
		(292,636)

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 position. In the current year, these amounts consist of:

Repayment of long-term debt	895,000
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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	4,995
Decrease in other postemployment benefit obligations	178,086
(Increase) in compensated absences	<u>(95,652)</u>

87,429

Change in net position of governmental activities \$ (3,407,332)

Jackson County, Michigan

Proprietary Funds

STATEMENT OF NET POSITION

December 31, 2012

	Business-type		
	Medical Care Facility	Delinquent Tax Revolving	Resource Recovery
ASSETS			
Current assets			
Cash and pooled investments	\$ 2,656,856	\$ 5,486,736	\$ 1,089,315
Receivables			
Accounts	1,950,247	15,302	641,355
Interest	-	2,691,409	-
Delinquent taxes	-	8,237,233	-
Due from other governmental units	-	-	-
Due from other funds	-	1,319,184	-
Inventories	-	-	1,744,689
Prepays	-	-	46,606
Total current assets	4,607,103	17,749,864	3,521,965
Noncurrent assets			
Bond issuance costs	97,148	-	75,124
Restricted cash and pooled investments	1,118,579	-	1,705,469
Capital assets not being depreciated	-	-	48,832
Capital assets being depreciated, net	15,508,926	12,003	12,750,232
Total noncurrent assets	16,724,653	12,003	14,579,657
TOTAL ASSETS	21,331,756	17,761,867	18,101,622
LIABILITIES			
Current liabilities			
Accounts payable	347,869	40	813,039
Accrued wages	470,463	7,590	605
Due to other governmental units	14,047	-	-
Due to other funds	-	-	269,398
Accrued interest payable	91,023	-	7,358
Current portion of compensated absences	403,605	15,559	-
Current portion of capital lease obligation	377,041	-	-
Current portion of estimated closure and postclosure monitoring costs	-	-	241,605
Current portion of long-term debt	555,000	-	905,000
Total current liabilities	2,259,048	23,189	2,237,005
Noncurrent liabilities			
Noncurrent portion of estimated closure and postclosure monitoring costs	-	-	1,125,000
Other postemployment benefit obligation	1,132,871	-	-
Noncurrent portion of long-term debt	11,309,481	-	-
Total noncurrent liabilities	12,442,352	-0-	1,125,000
TOTAL LIABILITIES	14,701,400	23,189	3,362,005
NET POSITION			
Net investment in capital assets	3,757,802	12,003	11,894,064
Unrestricted	2,872,554	17,726,675	2,845,553
TOTAL NET POSITION	\$ 6,630,356	\$ 17,738,678	\$ 14,739,617

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 2,195,892	\$ 11,428,799	\$ 591,167
-	2,606,904	379,266
-	2,691,409	-
-	8,237,233	-
100,000	100,000	-
-	1,319,184	-
304,348	2,049,037	-
-	46,606	1,531,483
2,600,240	28,479,172	2,501,916
-	172,272	-
-	2,824,048	-
-	48,832	-
-	28,271,161	-
-0-	31,316,313	-0-
2,600,240	59,795,485	2,501,916
-	1,160,948	753,408
1,650	480,308	-
16,861	30,908	-
927,469	1,196,867	-
-	98,381	-
3,622	422,786	-
-	377,041	-
-	241,605	-
-	1,460,000	-
949,602	5,468,844	753,408
-	1,125,000	-
-	1,132,871	-
-	11,309,481	-
-0-	13,567,352	-0-
949,602	19,036,196	753,408
-	15,663,869	-
1,650,638	25,095,420	1,748,508
\$ 1,650,638	\$ 40,759,289	\$ 1,748,508

Jackson County, Michigan

Proprietary Funds

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

Year Ended December 31, 2012

	Business-type		
	Medical Care Facility	Delinquent Tax Revolving	Resource Recovery
OPERATING REVENUES			
Charges for services	\$ 17,980,920	\$ 893,104	\$ 8,896,637
Interest and penalties on delinquent taxes	-	1,690,265	-
Miscellaneous	-	-	-
TOTAL OPERATING REVENUES	17,980,920	2,583,369	8,896,637
OPERATING EXPENSES			
Personal services	9,027,001	323,978	8,368
Contractual services	-	-	-
Other services and charges	7,959,836	-	7,459,268
Depreciation	602,910	1,334	1,302,864
TOTAL OPERATING EXPENSES	17,589,747	325,312	8,770,500
OPERATING INCOME (LOSS)	391,173	2,258,057	126,137
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,733	22,012	15,262
Interest expense	(561,620)	-	(189,931)
Other	84,736	17,751	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(473,151)	39,763	(174,669)
INCOME (LOSS) BEFORE TRANSFERS	(81,978)	2,297,820	(48,532)
TRANSFERS IN	851,446	70,066	-
TRANSFERS OUT	-	(2,962,185)	(98,706)
TOTAL TRANSFERS	851,446	(2,892,119)	(98,706)
CHANGE IN NET POSITION	769,468	(594,299)	(147,238)
Net position, beginning of year	5,860,888	18,332,977	14,886,855
Net position, end of year	<u>\$ 6,630,356</u>	<u>\$ 17,738,678</u>	<u>\$ 14,739,617</u>

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,668,265	\$ 29,438,926	\$ 10,749,815
-	1,690,265	-
-	-0-	608
1,668,265	31,129,191	10,750,423
61,925	9,421,272	-
-	-0-	10,955,089
1,627,993	17,047,097	49,244
-	1,907,108	-
1,689,918	28,375,477	11,004,333
(21,653)	2,753,714	(253,910)
-	41,007	1,528
-	(751,551)	-
-	102,487	-
-0-	(608,057)	1,528
(21,653)	2,145,657	(252,382)
1,268,639	2,190,151	-
(2,500)	(3,063,391)	(40,254)
1,266,139	(873,240)	(40,254)
1,244,486	1,272,417	(292,636)
406,152	39,486,872	2,041,144
<u>\$ 1,650,638</u>	<u>\$ 40,759,289</u>	<u>\$ 1,748,508</u>

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

	Business-type		
	Medical Care Facility	Delinquent Tax Revolving	Resource Recovery
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 16,487,829	\$ 910,855	\$ 9,007,800
Cash paid to suppliers	(16,364,313)	-	(6,875,008)
Cash paid for employee services and benefits	-	(323,121)	(106,264)
Cash operating receipts	51,597	-	-
Cash received from Quality Assurance Supplement Program	1,935,260	-	-
Interest on delinquent taxes	-	2,258,741	-
	<u>2,110,373</u>	<u>2,846,475</u>	<u>2,026,528</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	851,446	70,066	-
Transfers out	-	(2,962,185)	(98,706)
	<u>851,446</u>	<u>(2,892,119)</u>	<u>(98,706)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	(515,000)	-	(1,790,000)
Interest paid on long-term debt	(556,566)	-	(189,931)
Acquisition and construction of capital assets	(963,378)	(13,337)	(458,662)
Payments on benefit obligation	604,444	-	-
	<u>(1,430,500)</u>	<u>(13,337)</u>	<u>(2,438,593)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Resident trust deposits	(827,406)	-	-
Interest revenue	3,732	22,012	15,262
	<u>(823,674)</u>	<u>22,012</u>	<u>15,262</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES			
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS			
	707,645	(36,969)	(495,509)
Cash and pooled investments, beginning of year	<u>3,067,790</u>	<u>5,523,705</u>	<u>3,290,293</u>
Cash and pooled investments, end of year	<u>\$ 3,775,435</u>	<u>\$ 5,486,736</u>	<u>\$ 2,794,784</u>

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,668,265	\$ 28,074,749	\$ 10,682,133
(1,268,502)	(24,507,823)	(11,609,911)
(61,909)	(491,294)	-
-	51,597	-
-	1,935,260	-
-	2,258,741	-
337,854	7,321,230	(927,778)
1,268,639	2,190,151	-
(2,500)	(3,063,391)	(40,254)
1,266,139	(873,240)	(40,254)
-	(2,305,000)	-
-	(746,497)	-
-	(1,435,377)	-
-	604,444	-
-0-	(3,882,430)	-0-
-	(827,406)	-
-	41,006	1,528
-0-	(786,400)	1,528
1,603,993	1,779,160	(966,504)
591,899	12,473,687	1,557,671
<u>\$ 2,195,892</u>	<u>\$ 14,252,847</u>	<u>\$ 591,167</u>

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended December 31, 2012

	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)	\$ 391,173	\$ 2,258,057	\$ 126,137
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	602,910	1,334	1,302,864
Changes in assets and liabilities:			
Other post employment benefit obligation	553,522	-	-
Provision for bad debt	94,798	-	-
Amortization of deferred expenses	5,605	-	75,116
Other income	-	17,751	-
Receivables	398,968	352,028	36,047
Prepays	-	-	46,615
Inventories	-	-	77,215
Due from other funds	-	216,448	-
Other current assets	133,915	-	-
Accounts payable	(148,201)	40	460,430
Accrued liabilities	77,683	(15)	(13,731)
Other liabilities	-	-	56,605
Due to other governmental units	-	-	-
Due to other funds	-	-	(140,770)
Compensated absences	-	832	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,110,373</u>	<u>\$ 2,846,475</u>	<u>\$ 2,026,528</u>

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ (21,653)	\$ 2,753,714	\$ (253,910)
-	1,907,108	-
-	553,522	-
-	94,798	-
-	80,721	-
-	17,751	-
352,902	1,139,945	(68,290)
-	46,615	(568,581)
-	77,215	-
-	216,448	-
-	133,915	-
-	312,269	(36,997)
-	63,937	-
16	56,621	-
2,873	2,873	-
3,716	(137,054)	-
-	832	-
<u>\$ 337,854</u>	<u>\$ 7,321,230</u>	<u>\$ (927,778)</u>

Jackson County, Michigan

Fiduciary Funds

STATEMENT OF NET POSITION

December 31, 2012

	Pension and Employee Benefit Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and pooled investments	\$ 211,881	\$ 5,438,128
Investments, at fair value		
Money market funds	4,860,817	-
U.S. Government obligations	7,578,562	-
Domestic corporate bonds	26,207,767	-
Corporate mortgage obligations	714,959	-
Domestic stocks	38,692,433	-
Index stock fund	22,902,046	-
International bonds	652,560	-
International stock & ADR's	24,932,462	-
Accounts receivable	670,276	109,870
Accrued interest receivable	212,918	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 127,636,681</u>	<u>\$ 5,547,998</u>
LIABILITIES		
Due to other governmental units	\$ 340,780	\$ 3,182,190
Accounts payable	365,795	-
Bonds payable	-	135,292
Escrow payable	-	5,269
Due to individuals and agencies	-	2,225,247
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>706,575</u>	<u>\$ 5,547,998</u>
NET POSITION		
Held in trust for pension and employee benefits	<u>126,930,106</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 127,636,681</u>	

See accompanying notes to financial statements.

Jackson County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2012

	<u>Pension and Employee Benefit Trusts</u>
ADDITIONS	
Investment income	
Net appreciation in fair value of investments	\$ 10,918,765
Interest and dividends	2,367,659
Less investment expense	<u>(827,490)</u>
Net investment income	12,458,934
Contributions	
Employee	2,038,024
Employer	2,900,791
Other	<u>1,164,236</u>
Total contributions	<u>6,103,051</u>
TOTAL ADDITIONS	18,561,985
DEDUCTIONS	
Benefit payments	13,323,573
Refund of contributions	749,897
Administrative expenses	<u>142,228</u>
TOTAL DEDUCTIONS	<u>14,215,698</u>
CHANGE IN NET POSITION	4,346,287
Net position, beginning of year	<u>122,583,819</u>
Net position, end of year	<u><u>\$ 126,930,106</u></u>

See accompanying notes to financial statements.

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF NET POSITION

December 31, 2012

	Road Commission	Economic Development Corporation	Land Bank Authority
ASSETS			
Current assets			
Cash and pooled investments	\$ 2,387,703	\$ 298,386	\$ 143,902
Receivables	2,297,943	332,384	17,938
Due from other governmental units	-	-	-
Inventories	1,632,696	-	123,765
Current portion of land contract receivable	-	-	-
Total current assets	6,318,342	630,770	285,605
Noncurrent assets			
Noncurrent portion of land contract receivable	-	527,995	-
Capital assets not being depreciated	17,135,409	-	-
Capital assets, net of accumulated depreciation	53,091,792	-	-
Total noncurrent assets	70,227,201	527,995	-0-
TOTAL ASSETS	76,545,543	1,158,765	285,605
LIABILITIES			
Current liabilities			
Accounts payable	607,384	7,013	1,500
Accrued interest payable	-	-	-
Other accrued liabilities	573,636	-	-
Performance bonds payable	135,292	-	-
Due to other governmental units	-	413	100,000
Current portion of compensated absences	25,000	-	-
Current portion of long-term debt	31,084	-	-
Total current liabilities	1,372,396	7,426	101,500
Noncurrent liabilities			
Noncurrent portion of compensated absences	247,302	-	-
Net other postemployment benefit payable	1,232,779	-	-
Noncurrent portion of long-term debt	105,988	-	-
Total noncurrent liabilities	1,586,069	-0-	-0-
TOTAL LIABILITIES	2,958,465	7,426	101,500
NET POSITION			
Net investment in capital assets	70,090,129	-	-
Restricted for capital projects	-	-	-
Restricted for economic and development	-	1,126,084	-
Unrestricted	3,496,949	25,255	184,105
TOTAL NET POSITION	\$ 73,587,078	\$ 1,151,339	\$ 184,105

See accompanying notes to financial statements.

Brownfield Redevelopment Authority	Drainage Districts	Board of Public Works	Total
\$ 55,599	\$ 1,280,546	\$ 107,300	\$ 4,273,436
-	72,570	-	2,720,835
-	8,759,789	17,264,510	26,024,299
-	-	-	1,756,461
333	-	-	333
55,932	10,112,905	17,371,810	34,775,364
684,082	-	-	1,212,077
-	-	-	17,135,409
-	3,636,918	-	56,728,710
684,082	3,636,918	-0-	75,076,196
740,014	13,749,823	17,371,810	109,851,560
333	8,677	100	625,007
-	90,516	105,774	196,290
-	-	-	573,636
-	-	-	135,292
117,500	210,000	-	427,913
-	-	-	25,000
-	1,319,143	1,160,000	2,510,227
117,833	1,628,336	1,265,874	4,493,365
-	-	-	247,302
-	-	-	1,232,779
-	7,343,149	15,891,598	23,340,735
-0-	7,343,149	15,891,598	24,820,816
117,833	8,971,485	17,157,472	29,314,181
-	3,636,918	-	73,727,047
-	1,141,420	214,338	1,355,758
-	-	-	1,126,084
622,181	-	-	4,328,490
<u>\$ 622,181</u>	<u>\$ 4,778,338</u>	<u>\$ 214,338</u>	<u>\$ 80,537,379</u>

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position						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	
Road Commission	\$ 14,657,227	\$ 2,755,908	\$ 10,323,500	\$ 2,267,145	\$ 689,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 689,326
Economic Development Corporation	115,350	600	-	-	-	(114,750)	-	-	-	-	(114,750)
Land Bank Authority	89,269	107,139	-	-	-	-	17,870	-	-	-	17,870
Brownfield Redevelopment Authority	119,440	-	94,327	-	-	-	-	(25,113)	-	-	(25,113)
Drainage Districts	697,471	-	-	564,241	-	-	-	-	(133,230)	-	(133,230)
Board of Public Works	696,482	-	-	701,334	-	-	-	-	-	4,852	4,852
TOTALS	\$ 16,375,239	\$ 2,863,647	\$ 10,417,827	\$ 3,532,720	689,326	(114,750)	17,870	(25,113)	(133,230)	4,852	438,955
General revenues											
Investment earnings					59,861	30,034	1,318	-	1,152	86	92,451
Change in net position					749,187	(84,716)	19,188	(25,113)	(132,078)	4,938	531,406
Net position, beginning of year					72,837,891	1,236,055	164,917	647,294	4,910,416	209,400	80,005,973
Net position, end of year					<u>\$ 73,587,078</u>	<u>\$ 1,151,339</u>	<u>\$ 184,105</u>	<u>\$ 622,181</u>	<u>\$ 4,778,338</u>	<u>\$ 214,338</u>	<u>\$ 80,537,379</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A: DESCRIPTION OF COUNTY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jackson County, Michigan (the 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. 4*, 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 (the 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 Road Commission's audited financial statements can be obtained at their administrative offices.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A: DESCRIPTION OF COUNTY AND 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, 2012. 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 districts, 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. The Board of Public Works does not issue separate financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A: DESCRIPTION OF COUNTY AND 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 stand-alone mental health agency. These funds are included in the Trust and Agency Fund financial statements. The County has also issued bonds on behalf of Lifeways, Inc. through the Building Authority, a blended component unit of Jackson County.

5. Funds with Other Year End

The Jackson County Health Department and Friend of the Court Special Revenue Funds as well as the Land Bank Authority discretely presented component unit are reported on a fiscal year ended September 30, 2012.

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial 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, 2012

NOTE A: DESCRIPTION OF COUNTY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - Concluded

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. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

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 position.

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, 2012

NOTE A: DESCRIPTION OF COUNTY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting - Concluded

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

9. Cash and 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 Enterprise Fund in order to meet principal and interest repayment requirements and to provide for major repairs and replacements. The Medical Care Facility Enterprise Fund also has recorded restricted assets for operations of the facility and for future capital purchases.

12. Receivables

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

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

13. Inventories

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A: DESCRIPTION OF COUNTY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Prepays

Prepays consist of amounts paid in the current year that pertain to the following fiscal year. Nonspendable 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. Unavailable and Unearned Revenue

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

17. Interfund Transactions

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

18. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A: DESCRIPTION OF COUNTY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Capital Assets - Concluded

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.

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 post-employment 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.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A: DESCRIPTION OF COUNTY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

24. Restricted Net Position

Restrictions of net position 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.

25. Net Investment in Capital Assets

Bonds related to conduit debt issued on behalf of Lifeways, Inc. are not included in the governmental activities calculation net of investment in capital assets as the related asset (a building) is not the property of Jackson County. The County has only a security interest in the building, related to the bonds. The County has recorded a receivable to offset the debt so there are no net assets related to this arrangement.

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.

Deposits, Investments, and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2012:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Position:			
Cash and pooled investments	\$ 45,057,428	\$ 4,273,436	\$ 49,330,864
Statement of Fiduciary Net Position:			
Cash and pooled investments	5,650,009	-	5,650,009
Investments	<u>126,541,606</u>	<u>-</u>	<u>126,541,606</u>
Total	<u>\$ 177,249,043</u>	<u>\$ 4,273,436</u>	<u>\$ 181,522,479</u>
Deposits and Investments:			
Bank deposits (checking accounts and certificates of deposit)			\$ 9,864,119
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			45,075,082
Employee retirement system			124,199,600
Retiree health insurance fund			2,342,006
Cash on hand			31,375
Net effect of funds with different fiscal year ends			<u>10,297</u>
Total			<u>\$ 181,522,479</u>

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE B: CASH AND INVESTMENTS - CONTINUED

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2012, \$2,144,239 of the County's total bank balance of \$9,794,039 (total book balance was \$9,668,358) 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, 2012:

U.S. Agencies	\$ 36,000,000
Money Market	<u>9,075,082</u>
 Total	 <u><u>\$ 45,075,082</u></u>

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

Credit Risk

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

As of December 31, 2012, all of the County's investments in securities of U.S. agencies were rated AA+ 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, 2012, 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	47.0%
	Federal Farm Credit Banks	17.0%
Money Market	Comerica Bank	6.5%

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE B: CASH AND INVESTMENTS - CONTINUED

Bank Deposits and Treasurer's Investment Pool - Concluded

Interest Rate Risk

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

As of December 31, 2012, maturities of the County's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment maturities (fair value by years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-15</u>
U.S. Agencies	<u>\$ 36,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,000,000</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, 2012:

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

Equities domestic:	
Not on securities loan	\$ 33,586,829
On securities loan	3,881,002
Index fund	22,902,046
Equities international	24,598,032
U.S. Treasuries	1,738,331
U.S. Agencies:	
Not on securities loan	5,707,074
Corporate securities domestic:	
Not on securities loan	23,550,687
On securities loan	2,131,472
Corporate collateralized mortgage obligations	714,959
Corporate securities international	652,560
Money market funds	<u>4,736,608</u>
	<u>\$ 124,199,600</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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 System's exposure to foreign currency risk stated in U.S. dollars as of December 31, 2012 was as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Equities international	\$ 24,598,032
Corporate securities international	<u>652,560</u>
	<u>\$ 25,250,592</u>

As of December 31, 2012, the System's investments in securities of U.S. Agencies and corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 1,652,056
AA+	1,725,994
AA	448,927
AA-	731,262
A+	2,278,300
A	2,752,308
A-	4,262,569
BBB+	2,193,510
BBB	1,231,229
BBB-	1,479,247
BB	1,412,971
BB-	1,469,569
B+	427,000
B	806,205
Not Rated	<u>11,623,936</u>
	<u>\$ 34,495,083</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2012 there were no investments that exceeded 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, 2012, maturities of the System's debt securities were as follows:

	<u>Investment maturities (fair value by years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-15</u>	<u>More than 15</u>
U.S. Treasuries	\$ 1,738,331	\$ 533,760	\$ 682,050	\$ 229,301	\$ 293,220
U.S. Agencies	5,707,074	-	864,153	1,593,647	3,249,274
Corporate Domestic and International Bonds	26,334,719	3,247,270	9,628,740	6,522,665	6,936,044
Corporate Collateralized Mortgage Obligations	714,959	-	-	-	714,959
Total Debt Securities	<u>\$ 34,495,083</u>	<u>\$ 3,781,030</u>	<u>\$ 11,174,943</u>	<u>\$ 8,345,613</u>	<u>\$ 11,193,497</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2012:

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

Equities domestic	\$ 1,224,602
Equities international	334,430
U.S. Treasuries	100,580
U.S. Agencies	32,577
Corporate bonds	525,608
Money market	<u>124,209</u>
	<u>\$ 2,342,006</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, 2012

NOTE B: CASH AND INVESTMENTS - CONTINUED

Retiree's Health Insurance Fund - Continued

Credit Risk - Concluded

As of December 31, 2012, the Fund's investments in securities of U.S. instruments and in corporate securities were rated by Standard and Poor's as follows:

AAA	\$	100,579
AA+		44,126
AA-		21,627
A+		38,526
A		41,536
A-		81,726
BBB+		65,883
BBB		25,791
BBB-		35,615
BB+		9,435
BB		11,180
BB-		29,589
B+		28,463
B		10,424
CCC+		4,593
CCC		7,650
Not Rated		102,022
		102,022
	\$	658,765

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, 2012, there were no investments that exceeded 5%.

Interest Rate Risk

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

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE B: CASH AND INVESTMENTS - CONCLUDED

Retiree's Health Insurance Fund - Concluded

Interest Rate Risk - Concluded

As of December 31, 2012, maturities of the Fund's debt securities were as follows:

	Fair Value	Investment maturities (fair value by years)			
		Less than 1	1-5	6-15	More than 15
U.S. Treasuries	\$ 100,580	\$ 28,586	\$ 31,180	\$ 40,814	\$ -
U.S. Agencies	32,577	12,281	20,296	-	-
Corporate bonds	525,608	91,456	290,442	37,889	105,821
Total Debt Securities	<u>\$ 658,765</u>	<u>\$ 132,323</u>	<u>\$ 341,918</u>	<u>\$ 78,703</u>	<u>\$ 105,821</u>

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

NOTE C: RECEIVABLES AND UNEARNED/UNAVAILABLE REVENUE

Receivables in the governmental activities are composed of the following:

Property taxes	\$ 5,351,709
Other:	
Accounts	2,182,509
Interest	178,098
Intergovernmental	<u>7,230,813</u>
	<u>9,591,420</u>
Total	<u>\$ 14,943,129</u>

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

Delinquent property taxes	\$ 8,237,233
Due from other governmental units	100,000
Other:	
Accounts	2,706,904
Interest	2,691,409
Less: allowance for doubtful accounts	<u>(100,000)</u>
	<u>5,298,313</u>
Total	<u>\$ 13,635,546</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE C: RECEIVABLES AND UNEARNED/UNAVAILABLE REVENUE - CONCLUDED

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not earned. At the end of the current year, the various components of unavailable 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	-	1,930,000
Nonmajor governmental funds	-	987,000
Federal stimulus energy grant	-	18,138
Long-term receivable - Building Authority Debt Service	5,995,000	-
Miscellaneous revenues received in advance of being earned	-	55,064
	<u>\$ 5,995,000</u>	<u>\$ 3,590,202</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	\$ 4,576,289	\$ 4,392,109
Jail Millage	-	2,136,264
Medical Care Facility Maintenance of Effort	-	946,732
Building Authority Bonds	836,264	-
Nonmajor Governmental Funds	5,589,299	2,693,834
Medical Care Facility	851,446	-
Delinquent Tax Revolving	70,066	2,962,185
Resource Recovery	-	98,706
Internal Service Funds	-	40,254
Nonmajor Enterprise Funds	1,268,639	2,500
Adjustments for different fiscal year end:	80,581	-
	<u>\$ 13,272,584</u>	<u>\$ 13,272,584</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, 2012

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at December 31, 2012:

Due to General Fund from:	
Resource Recovery Fund	\$ 62,041
Nonmajor enterprise funds	<u>3,716</u>
	<u>\$ 65,757</u>
Due to Delinquent Tax Revolving Fund from:	
Resource Recovery Fund	\$ 207,357
Nonmajor enterprise funds	923,753
Nonmajor governmental funds	<u>188,074</u>
	<u>\$ 1,319,184</u>
Due to Component unit funds from:	
Component unit funds (Drainage Districts)	<u>\$ 99,731</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, 2012:

Advance to nonmajor governmental fund from:	
General Fund	\$ 496,630
Nonmajor governmental fund	<u>71,475</u>
	<u>\$ 568,105</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 nonspendable 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.

The difference in the internal balances on the Governmental Funds Balance Sheet (\$3,370) is related to the different year ends between the General Fund and Friend of the Court.

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE G: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

PRIMARY GOVERNMENT

	<u>Balance Jan. 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2012</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,817,012	\$ -	\$ -	\$ 1,817,012
Construction in progress	<u>276,881</u>	<u>62,721</u>	<u>-</u>	<u>339,602</u>
Subtotal	2,093,893	62,721	-0-	2,156,614
Capital assets being depreciated				
Buildings and improvements	43,961,748	192,806	-	44,154,554
Equipment and furniture	10,609,307	366,543	-	10,975,850
Vehicles	<u>2,417,862</u>	<u>170,585</u>	<u>(294,887)</u>	<u>2,293,560</u>
Total capital assets being depreciated	56,988,917	729,934	(294,887)	57,423,964
Less accumulated depreciation for:				
Buildings and improvements	(22,301,634)	(1,477,153)	-	(23,778,787)
Equipment and furniture	(9,427,076)	(480,914)	-	(9,907,990)
Vehicles	<u>(2,211,757)</u>	<u>(195,135)</u>	<u>294,887</u>	<u>(2,112,005)</u>
Total accumulated depreciation	<u>(33,940,467)</u>	<u>(2,153,202)</u>	<u>294,887</u>	<u>(35,798,782)</u>
Total capital assets being depreciated, net	<u>23,048,450</u>	<u>(1,423,268)</u>	<u>-0-</u>	<u>21,625,182</u>
Governmental activities capital assets, net	<u>\$ 25,142,343</u>	<u>\$ (1,360,547)</u>	<u>\$ -0-</u>	<u>\$ 23,781,796</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 818,326
Public safety	698,455
Health and welfare	308,637
Recreational and culture	<u>327,784</u>
Total governmental activities	<u>\$ 2,153,202</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE G: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 48,832	\$ -	\$ -	\$ 48,832
Construction in progress	145,864	-	(145,864)	-0-
Total capital assets not being depreciated	194,696	-0-	(145,864)	48,832
Capital assets being depreciated				
Land improvements	65,192	-	-	65,192
Buildings and improvements	40,719,680	1,142,306	-	41,861,986
Equipment and furniture	14,264,773	199,747	-	14,464,520
Vehicles	145,361	93,324	-	238,685
Total capital assets being depreciated	55,195,006	1,435,377	-0-	56,630,383
Less accumulated depreciation for:				
Land improvements	(65,192)	-	-	(65,192)
Buildings and improvements	(17,400,480)	(1,492,511)	-	(18,892,991)
Equipment and furniture	(8,905,302)	(395,402)	-	(9,300,704)
Vehicles	(81,140)	(19,195)	-	(100,335)
Total accumulated depreciation	(26,452,114)	(1,907,108)	-0-	(28,359,222)
Total capital assets	28,742,892	(471,731)	-0-	28,271,161
Business-type activities	<u>\$ 28,937,588</u>	<u>\$ (471,731)</u>	<u>\$ -0-</u>	<u>\$ 28,319,993</u>
Business-type activities			\$ 602,910	
Medical Care Facility			1,334	
Delinquent Tax Revolving Fund			1,302,864	
Resource Recovery			<u>\$ 1,907,108</u>	
Total business-type activities				

DISCRETELY PRESENTED COMPONENT UNITS

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012
Component Unit - Drainage Districts				
Capital assets being depreciated				
Infrastructure - drains	\$ 12,242,656	\$ -	\$ -	\$ 12,242,656
Less accumulated depreciation for:				
Infrastructure - drains	(8,444,181)	(161,557)	-	(8,605,738)
Drainage districts	<u>\$ 3,798,475</u>	<u>\$ (161,557)</u>	<u>\$ -0-</u>	<u>\$ 3,636,918</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE G: CAPITAL ASSETS - CONCLUDED

DISCRETELY PRESENTED COMPONENT UNITS - CONCLUDED

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012
Component Unit - Road Commission				
Capital assets not being depreciated				
Land and land improvements	\$ 1,029,834	\$ -	\$ -	\$ 1,029,834
Land - infrastructure	15,875,485	230,090	-	16,105,575
Subtotal	16,905,319	230,090	-0-	17,135,409
Capital assets being depreciated/depleted				
Buildings and improvements	6,172,942	6,750	-	6,179,692
Equipment	15,083,633	782,272	-	15,865,905
Gravel pits	548,074	-	-	548,074
Infrastructure - Roads	84,897,187	4,094,232	(148,646)	88,842,773
Total	106,701,836	4,883,254	(148,646)	111,436,444
Less accumulated depreciation/depletion:				
Buildings and improvements	(4,975,461)	(130,402)	-	(5,105,863)
Equipment	(13,752,982)	(665,842)	-	(14,418,824)
Gravel pits	(147,019)	-	-	(147,019)
Infrastructure - Roads	(34,974,750)	(3,846,842)	148,646	(38,672,946)
Total	(53,850,212)	(4,643,086)	148,646	(58,344,652)
Net capital assets being depreciated	52,851,624	240,168	-0-	53,091,792
Net Capital Assets	<u>\$ 69,756,943</u>	<u>\$ 470,258</u>	<u>\$ -0-</u>	<u>\$ 70,227,201</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, 2012:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012	Amounts Due Within One Year
Governmental Activities					
Series 1999A G.O. Bonds	\$ 525,000	\$ -	\$ (50,000)	\$ 475,000	\$ 50,000
Series 2006 G.O. Bonds	5,795,000	-	(275,000)	5,520,000	300,000
2010 Refunding bonds	9,970,000	-	(570,000)	9,400,000	690,000
Compensated absences	1,300,560	2,403,806	(2,308,154)	1,396,212	1,396,212
Total Governmental Activities	17,590,560	2,403,806	(3,203,154)	16,791,212	2,436,212

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012	Amounts Due Within One Year
Business-type Activities					
2005 Revenue Refunding Bonds	\$ 1,325,000	\$ -	\$ (915,000)	\$ 410,000	\$ 410,000
Unlimited Tax G.O. Refunding Bonds	1,370,000	-	(875,000)	495,000	495,000
Series 2005 Refunding Bonds	13,045,000	-	(515,000)	12,530,000	555,000
Less deferred amount on refunding	(703,914)	-	38,395	(665,519)	-
Compensated absences	407,086	43,633	(27,933)	422,786	422,786
Total Business-type Activities	15,443,172	43,633	(2,294,538)	13,192,267	1,882,786
TOTAL PRIMARY GOVERNMENT	<u>\$ 33,033,732</u>	<u>\$ 2,447,439</u>	<u>\$ (5,497,692)</u>	<u>\$ 29,983,479</u>	<u>\$ 4,318,998</u>

COMPONENT UNITS

Road Commission					
Building Improvement Lease	\$ 146,505	\$ -	\$ (26,638)	\$ 119,867	\$ 26,637
Building Improvement Lease	21,318	-	(4,113)	17,205	4,447
Compensated absences	289,747	-	(17,445)	272,302	25,000
Total Road Commission	457,570	-0-	(48,196)	409,374	56,084
Board of Public Works					
General Obligation Bonds					
2002 Village of Parma	1,275,000	-	(1,275,000)	-0-	-
Revolving Loan Fund					
Village of Parma	675,000	-	(55,000)	620,000	55,000
2003 Vineyard Lake Section	4,200,000	-	(300,000)	3,900,000	300,000
2002B Grass Lake Section	355,000	-	(25,000)	330,000	25,000
Revolving Loan Fund					
Village of Grass Lake	1,485,000	-	(105,000)	1,380,000	110,000
2005 Round/Farwell Lakes Section	2,475,000	-	(225,000)	2,250,000	225,000
2005 Southern Regional					
Interceptor Section	4,175,000	-	(175,000)	4,000,000	200,000
2008 Rives Sanitary Sewer	1,030,000	-	(190,000)	840,000	15,000
2008 Parma Village	2,621,598	-	(110,000)	2,511,598	115,000
2012 Village of Parma Refunding	-	1,220,000	-	1,220,000	115,000
Total Board of Public Works	18,291,598	1,220,000	(2,460,000)	17,051,598	1,160,000

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNITS - CONCLUDED

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012	Due Within One Year
Drainage Districts					
Special Assessment Bonds					
1994 Clark Lake	\$ 305,000	\$ -	\$ (155,000)	\$ 150,000	\$ 150,000
1993 Village of Grass Lake	475,000	-	(155,000)	320,000	160,000
1997 Village of Brooklyn	675,000	-	(125,000)	550,000	125,000
2001 Napoleon Township	675,000	-	(75,000)	600,000	75,000
2004 Lake Columbia	7,950,000	-	(6,850,000)	1,100,000	550,000
2005 Spring Arbor Township	355,000	-	(25,000)	330,000	25,000
2006 Wolf Lake Refunding	2,065,000	-	(265,000)	1,800,000	260,000
2012 Lake Columbia Refunding	-	4,045,000	-	4,045,000	-
Less: Amounts deferred on refunding	-	(258,565)	25,857	(232,708)	(25,857)
Total Special Assessment Bonds	<u>12,500,000</u>	<u>3,786,435</u>	<u>(7,624,143)</u>	<u>8,662,292</u>	<u>1,319,143</u>
TOTAL COMPONENT UNITS	<u>31,249,168</u>	<u>5,006,435</u>	<u>(10,132,339)</u>	<u>26,123,264</u>	<u>1,216,084</u>
TOTAL REPORTING ENTITY	<u>\$ 64,282,900</u>	<u>\$ 7,453,874</u>	<u>\$ (15,630,031)</u>	<u>\$ 56,106,743</u>	<u>\$ 5,535,082</u>

PRIMARY GOVERNMENT

General Long-Term Debt Bonds

Bonds payable at December 31, 2012, 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 5.75 to 6.0 percent. Purpose - financing Lifeways building.	\$ 475,000
\$7,045,000 2006 Building Authority Serial Bonds, due in annual installments of \$300,000 to \$520,000 through 2026, with interest at 4.75 to 5.00 percent. Purpose - financing Lifeways building.	5,520,000
\$10,100,000 2010 Refunding Bonds, due in annual installments ranging from \$690,000 to \$1,145,000 through 2022, with an interest rate of 2.85 percent. Purpose - refinancing county jail building bonds.	<u>9,400,000</u>
	<u>\$15,395,000</u>

Business-type Activities Long-Term Debt Bonds

\$6,300,000 2005 Resource and Energy Revenue Refunding Bonds, maturing in 2013 with a final installment of \$410,000, with an interest rate of 3.75 percent.	\$ 410,000
\$10,850,000 2005 Unlimited Tax General Obligation Refunding Bonds, maturing in 2013 with a final installment of \$495,000, with an interest rate of 3.875 percent.	495,000
\$14,000,000 2005 Refunding Bonds, maturing serially in annual amounts ranging from \$555,000 to \$885,000, with interest rates ranging from 3.150 to 5.125 percent. This debt is being serviced by the Medical Care Facility.	<u>12,530,000</u>
	<u>\$13,435,000</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

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 \$505,000 at December 31, 2012.

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 \$645,000 at December 31, 2012.

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 \$12,050,000 at December 31, 2012.

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 \$9,125,000 at December 31, 2012.

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 \$1,396,212 for governmental activities and \$422,786 for business-type activities for vacation and sick at December 31, 2012. These amounts have been recorded as current liabilities. Compensated absences are normally liquidated by the fund in which the individual employees are budgeted.

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.	\$ 119,867
\$39,518 Building improvements capital lease payable, maturing serially in quarterly installments of \$1,463, including interest at a rate of 4.85 percent.	<u>17,205</u>
	<u>\$ 137,072</u>

Compensated Absences

In accordance with County Road Commission policies, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave and compensatory time under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$272,302 at December 31, 2012.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - BOARD OF PUBLIC WORKS

Water Supply and Sewage Disposal System Bonds

\$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.	\$ 620,000
\$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 3.625 to 4.5 percent.	3,900,000
\$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 4.35 to 6.00 percent.	330,000
\$2,255,000 State Drinking Water Revolving Loan Funds - Village of Grass Lake, maturing in annual amounts ranging from \$110,000 to \$140,000 through 2023 at an annual interest rate of 2.5 percent.	1,380,000
\$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 3.5 to 4.0 percent.	2,250,000
\$4,600,000 Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section Bonds, Series 2005, maturing in annual amounts ranging from \$200,000 to \$425,000 through 2025 at an interest rate ranging from 4.125 to 4.50 percent.	4,000,000
\$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.	840,000
\$2,780,000 Jackson County Wastewater Disposal Facility Section Bonds, Series 2008, maturing in annual amounts ranging from \$115,000 to \$175,000 through 2030 at an interest rate of 2.50 percent.	2,511,598
\$1,220,000 Jackson County Water Supply Facilities Refunding Bonds - Village of Parma, Series 2012, maturing in annual amounts ranging from \$115,000 to \$145,000 through 2021 at an interest rate ranging from 1.20 to 2.50 percent.	<u>1,220,000</u>
	<u>\$17,051,598</u>

Advance Refunding - Current

On May 30, 2012, the County defeased a portion of the 2002 Jackson County Water Supply Facilities Bonds which were due and payable October 1, 2013 through October 1, 2021. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The County issued 2012 Refunding Bonds in the amount of \$1,220,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At December 31, 2012, bonds due and payable October 1, 2013 through October 1, 2021 for the 2002 Jackson County Water Supply Facilities Bonds in the amount of \$1,175,000 are considered defeased.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - BOARD OF PUBLIC WORKS - CONCLUDED

Advance Refunding - Current - Concluded

As a result of the advance refunding, the County decreased its total debt service requirements by \$80,618, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$74,627.

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, 2012:

Drain Special Assessment Bonds

\$7,875,000 Clark Lake 1994 Waste Water Disposal System Bonds (partial refunding in 2002), final installment of \$150,000 in 2013 at 3.00 percent interest.	\$ 150,000
\$2,700,000 Village of Grass Lake 1993 Sanitary Sewage Disposal System Bonds, maturing serially in annual amounts of \$160,000 through 2014 at an interest rate of 2.0 percent.	320,000
\$1,550,000 Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$125,000 to \$150,000 through 2016 at an interest rate ranging from 4.25 to 5.00 percent.	550,000
\$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 4.50 to 5.00 percent.	600,000
\$11,000,000 Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts of \$550,000 through 2014 at an interest rate of 4.00 percent.	1,100,000
\$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 3.85 to 4.75 percent.	330,000
\$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.	1,800,000
\$4,045,000 Lake Columbia 2012 Waste Water Disposal Facility Refunding Bonds, maturing serially in annual amounts ranging from \$375,000 to \$430,000 through 2024 at an interest rate ranging from 3.00 to 4.00 percent.	<u>4,045,000</u>
	<u>\$ 8,895,000</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONCLUDED

Advance Refunding - Prior

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 \$2,300,000 of outstanding Wolf Lake 2000 Waste Water Disposal System Bonds. The balance of the defeased bonds outstanding was \$2,025,000 at December 31, 2012.

Advance Refunding - Current

On June 28, 2012, the County defeased a portion of the 2004 Lake Columbia Bonds which were due and payable April 1, 2015 through April 1, 2024. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The County issued 2012 Refunding Bonds in the amount of \$4,045,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At December 31, 2012, bonds due and payable April 1, 2015 through April 1, 2024 for the 2004 Lake Columbia Bonds in the amount of \$6,300,000 are considered defeased.

As a result of the advance refunding, the County decreased its total debt service requirements by \$758,933, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$250,971.

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,040,000	\$ 566,588	\$ 1,460,000	\$ 571,104
2014	1,085,000	529,785	550,000	524,729
2015	1,260,000	490,962	595,000	502,173
2016	1,325,000	446,590	590,000	478,473
2017	1,390,000	400,290	635,000	453,576
2018-2022	7,350,000	1,256,885	3,365,000	1,200,642
2023-2027	1,945,000	249,000	3,725,000	1,407,110
2028-2030	-	-	2,515,000	528,399
	<u>\$ 15,395,000</u>	<u>\$ 3,940,100</u>	<u>\$ 13,435,000</u>	<u>\$ 5,666,206</u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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
2013	\$ 1,160,000	\$ 618,388	\$ 31,084	\$ 12,543
2014	1,265,000	599,945	31,444	12,183
2015	1,300,000	552,405	31,833	11,794
2016	1,305,000	502,478	29,394	11,401
2017	1,330,000	451,852	13,317	5,660
2018-2022	7,105,000	1,416,451	-	-
2023-2027	2,610,000	327,946	-	-
2028-2032	611,598	98,463	-	-
2033-2037	140,000	60,225	-	-
2038-2042	125,000	33,516	-	-
2043-2047	100,000	10,312	-	-
	<u>\$ 17,051,598</u>	<u>\$ 4,671,981</u>	<u>\$ 137,072</u>	<u>\$ 53,581</u>

Year Ending December 31,	Drainage Districts Bonds Payable	
	Principal	Interest
2013	\$ 1,345,000	\$ 328,394
2014	1,190,000	280,556
2015	875,000	240,437
2016	930,000	205,163
2017	765,000	167,713
2018-2022	2,870,000	413,950
2023-2025	920,000	31,862
	<u>\$ 8,895,000</u>	<u>\$ 1,668,075</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 Insurance Fund covered the cost of other postemployment benefits (OPEB) for all other eligible employees. Health insurance benefits are accounted/paid through the Self-Funded Managed Care Insurance Fund.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Plan Description - Concluded

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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	Biennial
Latest valuation date	12/31/2011
Actuarial cost method	Individual Entry Age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	Market value
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 Insurance 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.

Plan Membership

Plan membership consisted of the following at December 31, 2011 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	451
Terminated employees entitled to but not yet receiving benefits	-
Active participants	<u>443</u>
Total	<u><u>894</u></u>

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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. 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 2012, 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	\$ 4,465,638
Interest on net OPEB obligation	302,196
Adjustment to annual required contribution	<u>(186,529)</u>
Annual OPEB cost (expense)	4,581,305
Contributions made	<u>(4,759,391)</u>
(Decrease) in net OPEB obligation	(178,086)
Net OPEB obligation, beginning of year	<u>3,777,445</u>
Net OPEB obligation, end of year	<u><u>\$ 3,599,359</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010, 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>
12/31/10	\$ 4,919,512	\$ 5,030,653	102%	\$ 3,168,503
12/31/11	5,012,415	4,403,473	88%	3,777,445
12/31/12	4,581,305	4,759,391	104%	3,599,359

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

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2010	\$ 2,480,920	\$ 67,732,142	\$ (65,251,222)	3.7%	\$ 19,916,698	327.6%

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONCLUDED

The Schedule of Funding Progress included in the Required Supplementary Information (p. 69) immediately following the notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Financial Summary

Stand-alone financial statements have not been issued for the Retiree Health Insurance Fund. A summary of the financial position and results as of and for the year ended December 31, 2012 is as follows:

	<u>Retiree Health</u>
ASSETS	
Investments, at fair value	
Money market funds	\$ 124,209
U.S. Government Obligations	133,157
Corporate bonds	525,608
Domestic stocks	1,224,602
International stocks & ADR's	<u>334,430</u>
TOTAL ASSETS	2,342,006
LIABILITIES	
Due to other governmental units	<u>340,780</u>
NET POSITION	
Held in trust for pension and employee benefits	<u><u>\$ 2,001,226</u></u>
ADDITIONS	
Investment income	
Net increase in fair value of investments	\$ 235,158
Interest and dividends	61,374
Less investment expense	<u>(19,332)</u>
Net investment income	277,200
Contributions	
Other	<u>1,164,236</u>
TOTAL ADDITIONS	1,441,436
DEDUCTIONS	
Benefit payments	<u>2,260,283</u>
CHANGE IN NET POSITION	(818,847)
Net position, beginning of year	<u>2,820,073</u>
Net position, end of year	<u><u>\$ 2,001,226</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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.

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, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	697
Terminated plan members entitled to, but not yet receiving benefits	78
Active plan members	<u>660</u>
Total	<u><u>1,435</u></u>

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

Funding Policy and Status

Current Contributions

Eligible employees are required to contribute 2.50% to 8.33% of their annual compensation to the Plan. Such aggregate contributions amounted to \$2,038,024 for the year ended December 31, 2012.

The County made \$3,022,371 in contributions to the Plan during 2012.

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

Schedule of Funding Progress

Valuation Date <u>December 31,</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ 129,651	\$ 183,544	\$ (53,893)	70.6%	\$ 27,062	199.1%

Actuarial methods and assumptions for the valuation as of December 31, 2012:

Defined Benefit Pension Plan

Actuarial cost method	Individual entry age
Amortization method	Level dollar, closed
Remaining amortization period	29 years
Medical Care	Level percent of payroll, open 10-year period
Road Commission	Level percent of payroll, closed 29-year period
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases (includes inflation at 4.00%)	4.00 - 8.00%
Cost of living adjustments	None

The Schedule of Funding Progress included in the Required Supplementary Information (p. 69) immediately following the notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

The annual required contribution for the current year was determined as part of a December 31, 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 30 years on an open basis. Remaining amortization period was 10 years.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

Three (3) Year Trend Information

	Year Ended December 31,		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Annual pension cost	\$ 2,341,599	\$ 2,666,058	\$ 3,022,371
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

Financial Summary

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, 2012 is as follows:

	<u>Pension</u>
ASSETS	
Cash and pooled investments	\$ 211,881
Investments, at fair value	
Money market funds	4,736,608
U.S. Government Obligations	7,445,405
Corporate bonds	25,682,159
Corporate mortgage obligations	714,959
Domestic stocks	37,467,831
Index stock fund	22,902,046
International bonds	652,560
International stocks & ADR's	24,598,032
Accounts receivable	670,276
Accrued interest receivable	<u>212,918</u>
TOTAL ASSETS	125,294,675
LIABILITIES	
Accounts payable	<u>365,795</u>
NET POSITION	
Held in trust for pension and employee benefits	<u><u>\$ 124,928,880</u></u>

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONCLUDED

Financial Summary - Concluded

	Pension
ADDITIONS	
Investment income	
Net increase in fair value of investments	\$ 10,683,607
Interest and dividends	2,306,285
Less investment expense	(808,158)
Net investment income	12,181,734
Contributions	
Employee	2,038,024
Employer	2,900,791
Total contributions	4,938,815
TOTAL ADDITIONS	17,120,549
DEDUCTIONS	
Benefit payments	11,063,290
Refund of contributions	749,897
Administrative expenses	142,228
TOTAL DEDUCTIONS	11,955,415
CHANGE IN NET POSITION	5,165,134
Net position, beginning of year	119,763,746
Net position, end of year	\$ 124,928,880

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, 2012, the County and employees contributed \$172,066 and \$224,804, respectively, to this Plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2012, the balance of the County's member retention fund was \$295,240. The estimated liability for reported claims and legal fees was \$93,990.

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 damage	\$0

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 2012 were based upon the cost of obtaining traditional health insurance. These contributions are expensed by the members when made, and recognized as revenue by the Insurance Fund upon receipt.

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE K: RISK MANAGEMENT - CONCLUDED

County of Jackson Self-Funded Managed Care Insurance - Concluded

Claims payable, including incurred but not reported amounts, which are estimated by management based on projected experience, are reported as liabilities in the Internal Service Fund at December 31, 2012. The change in the claims liability for 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Claims liability at beginning of period	\$ 767,335	\$ 805,391
Claims and changes in estimates	8,794,378	7,924,707
Claims payments	<u>(8,827,599)</u>	<u>(7,962,763)</u>
Claims liability at end of the year	<u>\$ 734,114</u>	<u>\$ 767,335</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>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 19,026	\$ 31,472
Incurred claims (including IBNR's)	48,978	32,686
Claim payments	<u>(64,804)</u>	<u>(45,132)</u>
Unpaid claims, end of year	<u>\$ 3,200</u>	<u>\$ 19,026</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, 2012

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, 2012 levy was \$4.06 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 0.2500 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 \$1,366,605 reported within the Resource Recovery Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2012 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. Of the total amount \$241,605 has been recorded as a current liability.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

The following is a summary of changes in this obligation for the year ended December 31, 2012:

Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012	Amounts Due Within One Year
\$ 1,310,000	\$ 56,605	\$ -	\$ 1,366,605	\$ 241,605

NOTE O: SUBSEQUENT EVENT

Subsequent to year end, the Jackson County Board of Commissioners voted to dissolve the Jackson County Road Commission's Board of Commissioners and incorporate those activities within those of the County Proper. This transfer of responsibility took place in January 2013. The impact on road activities as a result of this action is expected to be minimal.

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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. The following are the five classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, Jackson County's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Board Resolution.

For assigned fund balance, Board of Commissioners has not approved a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Commissioners.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONCLUDED

Jackson County has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

	General Fund	Jail Millage Fund	Medical Care Facility Maintenance of Effort Fund	Building Authority Bonds	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 179,546	\$ 179,546
Prepays	64,019	-	-	-	126,847	190,866
Advances	824,130	-	-	-	71,475	895,605
Preston endowment	-	-	-	-	8,550	8,550
Cemetery trust	-	-	-	-	721	721
Restricted						
Jail millage fund	-	292,240	-	-	-	292,240
Medical care facility	-	-	4,500,131	-	-	4,500,131
Building authority bonds	-	-	-	358	-	358
Parks commission	-	-	-	-	22,049	22,049
Friend of the court	-	-	-	-	50,739	50,739
Sparks park renovation	-	-	-	-	12,903	12,903
Omnibus forfeitures	-	-	-	-	981	981
Prosecuting attorney drug enforcement	-	-	-	-	31,046	31,046
Drug enforcement	-	-	-	-	40,111	40,111
County law library	-	-	-	-	5,595	5,595
Michigan justice training	-	-	-	-	42,701	42,701
Social services	-	-	-	-	113,703	113,703
Veterans trust	-	-	-	-	4,557	4,557
Airport	-	-	-	-	4,860	4,860
Joint narcotics	-	-	-	-	209,454	209,454
Register of deeds automation	-	-	-	-	275,842	275,842
Airport runway project	-	-	-	-	277,433	277,433
Child care	-	-	-	-	2,309,607	2,309,607
Health department	-	-	-	-	1,947,248	1,947,248
Department on aging millage	-	-	-	-	568,766	568,766
Falling waters trail	-	-	-	-	279,054	279,054
Fair	-	-	-	-	92	92
Equipment replacement	-	-	-	-	624,185	624,185
Sheriff Department Equipment	-	-	-	-	1,159,747	1,159,747
Public improvement and building	-	-	-	-	2,450,587	2,450,587
Department on aging endowment	-	-	-	-	70,621	70,621
Preston endowment	-	-	-	-	100,766	100,766
Cemetery trust	-	-	-	-	2,351	2,351
Committed						
Budget stabilization	958,703	-	-	-	-	958,703
Golf courses	-	-	-	-	35,721	35,721
Parks commission	-	-	-	-	27,972	27,972
Child care	-	-	-	-	1,037,705	1,037,705
Health department	-	-	-	-	438,410	438,410
Assigned						
Future years expenditures	830,299	-	-	-	-	830,299
Unassigned	12,789,539	-	-	-	-	12,789,539
TOTAL FUND BALANCES	\$ 15,466,690	\$ 292,240	\$ 4,500,131	\$ 358	\$ 12,531,945	\$ 32,791,364

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE Q: RESTRICTED NET POSITION

Restricted of net position 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 other purposes. The following are the various net position restrictions as of December 31, 2012:

Primary Government	
Governmental Activities	
General Government	
Friend of the court	\$ 50,739
Omnibus forfeitures	981
Prosecuting attorney drug enforcement	31,046
County law library	5,595
Register of deeds automation	275,842
Department on aging endowment	70,621
	<u>\$ 434,824</u>
Public Safety	
Drug enforcement	\$ 40,111
Michigan justice training	42,701
Joint narcotics	209,454
Jail millage	292,240
Child care	2,309,607
	<u>\$ 2,894,113</u>
Health and Welfare	
Social services	\$ 113,703
Veterans trust	4,557
Heath department	1,947,248
Medical care facility maintenance of effort	4,500,131
	<u>\$ 6,565,639</u>
Economic Development	
Airport	\$ 4,860
Airport runway project	277,433
Department on aging millage	568,766
Building authority bonds	358
	<u>\$ 851,417</u>
Recreation and Culture	
Parks commission	\$ 22,049
Sparks park renovation	12,903
Falling waters trail	279,054
Fair	92
	<u>\$ 314,098</u>
Capital Projects	
Equipment replacement	\$ 624,185
Sheriff department equipment	1,159,747
Public improvement and building	2,450,587
	<u>\$ 4,234,519</u>
Nonexpendable trusts	
Preston endowment	\$ 8,550
Cemetery trust	721
	<u>\$ 9,271</u>
Expendable trusts	
Preston endowment	\$ 100,766
Cemetery trust	2,351
Department on aging endowment	70,621
	<u>\$ 173,738</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE R: CHANGE IN ACCOUNTING PRINCIPLE

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This GASB Statement also provides a new format to certain financial statements to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement impacted the format and reporting of the statement of net position and the balance sheet at the government-wide level and at the fund level, respectively.

NOTE S: UPCOMING ACCOUNTING PRONOUNCEMENTS

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the County's 2013 year.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement will be effective for the County's 2013 year.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The statement will establish accounting and financial reporting requirements related to defined benefit pension plans and specify the required approach to measuring the pension liability of employers. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. This statement will be effective for the County's 2014 year.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the County's 2015 year.

REQUIRED SUPPLEMENTARY INFORMATION

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE -
(NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 20,876,713	\$ 20,876,713	\$ 20,957,081	\$ 80,368
Payments in lieu of taxes	60,000	60,000	66,043	6,043
Mobile home park taxes	23,000	23,000	20,484	(2,516)
Total taxes	20,959,713	20,959,713	21,043,608	83,895
Licenses and permits				
Dog licenses	102,000	102,000	96,835	(5,165)
Marriage license fees	4,551	4,551	5,590	1,039
Gun permits	43,927	43,927	54,018	10,091
Total licenses and permits	150,478	150,478	156,443	5,965
Intergovernmental				
Cigarette tax	-	-	2,493	2,493
Liquor licenses	816,089	883,089	887,634	4,545
State court funding distribution	1,050,000	1,050,000	894,648	(155,352)
Child abuse and neglect	50,729	50,729	29,401	(21,328)
Crime victims rights	101,000	101,000	101,000	-0-
Remonumentation	68,043	68,043	26,328	(41,715)
Judges supplement	583,650	583,650	582,080	(1,570)
Road patrol	196,000	196,000	125,103	(70,897)
Marine safety grant	50,000	56,000	51,935	(4,065)
Community corrections board	197,700	216,563	216,618	55
Senior citizen programs	215,006	252,033	216,387	(35,646)
Senior citizen - home delivered meals	401,800	412,526	402,145	(10,381)
Senior citizen - congregate meals	174,000	180,113	179,523	(590)
Medicaid waiver	208,430	245,015	204,313	(40,702)
Circuit court reimbursement	12,000	12,000	20,704	8,704
District court reimbursement	145,000	145,000	131,070	(13,930)
Parole violators - county jail	160,000	160,000	119,775	(40,225)
Diverted felons - county jail	45,000	180,975	239,665	58,690
CRP Prosecuting Attorney	191,309	191,309	205,635	14,326
LAWNET narcotics	48,105	48,105	66,061	17,956
Emergency management	25,290	25,290	26,200	910
Police service contracts	651,018	707,018	669,089	(37,929)
Non-profit organizations - sheriff	82,780	82,780	74,378	(8,402)
Emergency dispatch	91,000	91,000	79,266	(11,734)
Respite care grant	53,000	55,800	55,804	4
Revenue sharing	2,444,783	2,444,783	2,577,616	132,833
Other grants	91,245	109,789	102,476	(7,313)
Total intergovernmental	8,152,977	8,548,610	8,287,347	(261,263)

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE -
(NON-GAAP BUDGETARY BASIS) - CONTINUED

Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONCLUDED				
Charges for services				
District court costs	\$ 1,375,000	\$ 1,375,000	\$ 1,483,814	\$ 108,814
District court other	1,418,575	1,418,575	1,295,474	(123,101)
Probate court costs	123,439	123,439	108,583	(14,856)
Medical examiner	55,500	64,500	62,338	(2,162)
Prosecuting attorney	3,350	3,350	6,388	3,038
Treasurer	38,500	38,500	23,351	(15,149)
Clerk	411,860	411,860	500,796	88,936
Register of deeds	547,090	636,025	643,704	7,679
Geographic information systems	104,000	104,000	108,182	4,182
Sheriff department	105,756	105,756	54,532	(51,224)
Jail	698,000	698,000	790,235	92,235
Equalization	25,000	25,000	53,320	28,320
Animal control	153,340	153,340	91,843	(61,497)
Real estate transfer tax	210,000	278,340	294,082	15,742
Miscellaneous services	44,175	26,394	47,719	21,325
Total charges for services	5,313,585	5,462,079	5,564,361	102,282
Fines and forfeits				
District court	10,000	10,000	9,345	(655)
Ordinance fines	745,500	745,500	719,310	(26,190)
Total fines and forfeits	755,500	755,500	728,655	(26,845)
Interest and rents				
Investment earnings	800,000	800,000	429,109	(370,891)
Rental fees	186,663	186,663	187,933	1,270
Total interest and rents	986,663	986,663	617,042	(369,621)
Other				
Reimbursements	221,644	358,031	383,164	25,133
Donations - general	238,050	214,831	226,161	11,330
Miscellaneous revenue	87,110	86,211	100,994	14,783
Total other	546,804	659,073	710,319	51,246
TOTAL REVENUES	36,865,720	37,522,116	37,107,775	(414,341)
OTHER FINANCING SOURCES				
Transfers in	4,576,823	4,548,502	4,576,289	27,787
TOTAL REVENUES AND OTHER FINANCING SOURCES	41,442,543	42,070,618	41,684,064	(386,554)

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE -
(NON-GAAP BUDGETARY BASIS) - CONTINUED

Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Board of Commissioners	\$ 220,100	\$ 220,100	\$ 212,829	\$ 7,271
Administrator/controller	318,540	364,317	362,229	2,088
Human Resources	346,707	488,277	487,690	587
Elections	218,553	218,553	215,818	2,735
Clerk	958,222	966,222	917,029	49,193
Finance	284,101	233,926	228,736	5,190
Equalization	523,409	523,409	508,761	14,648
Geographic information system	170,297	188,241	186,956	1,285
Prosecuting attorney	2,300,460	2,267,486	2,225,305	42,181
Register of Deeds	296,270	307,320	303,869	3,451
Public defender	1,098,682	1,173,682	1,117,996	55,686
Remonumentation	68,043	68,043	65,731	2,312
Treasurer	103,682	139,582	137,762	1,820
MSU cooperative extension service	294,120	294,120	291,138	2,982
Information technology	981,381	1,037,466	983,873	53,593
Courthouse and grounds	1,583,835	1,607,635	1,606,510	1,125
Drain commissioner	247,167	257,167	232,238	24,929
Circuit court	2,179,853	2,177,435	2,172,094	5,341
District court - Circuit court probation	3,553,673	3,392,734	3,308,314	84,420
District court probation	152,225	155,725	153,811	1,914
Human services building	302,874	314,424	328,892	(14,468)
Jury board	218,969	195,969	193,665	2,304
Total general government	16,421,163	16,591,833	16,241,246	350,587
Public safety				
Sheriff	4,457,886	4,518,607	4,507,550	11,057
Road patrol	220,876	193,951	191,447	2,504
Marine safety	83,205	72,405	72,314	91
Corrections	203,205	218,723	214,692	4,031
Emergency management	175,066	107,960	100,574	7,386
LAWNET	227,792	227,792	220,464	7,328
County jail	6,157,824	6,175,963	6,150,388	25,575
Youth grant	116,872	128,072	125,339	2,733
Dispatch	1,396,857	1,356,728	1,344,510	12,218
Animal control	538,355	485,395	459,359	26,036
Total public safety	13,577,938	13,485,596	13,386,637	98,959
Health and welfare				
Medical examiner	313,053	332,753	328,619	4,134
Public health	639,769	616,066	598,495	17,571
Mental health services	184,946	208,428	184,656	23,772
Veteran's affairs	156,136	156,136	148,755	7,381
Home delivery meals - seniors	1,040,111	1,073,965	1,048,778	25,187
Congregate meals - seniors	365,483	349,476	344,173	5,303
Total health and welfare	2,699,498	2,736,824	2,653,476	83,348

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE -
(NON-GAAP BUDGETARY BASIS) - CONCLUDED

Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONCLUDED				
Community economic and development				
Senior center	\$ 345,401	\$ 359,297	\$ 345,623	\$ 13,674
Other				
Retirees benefits	2,440,458	2,468,458	2,467,911	547
Professional services	161,000	280,100	278,950	1,150
Accrued sick and vacation payoff	100,000	73,050	73,049	1
Contingency	200,068	317,703	-	317,703
Insurance and bonds	725,000	710,000	709,227	773
Other	238,529	455,029	454,031	998
Appropriations				
General government				
Regional planning	55,340	55,340	55,340	-0-
Soil conservation	10,000	10,000	10,000	-0-
Public safety				
Jackson traffic safety program	134,600	116,600	116,269	331
Public works				
Transportation system	100,000	100,000	100,000	-0-
Health and welfare				
Retired Citizen Volunteer Program	7,500	7,500	7,500	-0-
Region II aging commission	11,814	11,814	11,814	-0-
Substance abuse - liquor tax	403,545	437,145	437,114	31
Food system economic	7,500	7,500	7,500	-0-
Enterprise group	100,000	100,000	100,000	-0-
Total other	4,695,354	5,150,239	4,828,705	321,534
TOTAL EXPENDITURES	37,739,354	38,323,789	37,455,687	868,102
OTHER FINANCING USES				
Transfers out	4,392,109	4,392,109	4,392,109	-0-
Net change in fund balance (Budgetary basis)	<u>\$ (688,920)</u>	<u>\$ (645,280)</u>	(163,732)	<u>\$ (1,254,656)</u>
Budgetary perspective difference			<u>(489,221)</u>	
Net change in fund balance (GAAP basis)			<u>\$ (652,953)</u>	

Jackson County, Michigan

Jail Millage Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,945,000	\$ 1,945,000	\$ 1,987,427	\$ 42,427
Interest	-	-	530	530
TOTAL REVENUES	1,945,000	1,945,000	1,987,957	42,957
OTHER FINANCING (USES)				
Transfers out	(2,146,000)	(2,146,000)	(2,136,264)	9,736
NET CHANGE IN FUND BALANCE	(201,000)	(201,000)	(148,307)	52,693
Fund balance, beginning of year	440,547	440,547	440,547	-0-
Fund balance, end of year	<u>\$ 239,547</u>	<u>\$ 239,547</u>	<u>\$ 292,240</u>	<u>\$ 52,693</u>

Jackson County, Michigan

Medical Care Facility Maintenance of Effort Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 600,000	\$ 600,000	\$ 568,619	\$ (31,381)
Interest	-	-	3,982	3,982
TOTAL REVENUES	600,000	600,000	572,601	(27,399)
EXPENDITURES				
Current				
Health and welfare	250,000	250,000	282,417	(32,417)
EXCESS OF REVENUES OVER EXPENDITURES	350,000	350,000	290,184	(59,816)
OTHER FINANCING SOURCES (USES)				
Transfers out	(600,000)	(947,286)	(946,732)	554
NET CHANGE IN FUND BALANCE	(250,000)	(597,286)	(656,548)	(59,262)
Fund balance, beginning of year	5,156,679	5,156,679	5,156,679	-0-
Fund balance, end of year	\$ 4,906,679	\$ 4,559,393	\$ 4,500,131	\$ (59,262)

Jackson County, Michigan
SCHEDULES OF FUNDING PROGRESS
Year Ended December 31, 2012

Defined Benefit Pension Plan

(amounts in thousands)

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
2012	\$ 129,651	\$ 183,544	\$ (53,893)	70.6%	\$ 27,062	199.1%
2011	124,714	166,396	(41,682)	75.0%	27,807	149.9%
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%
2007	144,465	140,898	3,567	102.5%	32,298	-%
2006	137,122	135,894	1,228	100.9%	30,779	-%

Other Post-employment Benefits Plan

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	\$ 2,480,920	\$ 67,732,142	\$ (65,251,222)	3.7%	\$ 19,916,698	327.6%
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%

Jackson County, Michigan

SCHEDULES OF EMPLOYER CONTRIBUTIONS

December 31, 2012

Defined Benefit Pension Plan

<u>Year Ended December 31,</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>
2012	\$ 3,022,371	100.0%
2011	2,666,058	100.0%
2010	2,341,599	100.0%
2009	1,964,353	100.0%
2008	2,156,285	100.0%
2007	2,324,801	100.0%
2006	2,047,588	100.0%

Other Post-employment Benefits Plan

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percent Contributed</u>
2012	\$ 4,581,305	104.0%
2011	5,012,415	87.9%
2010	4,919,512	102.3%
2009	5,182,631	85.6%
2008	5,438,229	78.8%
2007	5,133,001	73.3%

Jackson County, Michigan

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2012

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 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 (department) 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, 2012, the County incurred expenditures in eight (8) Special Revenue Funds and the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General Government			
Human services building	\$ 314,424	\$ 328,892	\$ (14,468)
Medical Care Facility Maintenance of Effort Fund			
Health and welfare	250,000	282,417	(32,417)
Parks Commission			
Recreation and culture			
Cascade Falls	88,578	93,534	(4,956)
Parks	348,798	353,940	(5,142)
Sparks Park Renovation			
Recreation and culture	10,000	75,819	(65,819)
Airport Fund			
Community and economic development			
Repairs and maintenance	49,269	53,160	(3,891)
Community Development Block Grant			
Community and economic development	260,000	260,742	(742)
Capital outlay	40,000	166,296	(126,296)
Airport Runway Project Fund			
Community and economic development	250,000	329,603	(79,603)
Child Care Fund			
Health and welfare	1,306,804	1,363,319	(56,515)
Fair Fund			
Transfers out	-	50	(50)

Jackson County, Michigan

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONCLUDED

Year Ended December 31, 2012

NOTE C: BUDGET/GAAP RECONCILIATION

Jackson County budgets the activities of the Budget Stabilization Fund separately from the General Fund. For financial reporting purposes and the GAAP-basis basic financial statements, however, this fund is combined with the General Fund as required by GASB statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The budgetary perspective difference shown on the Budgetary Comparison Schedule (Non-GAAP budgetary basis) reconciles the change in fund balance to the GAAP-basis basic financial statements and the details related to these amounts are as follows:

Net change in fund balance (budgetary basis)	\$ (163,732)
To remove the transfers in from the budgetary basis schedule - Budget Stabilization Fund to General Fund	<u>(489,221)</u>
Net change in fund balance (GAAP basis)	<u>\$ (652,953)</u>

OTHER SUPPLEMENTARY INFORMATION

Jackson County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET

December 31, 2012

	Special			
	Parks Commission	Friend of the Court	Sparks Park Renovation	Omnibus Forfeitures Fund
ASSETS				
Cash and pooled investments	\$ 65,489	\$ 33,289	\$ 12,903	\$ 981
Accounts receivable	-	557,213	-	-
Taxes receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Advances to other funds	-	-	-	-
Inventories	113,668	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 179,157	\$ 590,502	\$ 12,903	\$ 981
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 5,265	\$ 387	\$ -	\$ -
Accrued wages	10,203	39,376	-	-
Other accrued liabilities	-	-	-	-
Advances from other funds	-	500,000	-	-
Due to other governmental units - State	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	15,468	539,763	-0-	-0-
FUND BALANCES				
Nonspendable	113,668	-	-	-
Restricted	22,049	50,739	12,903	981
Committed	27,972	-	-	-
TOTAL FUND BALANCES	163,689	50,739	12,903	981
TOTAL LIABILITIES AND FUND BALANCES	\$ 179,157	\$ 590,502	\$ 12,903	\$ 981

Revenue

Prosecuting Attorney Drug Enforcement Fund	Sherriff Drug Enforcement Fund	County Law Library	Michigan Justice Training Fund	Social Services Fund	Veterans Trust Fund
\$ 31,046	\$ 40,182	\$ 5,595	\$ 42,701	\$ 147,703	\$ 4,962
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,680	-	-
<u>\$ 31,046</u>	<u>\$ 40,182</u>	<u>\$ 5,595</u>	<u>\$ 47,381</u>	<u>\$ 147,703</u>	<u>\$ 4,962</u>
\$ -	\$ 71	\$ -	\$ -	\$ -	\$ 405
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	34,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	71	-0-	-0-	34,000	405
-	-	-	4,680	-	-
31,046	40,111	5,595	42,701	113,703	4,557
-	-	-	-	-	-
<u>31,046</u>	<u>40,111</u>	<u>5,595</u>	<u>47,381</u>	<u>113,703</u>	<u>4,557</u>
<u>\$ 31,046</u>	<u>\$ 40,182</u>	<u>\$ 5,595</u>	<u>\$ 47,381</u>	<u>\$ 147,703</u>	<u>\$ 4,962</u>

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2012

	Special			
	Airport Fund	Joint Narcotics Fund	Community Development Block Grant	Register of Deeds Automation Fund
ASSETS				
Cash and pooled investments	\$ 20,824	\$ 209,454	\$ 1,585	\$ 276,248
Accounts receivable	-	-	160,468	-
Taxes Receivable	-	-	-	-
Due from other governmental units	-	-	22,116	-
Advances to other funds	-	-	-	71,475
Inventories	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 20,824	\$ 209,454	\$ 184,169	\$ 347,723
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,003	\$ -	\$ 184,169	\$ 406
Accrued wages	6,391	-	-	-
Other accrued liabilities	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governmental units - State	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	1,570	-	-	-
TOTAL LIABILITIES	15,964	-0-	184,169	406
FUND BALANCES				
Nonspendable	-	-	-	71,475
Restricted	4,860	209,454	-	275,842
Committed	-	-	-	-
TOTAL FUND BALANCES	4,860	209,454	-0-	347,317
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,824	\$ 209,454	\$ 184,169	\$ 347,723

Revenue

Airport Runway Project Fund	Child Care Fund	Golf Courses	Health Department Fund	Department on Aging Millage Fund	Falling Waters Trail Fund
\$ 277,433	\$ 2,929,066	\$ 39,978	\$ 2,327,841	\$ 606,859	\$ 288,506
-	329,558	-	166,243	-	-
-	-	-	-	948,907	-
-	189,268	-	-	-	-
-	-	-	-	-	-
-	-	65,878	-	-	-
-	-	-	-	-	-
<u>\$ 277,433</u>	<u>\$ 3,447,892</u>	<u>\$ 105,856</u>	<u>\$ 2,494,084</u>	<u>\$ 1,555,766</u>	<u>\$ 288,506</u>
\$ -	\$ 43,517	\$ 278	\$ 26,207	\$ -	\$ 9,452
-	57,063	3,979	56,099	-	-
-	-	-	26,120	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	987,000	-
-0-	100,580	4,257	108,426	987,000	9,452
-	-	65,878	-	-	-
277,433	2,309,607	-	1,947,248	568,766	279,054
-	1,037,705	35,721	438,410	-	-
<u>277,433</u>	<u>3,347,312</u>	<u>101,599</u>	<u>2,385,658</u>	<u>568,766</u>	<u>279,054</u>
<u>\$ 277,433</u>	<u>\$ 3,447,892</u>	<u>\$ 105,856</u>	<u>\$ 2,494,084</u>	<u>\$ 1,555,766</u>	<u>\$ 288,506</u>

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

December 31, 2012

	Special Revenue	Capital		
	Fair Fund	Equipment Replacement Fund	Sheriff Department Equipment Fund	Building Authority Fund
ASSETS				
Cash and pooled investments	\$ 217,939	\$ 712,981	\$ 1,167,458	\$ 18,138
Accounts receivable	-	4,713	-	-
Taxes receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Advances to other funds	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 217,939	\$ 717,694	\$ 1,167,458	\$ 18,138
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,205	\$ 22,034	\$ 7,711	\$ -
Accrued wages	3,368	-	-	-
Other accrued liabilities	-	-	-	-
Advances from other funds	-	71,475	-	-
Due from other governmental units - State	-	-	-	-
Due to other funds	188,074	-	-	-
Unearned revenue	23,200	-	-	18,138
TOTAL LIABILITIES	217,847	93,509	7,711	18,138
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	92	624,185	1,159,747	-
Committed	-	-	-	-
TOTAL FUND BALANCES	92	624,185	1,159,747	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 217,939	\$ 717,694	\$ 1,167,458	\$ 18,138

Projects	Permanent			Total
	Department on Aging Endowment Fund	Preston Endowment Fund	Cemetery Trust Fund	
Public Improvement and Building Fund				
\$ 3,046,373	\$ 70,789	\$ 109,769	\$ 3,072	12,709,164
62,599	-	-	-	1,280,794
-	-	-	-	948,907
-	-	-	-	211,384
-	-	-	-	71,475
-	-	-	-	179,546
122,167	-	-	-	126,847
<u>\$ 3,231,139</u>	<u>\$ 70,789</u>	<u>\$ 109,769</u>	<u>\$ 3,072</u>	<u>\$ 15,528,117</u>
\$ 658,385	\$ 168	\$ 453	\$ -	\$ 970,116
-	-	-	-	176,479
-	-	-	-	26,120
-	-	-	-	571,475
-	-	-	-	34,000
-	-	-	-	188,074
-	-	-	-	1,029,908
658,385	168	453	-0-	2,996,172
122,167	-	8,550	721	387,139
2,450,587	70,621	100,766	2,351	10,604,998
-	-	-	-	1,539,808
<u>2,572,754</u>	<u>70,621</u>	<u>109,316</u>	<u>3,072</u>	<u>12,531,945</u>
<u>\$ 3,231,139</u>	<u>\$ 70,789</u>	<u>\$ 109,769</u>	<u>\$ 3,072</u>	<u>\$ 15,528,117</u>

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2012

	Special			
	Parks Commission	Friend of the Court	Sparks Park Renovation	Omnibus Forfeitures Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	2,468,832	-	-
Charges for services	289,536	283,726	-	-
Fines and forfeits	-	-	-	828
Interest and rents	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	289,536	2,752,558	-0-	828
EXPENDITURES				
Current				
General government	-	2,953,158	-	572
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	826,162	-	75,819	-
Capital outlay	-	-	588	-
TOTAL EXPENDITURES	826,162	2,953,158	76,407	572
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(536,626)	(200,600)	(76,407)	256
OTHER FINANCING SOURCES (USES)				
Transfers in	563,077	247,058	-	-
Transfers out	(42,176)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	520,901	247,058	-0-	-0-
NET CHANGE IN FUND BALANCES	(15,725)	46,458	(76,407)	256
Fund balances, beginning of year	179,414	4,281	89,310	725
Fund balances, end of year	<u>\$ 163,689</u>	<u>\$ 50,739</u>	<u>\$ 12,903</u>	<u>\$ 981</u>

Revenue

Prosecuting Attorney Drug Enforcement Fund	Sherriff Drug Enforcement Fund	County Law Library	Michigan Justice Training Fund	Social Services Fund	Veterans Trust Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	31,838	224,617	54,780
-	-	-	-	-	-
860	33,449	-	-	-	-
-	-	-	-	-	-
-	-	-	56,868	-	-
860	33,449	-0-	88,706	224,617	54,780
7,447	-	6,244	-	-	-
-	82,704	-	31,395	-	-
-	-	-	-	264,485	50,224
-	-	-	-	-	-
-	-	-	-	-	-
7,447	82,704	6,244	31,395	264,485	50,224
(6,587)	(49,255)	(6,244)	57,311	(39,868)	4,556
-	-	6,500	-	29,000	-
-	-	-	(42,800)	-	-
-0-	-0-	6,500	(42,800)	29,000	-0-
(6,587)	(49,255)	256	14,511	(10,868)	4,556
37,633	89,366	5,339	32,870	124,571	1
<u>\$ 31,046</u>	<u>\$ 40,111</u>	<u>\$ 5,595</u>	<u>\$ 47,381</u>	<u>\$ 113,703</u>	<u>\$ 4,557</u>

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2012

	Special			
	Airport Fund	Joint Narcotics Fund	Community Development Block Grant	Register of Deeds Automation Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	13,543	-	-	-
Intergovernmental	-	-	439,677	-
Charges for services	11,970	-	-	160,375
Fines and forfeits	-	120,293	-	-
Interest and rents	235,229	178	-	284
Other	31,741	-	-	-
TOTAL REVENUES	292,483	120,471	439,677	160,659
EXPENDITURES				
Current				
General government	-	101,603	-	282,809
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	474,389	-	260,742	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	166,296	-
TOTAL EXPENDITURES	474,389	101,603	427,038	282,809
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(181,906)	18,868	12,639	(122,150)
OTHER FINANCING SOURCES (USES)				
Transfers in	214,440	-	-	-
Transfers out	(27,890)	(55,990)	(12,639)	-
TOTAL OTHER FINANCING SOURCES (USES)	186,550	(55,990)	(12,639)	-0-
NET CHANGE IN FUND BALANCES	4,644	(37,122)	-0-	(122,150)
Fund balances, beginning of year	216	246,576	-	469,467
Fund balances, end of year	<u>\$ 4,860</u>	<u>\$ 209,454</u>	<u>\$ -0-</u>	<u>\$ 347,317</u>

Revenue

Airport Runway Project Fund	Child Care Fund	Golf Courses	Health Department Fund	Department on Aging Millage Fund	Falling Waters Trail Fund
\$ -	\$ -	\$ -	\$ -	\$ 1,007,343	\$ -
-	-	-	294,874	-	-
208,877	2,740,795	-	2,829,842	-	36,379
-	394	575,311	415,307	-	-
-	-	-	-	-	-
-	640	-	-	678	-
-	-	-	394,241	5,692	4,409
208,877	2,741,829	575,311	3,934,264	1,013,713	40,788
-	912,828	-	-	-	-
-	2,220,238	-	-	-	-
-	1,363,319	-	4,499,285	-	-
329,603	-	-	-	-	-
-	-	491,274	-	-	17,007
-	-	-	-	-	-
329,603	4,496,385	491,274	4,499,285	-0-	17,007
(120,726)	(1,754,556)	84,037	(565,021)	1,013,713	23,781
-	2,236,224	-	550,000	-	-
-	(634,319)	(39,696)	-	(997,049)	-
-0-	1,601,905	(39,696)	550,000	(997,049)	-0-
(120,726)	(152,651)	44,341	(15,021)	16,664	23,781
398,159	3,499,963	57,258	2,400,679	552,102	255,273
<u>\$ 277,433</u>	<u>\$ 3,347,312</u>	<u>\$ 101,599</u>	<u>\$ 2,385,658</u>	<u>\$ 568,766</u>	<u>\$ 279,054</u>

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2012

	Special Revenue	Capital		
	Fair Fund	Equipment/ Replacement Fund	Sheriff Department Equipment Fund	Building Authority Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	994	68,705	4,025	15,000
Charges for services	501,960	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	101,945	12,415	-	-
Other	78,450	20,635	1,373,539	-
TOTAL REVENUES	683,349	101,755	1,377,564	15,000
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	727,438	-	-	-
Capital outlay	-	942,687	590,332	15,000
TOTAL EXPENDITURES	727,438	942,687	590,332	15,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(44,089)	(840,932)	787,232	-0-
OTHER FINANCING SOURCES (USES)				
Transfers in	16,000	904,500	-	-
Transfers out	(50)	-	(791,225)	-
TOTAL OTHER FINANCING SOURCES (USES)	15,950	904,500	(791,225)	-0-
NET CHANGE IN FUND BALANCES	(28,139)	63,568	(3,993)	-0-
Fund balances, beginning of year	28,231	560,617	1,163,740	-
Fund balances, end of year	\$ 92	\$ 624,185	\$ 1,159,747	\$ -0-

Projects	Permanent			Total
	Public Improvement and Building Fund	Department on Aging Endowment Fund	Preston Endowment Fund	
\$ -	\$ -	\$ -	\$ -	\$ 1,007,343
-	-	-	-	308,417
1,732	-	-	-	9,126,093
-	-	-	-	2,238,579
-	-	-	-	155,430
2,052	-	80	-	353,501
98,410	11,292	-	-	2,075,277
102,194	11,292	80	-0-	15,264,640
80,256	8,351	453	-	4,353,721
-	-	-	-	2,334,337
-	-	-	-	6,177,313
176,183	-	-	-	1,240,917
37,864	-	-	-	2,175,564
956,613	-	-	-	2,671,516
1,250,916	8,351	453	-0-	18,953,368
(1,148,722)	2,941	(373)	-0-	(3,688,728)
822,500	-	-	-	5,589,299
(50,000)	-	-	-	(2,693,834)
772,500	-0-	-0-	-0-	2,895,465
(376,222)	2,941	(373)	-0-	(793,263)
2,948,976	67,680	109,689	3,072	13,325,208
\$ 2,572,754	\$ 70,621	\$ 109,316	\$ 3,072	\$ 12,531,945

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Parks Commission</u>			
REVENUES			
Charges for services			
Cascades Falls	\$ 134,400	\$ 134,484	\$ 84
Parks	<u>153,025</u>	<u>155,052</u>	<u>2,027</u>
 TOTAL REVENUES	 287,425	 289,536	 2,111
EXPENDITURES			
Current			
Recreation and culture			
Administration	214,772	196,721	18,051
Cascade Falls	88,578	93,534	(4,956)
Parks	348,798	353,940	(5,142)
Equipment and shop	149,547	119,700	29,847
Out-County Parks	<u>79,053</u>	<u>62,267</u>	<u>16,786</u>
 TOTAL EXPENDITURES	 <u>880,748</u>	 <u>826,162</u>	 <u>54,586</u>
 EXCESS OF REVENUES (UNDER) EXPENDITURES	 (593,323)	 (536,626)	 56,697
OTHER FINANCING SOURCES (USES)			
Transfers in	607,527	563,077	(44,450)
Transfers out	<u>(42,176)</u>	<u>(42,176)</u>	<u>-0-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>565,351</u>	 <u>520,901</u>	 <u>(44,450)</u>
 NET CHANGE IN FUND BALANCE	 (27,972)	 (15,725)	 12,247
 Fund balance, beginning of year	 <u>179,414</u>	 <u>179,414</u>	 <u>-0-</u>
 Fund balance, end of year	 <u>\$ 151,442</u>	 <u>\$ 163,689</u>	 <u>\$ 12,247</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Friend of the Court</u>			
REVENUES			
Intergovernmental			
Federal	\$ 2,445,250	\$ 2,468,832	\$ 23,582
Charges for services	<u>245,972</u>	<u>283,726</u>	<u>37,754</u>
TOTAL REVENUES	2,691,222	2,752,558	61,336
EXPENDITURES			
Current			
General government	<u>3,007,371</u>	<u>2,953,158</u>	<u>54,213</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(316,149)	(200,600)	115,549
OTHER FINANCING SOURCES			
Transfers in	<u>316,149</u>	<u>247,058</u>	<u>(69,091)</u>
NET CHANGE IN FUND BALANCE	-0-	46,458	46,458
Fund balance, beginning of year	<u>4,281</u>	<u>4,281</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 4,281</u>	<u>\$ 50,739</u>	<u>\$ 46,458</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Sparks Park Renovation</u>			
REVENUES			
Intergovernmental State	\$ 10,650	\$ -	\$ (10,650)
EXPENDITURES			
Recreation and culture	10,000	75,819	(65,819)
Capital outlay	<u>650</u>	<u>588</u>	<u>62</u>
TOTAL EXPENDITURES	<u>10,650</u>	<u>76,407</u>	<u>(65,757)</u>
NET CHANGE IN FUND BALANCE	-0-	(76,407)	(76,407)
Fund balance, beginning of year	<u>89,310</u>	<u>89,310</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 89,310</u></u>	<u><u>\$ 12,903</u></u>	<u><u>\$ (76,407)</u></u>
<u>Omnibus Forfeitures Fund</u>			
REVENUES			
Fines and forfeitures	\$ 1,000	\$ 828	\$ (172)
EXPENDITURES			
Current			
General government	<u>1,000</u>	<u>572</u>	<u>428</u>
NET CHANGE IN FUND BALANCE	-0-	256	256
Fund balance, beginning of year	<u>725</u>	<u>725</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 725</u></u>	<u><u>\$ 981</u></u>	<u><u>\$ 256</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Prosecuting Attorney Drug Enforcement Fund</u>			
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 860	\$ (9,140)
EXPENDITURES			
Current			
General government	<u>10,000</u>	<u>7,447</u>	<u>2,553</u>
NET CHANGE IN FUND BALANCE	-0-	(6,587)	(6,587)
Fund balance, beginning of year	<u>37,633</u>	<u>37,633</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 37,633</u>	<u>\$ 31,046</u>	<u>\$ (6,587)</u>
<u>Sheriff Drug Enforcement Fund</u>			
REVENUES			
Fines and forfeitures	\$ 85,000	\$ 33,449	\$ (51,551)
EXPENDITURES			
Current			
Public safety	<u>85,000</u>	<u>82,704</u>	<u>2,296</u>
NET CHANGE IN FUND BALANCE	-0-	(49,255)	(49,255)
Fund balance, beginning of year	<u>89,366</u>	<u>89,366</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 89,366</u>	<u>\$ 40,111</u>	<u>\$ (49,255)</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>County Law Library</u>			
REVENUES	\$ -	\$ -	\$ -0-
EXPENDITURES			
Current			
General government	<u>6,500</u>	<u>6,244</u>	<u>256</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(6,500)	(6,244)	256
OTHER FINANCING SOURCES			
Transfers in	<u>6,500</u>	<u>6,500</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	256	256
Fund balance, beginning of year	<u>5,339</u>	<u>5,339</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 5,339</u>	<u>\$ 5,595</u>	<u>\$ 256</u>
<u>Michigan Justice Training Fund</u>			
REVENUES			
Intergovernmental			
State	20,000	\$ 31,838	\$ 11,838
Other	<u>56,800</u>	<u>56,868</u>	<u>68</u>
TOTAL REVENUES	76,800	88,706	11,906
EXPENDITURES			
Current			
Public safety	<u>34,000</u>	<u>31,395</u>	<u>2,605</u>
EXCESS OF REVENUES OVER EXPENDITURES	42,800	57,311	14,511
OTHER FINANCING (USES)			
Transfers out	<u>(42,800)</u>	<u>(42,800)</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	14,511	14,511
Fund balance, beginning of year	<u>32,870</u>	<u>32,870</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 32,870</u>	<u>\$ 47,381</u>	<u>\$ 14,511</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Social Services Fund</u>			
REVENUES			
Intergovernmental			
State	\$ 246,000	\$ 224,617	\$ (21,383)
EXPENDITURES			
Current			
Health and welfare	<u>275,000</u>	<u>264,485</u>	<u>10,515</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(29,000)	(39,868)	(10,868)
OTHER FINANCING SOURCES			
Transfers in	<u>29,000</u>	<u>29,000</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	(10,868)	(10,868)
Fund balance, beginning of year	<u>124,571</u>	<u>124,571</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 124,571</u>	<u>\$ 113,703</u>	<u>\$ (10,868)</u>
<u>Veterans Trust Fund</u>			
REVENUES			
Intergovernmental			
State	\$ 54,000	\$ 54,780	\$ 780
EXPENDITURES			
Current			
Health and welfare	<u>54,000</u>	<u>50,224</u>	<u>3,776</u>
NET CHANGE IN FUND BALANCE	-0-	4,556	4,556
Fund balance, beginning of year	<u>1</u>	<u>1</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 1</u>	<u>\$ 4,557</u>	<u>\$ 4,556</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Airport Fund</u>			
REVENUES			
Licenses and permits	\$ 12,620	\$ 13,543	\$ 923
Charges for services	8,200	11,970	3,770
Interest and rents	234,782	235,229	447
Other	<u>37,425</u>	<u>31,741</u>	<u>(5,684)</u>
TOTAL REVENUES	293,027	292,483	(544)
EXPENDITURES			
Current			
Community and economic development			
Personal services	253,985	251,512	2,473
Administration	1,650	1,485	165
Operating	179,025	168,232	10,793
Repairs and maintenance	<u>49,269</u>	<u>53,160</u>	<u>(3,891)</u>
TOTAL EXPENDITURES	<u>483,929</u>	<u>474,389</u>	<u>9,540</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(190,902)	(181,906)	8,996
OTHER FINANCING SOURCES (USES)			
Transfers in	214,440	214,440	-0-
Transfers out	<u>(27,890)</u>	<u>(27,890)</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>186,550</u>	<u>186,550</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	(4,352)	4,644	8,996
Fund balance, beginning of year	<u>216</u>	<u>216</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ (4,136)</u></u>	<u><u>\$ 4,860</u></u>	<u><u>\$ 8,996</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Joint Narcotics Fund</u>			
REVENUES			
Fines and forfeitures	\$ 158,000	\$ 120,293	\$ (37,707)
Interest revenue	-	178	178
TOTAL REVENUE	158,000	120,471	(37,529)
EXPENDITURES			
Current			
General government	102,010	101,603	407
EXCESS OF REVENUES OVER EXPENDITURES	55,990	18,868	(37,122)
OTHER FINANCING (USES)			
Transfers out	(55,990)	(55,990)	-0-
NET CHANGE IN FUND BALANCE	-0-	(37,122)	(37,122)
Fund balance, beginning of year	246,576	246,576	-0-
Fund balance, end of year	<u>\$ 246,576</u>	<u>\$ 209,454</u>	<u>\$ (37,122)</u>
<u>Community Development Block Grant</u>			
REVENUES			
Intergovernmental			
Federal	\$ 316,000	\$ 439,677	\$ 123,677
EXPENDITURES			
Current			
Community and economic development	260,000	260,742	(742)
Capital outlay	40,000	166,296	(126,296)
TOTAL EXPENDITURES	300,000	427,038	(127,038)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,000	12,639	(3,361)
OTHER FINANCING (USES)			
Transfers out	(16,000)	(12,639)	3,361
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-
Fund balance, beginning of year	-	-	-0-
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Register Of Deeds Automation Fund</u>			
REVENUES			
Charges for services	\$ 150,000	\$ 160,375	\$ 10,375
Interest	360	284	(76)
TOTAL REVENUE	150,360	160,659	10,299
EXPENDITURES			
Current			
General government	304,115	282,809	21,306
NET CHANGE IN FUND BALANCE	(153,755)	(122,150)	31,605
Fund balance, beginning of year	469,467	469,467	-0-
Fund balance, end of year	<u>\$ 315,712</u>	<u>\$ 347,317</u>	<u>\$ 31,605</u>
<u>Airport Runway Project Fund</u>			
REVENUES			
Intergovernmental			
State	\$ -	\$ 208,877	\$ 208,877
EXPENDITURES			
Current			
Community and economic development	250,000	329,603	(79,603)
NET CHANGE IN FUND BALANCE	(250,000)	(120,726)	129,274
Fund balance, beginning of year	398,159	398,159	-0-
Fund balance, end of year	<u>\$ 148,159</u>	<u>\$ 277,433</u>	<u>\$ 129,274</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Child Care Fund</u>			
REVENUES			
Charges for services	\$ 4,000	\$ 394	\$ (3,606)
Intergovernmental	2,425,134	2,740,795	315,661
Interest and rents	<u>4,500</u>	<u>640</u>	<u>(3,860)</u>
TOTAL REVENUES	2,433,634	2,741,829	308,195
EXPENDITURES			
Current			
General government	1,462,597	912,828	549,769
Public safety	2,303,845	2,220,238	83,607
Health and welfare	<u>1,306,804</u>	<u>1,363,319</u>	<u>(56,515)</u>
TOTAL EXPENDITURES	<u>5,073,246</u>	<u>4,496,385</u>	<u>576,861</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(2,639,612)	(1,754,556)	885,056
OTHER FINANCING SOURCES (USES)			
Transfers in	2,236,224	2,236,224	-0-
Transfers out	<u>(634,319)</u>	<u>(634,319)</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,601,905</u>	<u>1,601,905</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	(1,037,707)	(152,651)	885,056
Fund balance, beginning of year	<u>3,499,963</u>	<u>3,499,963</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 2,462,256</u>	<u>\$ 3,347,312</u>	<u>\$ 885,056</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Golf Courses</u>			
REVENUES			
Charges for services			
Cascades golf course	\$ 523,314	\$ 507,254	\$ (16,060)
Cascades short course	99,561	68,057	(31,504)
	<u>622,875</u>	<u>575,311</u>	<u>(47,564)</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Recreation and culture			
Cascades golf course	444,051	409,342	34,709
Cascades short course	96,642	81,932	14,710
	<u>540,693</u>	<u>491,274</u>	<u>49,419</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	82,182	84,037	1,855
OTHER FINANCING (USES)			
Transfers out	(82,182)	(39,696)	42,486
NET CHANGE IN FUND BALANCE	-0-	44,341	44,341
Fund balance, beginning of year	<u>57,258</u>	<u>57,258</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 57,258</u>	<u>\$ 101,599</u>	<u>\$ 44,341</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Health Department</u>			
REVENUES			
Intergovernmental	\$ 2,250,747	\$ 2,829,842	\$ 579,095
Licenses and permits	360,449	294,874	(65,575)
Charges for services	426,394	415,307	(11,087)
Interest and rent	315	-	(315)
Other	669,825	394,241	(275,584)
	<u>3,707,730</u>	<u>3,934,264</u>	<u>226,534</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Health and welfare	<u>4,805,174</u>	<u>4,499,285</u>	<u>305,889</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,097,444)	(565,021)	532,423
OTHER FINANCING SOURCES			
Transfers in	<u>554,620</u>	<u>550,000</u>	<u>(4,620)</u>
NET CHANGE IN FUND BALANCE	(542,824)	(15,021)	527,803
Fund balance, beginning of year	<u>2,400,679</u>	<u>2,400,679</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 1,857,855</u>	<u>\$ 2,385,658</u>	<u>\$ 527,803</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Department of Aging Millage</u>			
REVENUES			
Taxes	\$ 991,100	\$ 1,007,343	\$ 16,243
Interest	-	678	678
Other	-	5,692	5,692
TOTAL REVENUES	991,100	1,013,713	22,613
OTHER FINANCING (USES)			
Transfers out	(997,049)	(997,049)	-0-
NET CHANGE IN FUND BALANCE	(5,949)	16,664	22,613
Fund balance, beginning of year	552,102	552,102	-0-
Fund balance, end of year	<u>\$ 546,153</u>	<u>\$ 568,766</u>	<u>\$ 22,613</u>
<u>Falling Waters Trail Fund</u>			
REVENUES			
Intergovernmental			
State	\$ 30,000	\$ 36,379	\$ 6,379
Other	20,000	4,409	(15,591)
TOTAL REVENUES	50,000	40,788	(9,212)
EXPENDITURES			
Current			
Recreation and culture	50,000	17,007	32,993
NET CHANGE IN FUND BALANCE	-0-	23,781	23,781
Fund balance, beginning of year	255,273	255,273	-0-
Fund balance, end of year	<u>\$ 255,273</u>	<u>\$ 279,054</u>	<u>\$ 23,781</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Fair Fund</u>			
REVENUES			
Intergovernmental	\$ -	\$ 994	\$ 994
Charges for service	728,575	501,960	(226,615)
Interest and rents	89,500	101,945	12,445
Other	23,000	78,450	55,450
	<u>841,075</u>	<u>683,349</u>	<u>(157,726)</u>
TOTAL REVENUES	841,075	683,349	(157,726)
EXPENDITURES			
Current			
Recreation and culture			
Personnel services	183,544	181,568	1,976
Cost of services	560,323	545,870	14,453
	<u>743,867</u>	<u>727,438</u>	<u>16,429</u>
TOTAL EXPENDITURES	743,867	727,438	16,429
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	97,208	(44,089)	(141,297)
OTHER FINANCING (USES)			
Transfers in	-	16,000	16,000
Transfers out	-	(50)	(50)
	<u>-0-</u>	<u>15,950</u>	<u>15,950</u>
TOTAL OTHER FINANCING SOURCES (USES)	-0-	15,950	15,950
NET CHANGE IN FUND BALANCE	97,208	(28,139)	(125,347)
Fund balance, beginning of year	<u>28,231</u>	<u>28,231</u>	<u>-0-</u>
Fund balance end of year	<u>\$ 125,439</u>	<u>\$ 92</u>	<u>\$ (125,347)</u>

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION

December 31, 2012

	Foreclosure Tax Administration	Personal Property Tax	Total
ASSETS			
Current assets			
Cash and pooled investments	\$ 2,169,892	\$ 26,000	\$ 2,195,892
Due from other governmental units	100,000	-	100,000
Inventories	304,348	-	304,348
	<u>2,574,240</u>	<u>26,000</u>	<u>2,600,240</u>
TOTAL ASSETS	2,574,240	26,000	2,600,240
LIABILITIES			
Current liabilities			
Accrued wages	-	1,650	1,650
Due to other governmental units	-	16,861	16,861
Due to other funds	923,753	3,716	927,469
Current portion of compensated absences	-	3,622	3,622
	<u>923,753</u>	<u>25,849</u>	<u>949,602</u>
TOTAL LIABILITIES	923,753	25,849	949,602
NET POSITION			
Unrestricted	<u>\$ 1,650,487</u>	<u>\$ 151</u>	<u>\$ 1,650,638</u>

Jackson County, Michigan

Nonmajor Enterprise Funds

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

Year Ended December 31, 2012

	Foreclosure Tax Administration	Personal Property Tax	Total
OPERATING REVENUES			
Charges for services	\$ 1,629,692	\$ 38,573	\$ 1,668,265
OPERATING EXPENSES			
Personal services	-	61,925	61,925
Other services and charges	1,626,864	1,129	1,627,993
TOTAL OPERATING EXPENSES	1,626,864	63,054	1,689,918
OPERATING INCOME (LOSS)	2,828	(24,481)	(21,653)
TRANSFERS			
Transfers in	1,242,639	26,000	1,268,639
Transfers out	-	(2,500)	(2,500)
TOTAL TRANSFERS	1,242,639	23,500	1,266,139
CHANGE IN NET POSITION	1,245,467	(981)	1,244,486
Net position, beginning of year	405,020	1,132	406,152
Net position, end of year	\$ 1,650,487	\$ 151	\$ 1,650,638

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

	Foreclosure Tax Administration	Personal Property Tax	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 1,629,692	\$ 38,573	\$ 1,668,265
Cash paid to suppliers	(1,273,962)	5,460	(1,268,502)
Cash paid for employee services and benefits	-	(61,909)	(61,909)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	355,730	(17,876)	337,854
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	1,242,639	26,000	1,268,639
Transfers out	-	(2,500)	(2,500)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,242,639	23,500	1,266,139
NET INCREASE IN CASH AND POOLED INVESTMENTS	1,598,369	5,624	1,603,993
Cash and pooled investments, beginning of year	571,523	20,376	591,899
Cash and pooled investments, end of year	<u>\$ 2,169,892</u>	<u>\$ 26,000</u>	<u>\$ 2,195,892</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 2,828	\$ (24,481)	\$ (21,653)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Decrease in:			
Inventories	352,902	-	352,902
Increase in:			
Accrued liabilities	-	16	16
Due to other governmental units	-	2,873	2,873
Due to other funds	-	3,716	3,716
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 355,730</u>	<u>\$ (17,876)</u>	<u>\$ 337,854</u>

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

December 31, 2012

	<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	\$ 366,508	\$ 197,227	\$ 23,661	\$ 3,771	\$ 591,167
Accounts receivable	-	379,266	-	-	379,266
Prepays	2,500	1,528,983	-	-	1,531,483
	<hr/>				
TOTAL ASSETS	369,008	2,105,476	23,661	3,771	2,501,916
LIABILITIES					
Current liabilities					
Accounts payable	3,200	750,208	-	-	753,408
	<hr/>				
NET POSITION					
Unrestricted	<u>\$ 365,808</u>	<u>\$ 1,355,268</u>	<u>\$ 23,661</u>	<u>\$ 3,771</u>	<u>\$ 1,748,508</u>

Jackson County, Michigan

Internal Service Funds

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

Year Ended December 31, 2012

	Self - Insured Workers Compensation	Self - Funded Managed Care Insurance	Land Use Planning	Community Planning	Total
OPERATING REVENUES					
Charges for services	\$ 186,966	\$ 10,562,849	\$ -	\$ -	\$ 10,749,815
Miscellaneous	-	608	-	-	608
TOTAL OPERATING REVENUES	186,966	10,563,457	-0-	-0-	10,750,423
OPERATING EXPENSES					
Contractual services	48,978	10,906,111	-	-	10,955,089
Other services and charges	49,244	-	-	-	49,244
TOTAL OPERATING EXPENSES	98,222	10,906,111	-0-	-0-	11,004,333
OPERATING INCOME (LOSS)	88,744	(342,654)	-0-	-0-	(253,910)
NONOPERATING REVENUES					
Interest earned	237	1,291	-	-	1,528
INCOME (LOSS) BEFORE TRANSFERS	88,981	(341,363)	-0-	-0-	(252,382)
TRANSFERS					
Transfers out	(4,411)	(35,843)	-	-	(40,254)
CHANGE IN NET POSITION	84,570	(377,206)	-0-	-0-	(292,636)
Net position, beginning of year	281,238	1,732,474	23,661	3,771	2,041,144
Net position, end of year	\$ 365,808	\$ 1,355,268	\$ 23,661	\$ 3,771	\$ 1,748,508

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

	Self - Insured Workers Compensation	Self - Funded Managed Care Insurance	Land Use Planning	Community Planning	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 186,966	\$ 10,495,167	\$ -	\$ -	\$ 10,682,133
Cash paid to suppliers	(114,048)	(11,495,863)	-	-	(11,609,911)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	72,918	(1,000,696)	-0-	-0-	(927,778)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(4,411)	(35,843)	-	-	(40,254)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest revenue	237	1,291	-	-	1,528
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	68,744	(1,035,248)	-0-	-0-	(966,504)
Cash and pooled investments, beginning of year	297,764	1,232,475	23,661	3,771	1,557,671
Cash and pooled investments, end of year	\$ 366,508	\$ 197,227	\$ 23,661	\$ 3,771	\$ 591,167
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 88,744	\$ (342,654)	\$ -	\$ -	\$ (253,910)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) in:					
Receivables	-	(68,290)	-	-	(68,290)
Prepays	-	(568,581)	-	-	(568,581)
(Decrease) increase in:					
Accounts payable	(15,826)	(21,171)	-	-	(36,997)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 72,918	\$ (1,000,696)	\$ -0-	\$ -0-	\$ (927,778)

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2012

	Agency		
	Trust and Agency	Library Fund	District Court Escrow and Bonds
ASSETS			
Cash and pooled investments	\$ 2,419,583	\$ 138,041	\$ 147,366
Accounts receivable	109,870	-	-
TOTAL ASSETS	<u>\$ 2,529,453</u>	<u>\$ 138,041</u>	<u>\$ 147,366</u>
LIABILITIES			
Due to other governmental units	\$ 769,606	\$ -	\$ -
Bonds payable	135,292	-	-
Escrow payable	-	-	-
Due to individuals and agencies	1,624,555	138,041	147,366
TOTAL LIABILITIES	<u>\$ 2,529,453</u>	<u>\$ 138,041</u>	<u>\$ 147,366</u>

Circuit Court Trust	Funds Sheriff Canteen Account	Lifeways	Total
\$ 199,244	\$ 121,310	\$ 2,412,584	\$ 5,438,128
-	-	-	109,870
\$ 199,244	\$ 121,310	\$ 2,412,584	\$ 5,547,998
\$ -	\$ -	\$ 2,412,584	\$ 3,182,190
-	-	-	135,292
5,269	-	-	5,269
193,975	121,310	-	2,225,247
\$ 199,244	\$ 121,310	\$ 2,412,584	\$ 5,547,998

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended December 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<u>Trust and Agency</u>				
ASSETS				
Cash and pooled investments	\$ 2,189,367	\$ 54,369,927	\$ 54,139,711	\$ 2,419,583
Accounts receivable	64,285	2,200,566	2,154,981	109,870
TOTAL ASSETS	\$ 2,253,652	\$ 56,570,493	\$ 56,294,692	\$ 2,529,453
LIABILITIES				
Due to individuals and agencies	\$ 1,333,036	\$ 24,883,824	\$ 24,592,305	\$ 1,624,555
Due to other governmental units	783,324	31,686,669	31,700,387	769,606
Bonds payable	137,292	-	2,000	135,292
TOTAL LIABILITIES	\$ 2,253,652	\$ 56,570,493	\$ 56,294,692	\$ 2,529,453
<u>Library Fund</u>				
ASSETS				
Cash and pooled investments	\$ 22,566	\$ 629,766	\$ 514,291	\$ 138,041
LIABILITIES				
Due to individuals and agencies	\$ 22,566	\$ 629,766	\$ 514,291	\$ 138,041
<u>District Court Escrow and Bonds</u>				
ASSETS				
Cash and pooled investments	\$ 172,144	\$ 605,130	\$ 629,908	\$ 147,366
LIABILITIES				
Due to individuals and agencies	\$ 172,144	\$ 605,130	\$ 629,908	\$ 147,366
<u>Circuit Court Trust</u>				
ASSETS				
Cash and pooled investments	\$ 642,028	\$ 795,246	\$ 1,238,030	\$ 199,244
LIABILITIES				
Escrow payable	\$ 476,809	\$ -	\$ 471,540	\$ 5,269
Due to individuals and agencies	165,219	795,246	766,490	193,975
	\$ 642,028	\$ 795,246	\$ 1,238,030	\$ 199,244

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended December 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<u>Sheriff Canteen Account</u>				
ASSETS				
Cash and pooled investments	\$ 18,478	\$ 1,204,333	\$ 1,101,501	\$ 121,310
LIABILITIES				
Due to individuals and agencies	\$ 18,478	\$ 1,204,333	\$ 1,101,501	\$ 121,310
<u>Lifeways</u>				
ASSETS				
Cash and pooled investments	\$ 8,235,989	\$ 10,153,700	\$ 15,977,105	\$ 2,412,584
LIABILITIES				
Due to other governmental units	\$ 8,235,989	\$ 10,153,700	\$ 15,977,105	\$ 2,412,584
<u>Total</u>				
ASSETS				
Cash and pooled investments	\$ 11,280,572	\$ 67,758,102	\$ 73,600,546	\$ 5,438,128
Accounts receivable	64,285	2,200,566	2,154,981	109,870
TOTAL ASSETS	\$ 11,344,857	\$ 69,958,668	\$ 75,755,527	\$ 5,547,998
LIABILITIES				
Due to other governmental units	\$ 9,019,313	\$ 41,840,369	\$ 47,677,492	\$ 3,182,190
Bonds payable	137,292	-	2,000	135,292
Escrow payable	476,809	-	471,540	5,269
Due to individuals and agencies	1,711,443	28,118,299	27,604,495	2,225,247
TOTAL LIABILITIES	\$ 11,344,857	\$ 69,958,668	\$ 75,755,527	\$ 5,547,998

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF FIDUCIARY NET POSITION

December 31, 2012

	<u>Pension</u>	<u>Retiree Health</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 211,881	\$ -	\$ 211,881
Investments, at fair value			
Money market funds	4,736,608	124,209	4,860,817
U.S. Government obligations	7,445,405	133,157	7,578,562
Corporate bonds	25,682,159	525,608	26,207,767
Corporate mortgage obligations	714,959	-	714,959
Domestic stocks	37,467,831	1,224,602	38,692,433
Index stock fund	22,902,046	-	22,902,046
International bonds	652,560	-	652,560
International stocks & ADR's	24,598,032	334,430	24,932,462
Accounts receivable	670,276	-	670,276
Accrued interest receivable	212,918	-	212,918
	<u>125,294,675</u>	<u>2,342,006</u>	<u>127,636,681</u>
LIABILITIES			
Accounts payable	365,795	-	365,795
Due to governmental units	-	340,780	340,780
	<u>365,795</u>	<u>340,780</u>	<u>706,575</u>
NET POSITION			
Held in trust for pension and employee benefits	<u>\$ 124,928,880</u>	<u>\$ 2,001,226</u>	<u>\$ 126,930,106</u>

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2012

ADDITIONS

	<u>Pension</u>	<u>Retiree Health</u>	<u>Total</u>
Investment income			
Net increase in fair value of investments	\$ 10,683,607	\$ 235,158	\$ 10,918,765
Interest and dividends	2,306,285	61,374	2,367,659
Less investment expense	<u>(808,158)</u>	<u>(19,332)</u>	<u>(827,490)</u>
Net investment income	12,181,734	277,200	12,458,934
Contributions			
Employee	2,038,024	-	2,038,024
Employer	2,900,791	-	2,900,791
Other	<u>-</u>	<u>1,164,236</u>	<u>1,164,236</u>
Total contributions	<u>4,938,815</u>	<u>1,164,236</u>	<u>6,103,051</u>
TOTAL ADDITIONS	17,120,549	1,441,436	18,561,985

DEDUCTIONS

Benefit payments	11,063,290	2,260,283	13,323,573
Refund of contributions	749,897	-	749,897
Administrative expenses	<u>142,228</u>	<u>-</u>	<u>142,228</u>
TOTAL DEDUCTIONS	<u>11,955,415</u>	<u>2,260,283</u>	<u>14,215,698</u>

CHANGE IN NET POSITION

Net position, beginning of year	<u>119,763,746</u>	<u>2,820,073</u>	<u>122,583,819</u>
Net position, end of year	<u>\$ 124,928,880</u>	<u>\$ 2,001,226</u>	<u>\$ 126,930,106</u>

Jackson County, Michigan

Component Unit Fund

STATEMENT OF NET POSITION - LAND BANK AUTHORITY

September 30, 2012

ASSETS

Current assets

Cash and pooled investments

\$ 143,902

Inventories

123,765

Note receivable

17,938

TOTAL ASSETS

285,605

LIABILITIES

Accounts payable

1,500

Due to other governmental units

100,000

TOTAL LIABILITIES

101,500

NET POSITION

Unrestricted

\$ 184,105

Jackson County, Michigan

Component Unit Fund

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

Year Ended September 30, 2012

OPERATING REVENUES	
Charges for services	\$ 107,139
Interest	<u>1,318</u>
TOTAL OPERATING REVENUES	108,457
OPERATING EXPENSES	
Other	<u>89,269</u>
OPERATING INCOME/CHANGE IN NET POSITION	19,188
Net position, beginning of year	<u>164,917</u>
Net position, end of year	<u>\$ 184,105</u>

Jackson County, Michigan

Component Unit Fund

STATEMENT OF CASH FLOWS - LAND BANK AUTHORITY

Year Ended September 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Purchase of property	\$ 22,113
Sales of property	108,514
Cash paid to suppliers	<u>(87,894)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 42,733

Cash and pooled investments, beginning of year 101,169

Cash and pooled investments, end of year \$ 143,902

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 19,188
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in:	
Inventories	22,113
Note receivable	57
Increase in:	
Accounts payable	<u>1,375</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 42,733

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT
OF NET POSITION - DRAINAGE DISTRICTS

December 31, 2012

	Debt			
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
ASSETS				
Cash and pooled investments	\$ -	\$ 306	\$ 110	\$ 32
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
TOTAL ASSETS	\$ -0-	\$ 306	\$ 110	\$ 32
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unavailable revenue	-	-	-	-
Due to other funds	-	-	104	-
Due to other governmental units	-	-	-	-
Long-term liabilities	-	-	-	-
TOTAL LIABILITIES	-0-	-0-	104	-0-
FUND BALANCES				
Restricted for debt service	-	306	6	32
Restricted for capital projects	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	306	6	32
TOTAL LIABILITIES AND FUND BALANCES	\$ -0-	\$ 306	\$ 110	\$ 32
NET POSITION				
Investment in capital assets				
Restricted for capital assets				
TOTAL NET POSITION				

Service				Capital Projects	
Clark Lake Drain	Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Spring Arbor Water Project	Drain Fund
\$ 80	\$ 556	\$ 542	\$ 2,138	\$ 3,321	\$ 1,093,062
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	65,655
-	-	-	-	-	-
<u>\$ 80</u>	<u>\$ 556</u>	<u>\$ 542</u>	<u>\$ 2,138</u>	<u>\$ 3,321</u>	<u>\$ 1,158,717</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,256
-	-	-	-	-	65,655
-	-	-	-	-	95,524
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	168,435
80	556	542	2,138	3,321	-
-	-	-	-	-	990,282
-	-	-	-	-	-
<u>80</u>	<u>556</u>	<u>542</u>	<u>2,138</u>	<u>3,321</u>	<u>990,282</u>
<u>\$ 80</u>	<u>\$ 556</u>	<u>\$ 542</u>	<u>\$ 2,138</u>	<u>\$ 3,321</u>	<u>\$ 1,158,717</u>

Jackson County, Michigan

Component Unit Funds

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

December 31, 2012

	<u>Capital Projects</u>			<u>Total</u>
	<u>Drain Revolving</u>	<u>Lake Level Districts</u>	<u>Lake Level Revolving</u>	
ASSETS				
Cash and pooled investments	\$ 106,097	\$ 68,322	\$ 5,980	\$ 1,280,546
Due from other governmental units	-	-	-	-0-
Due from other funds	95,471	-	4,260	99,731
Special assessments receivable	-	6,915	-	72,570
Capital assets being depreciated, net	-	-	-	-0-
TOTAL ASSETS	<u>\$ 201,568</u>	<u>\$ 75,237</u>	<u>\$ 10,240</u>	<u>\$ 1,452,847</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,421	\$ -	\$ -	\$ 8,677
Unavailable revenue	-	6,915	-	72,570
Due to other funds	-	3,863	240	99,731
Due to other governmental units	200,000	-	10,000	210,000
Long-term liabilities	-	-	-	-0-
TOTAL LIABILITIES	201,421	10,778	10,240	390,978
FUND BALANCES				
Restricted for debt service	-	-	-	6,981
Restricted for capital projects	-	64,459	-	1,054,741
Unassigned	147	-	-	147
TOTAL FUND BALANCES	<u>147</u>	<u>64,459</u>	<u>-0-</u>	<u>1,061,869</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 201,568</u>	<u>\$ 75,237</u>	<u>\$ 10,240</u>	<u>\$ 1,452,847</u>
NET POSITION				
Investment in capital assets				
Restricted for capital projects				
TOTAL NET POSITION				

<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ 1,280,546
8,759,789	8,759,789
(99,731)	-0-
-	72,570
<u>3,636,918</u>	<u>3,636,918</u>
12,296,976	13,749,823
-	8,677
(72,570)	-0-
(99,731)	-0-
-	210,000
<u>8,752,808</u>	<u>8,752,808</u>
8,580,507	8,971,485
(6,981)	
(1,054,741)	
<u>(147)</u>	
<u>(1,061,869)</u>	
3,636,918	3,636,918
<u>1,141,420</u>	<u>1,141,420</u>
<u>\$ 4,778,338</u>	<u>\$ 4,778,338</u>

Jackson County, Michigan

Component Unit Funds

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

December 31, 2012

Total fund balances - component unit funds \$ 1,061,869

Amounts reported for the governmental activities in the statement of net position 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>(8,605,738)</u>

Capital assets, net	3,636,918
---------------------	-----------

Unavailable revenue is not a current financial resource and therefore is not reported as revenue in the governmental funds. 72,570

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. 8,759,789

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	8,895,000
Unamortized deferred amounts on debt issuance	(232,708)
Accrued interest payable	<u>90,516</u>
	<u>(8,752,808)</u>

Net position of component unit activities \$ 4,778,338

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, 2012

	Debt			
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
REVENUES				
Intergovernmental	\$ 164,500	\$ -	\$ 39,819	\$ 157,925
Interest	-	-	112	9
TOTAL REVENUES	164,500	-0-	39,931	157,934
EXPENDITURES/EXPENSES				
Current				
Public works	-	-	-	-
Debt service				
Principal	155,000	-	25,000	125,000
Interest and fiscal charges	9,500	-	14,931	32,925
TOTAL EXPENDITURES/EXPENSES	164,500	-0-	39,931	157,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-0-	9
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Bond premium	-	-	-	-
Underwriter discount	-	-	-	-
Transfer to escrow agent	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-	-0-
NET CHANGE IN FUND BALANCES/ NET POSITION	-0-	-0-	-0-	9
Fund balances/net position, beginning of year	-	306	6	23
Fund balances/net position, end of year	<u>\$ -0-</u>	<u>\$ 306</u>	<u>\$ 6</u>	<u>\$ 32</u>

Service				Capital Projects	
Clark Lake Drain	Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Spring Arbor Water Project	Drain Fund
\$ 162,350	\$ 344,000	\$ 91,206	\$ 3,358,613	\$ -	\$ 152,197
10	37	12	50	2	817
162,360	344,037	91,218	3,358,663	2	153,014
-	-	-	-	-	101,135
155,000	265,000	75,000	3,125,000	-	-
7,350	78,925	16,324	293,073	-	-
162,350	343,925	91,324	3,418,073	-0-	101,135
10	112	(106)	(59,410)	2	51,879
-	-	-	4,045,000	-	-
-	-	-	304,415	-	-
-	-	-	(40,450)	-	-
-	-	-	(4,247,530)	-	-
-0-	-0-	-0-	61,435	-0-	-0-
10	112	(106)	2,025	2	51,879
70	444	648	113	3,319	938,403
\$ 80	\$ 556	\$ 542	\$ 2,138	\$ 3,321	\$ 990,282

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, 2012

	<u>Capital Projects</u>			<u>Total</u>
	<u>Drain Revolving</u>	<u>Lake Level Districts</u>	<u>Lake Level Revolving</u>	
REVENUES				
Intergovernmental	\$ -	\$ 6,915	\$ -	\$ 4,477,525
Interest	50	53	-	1,152
TOTAL REVENUES	50	6,968	-0-	4,478,677
EXPENDITURES/EXPENSES				
Current				
Public works	(97)	100	-	101,138
Debt service				
Principal	-	-	-	3,925,000
Interest and fiscal charges	-	-	-	453,028
TOTAL EXPENDITURES/EXPENSES	(97)	100	-0-	4,479,166
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	147	6,868	-0-	(489)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	4,045,000
Bond premium	-	-	-	304,415
Underwriter discount	-	-	-	(40,450)
Transfer to escrow agent	-	-	-	(4,247,530)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-	61,435
NET CHANGE IN FUND BALANCES/ NET POSITION	147	6,868	-0-	60,946
Fund balances/net position, beginning of year	-	57,591	-	1,000,923
Fund balances/net position, end of year	<u>\$ 147</u>	<u>\$ 64,459</u>	<u>\$ -0-</u>	<u>\$ 1,061,869</u>

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ (3,913,284)	\$ 564,241
-	1,152
(3,913,284)	565,393
161,557	262,695
(3,925,000)	-0-
(18,252)	434,776
(3,781,695)	697,471
(131,589)	(132,078)
(4,045,000)	-0-
(304,415)	-0-
40,450	-0-
4,247,530	-0-
(61,435)	-0-
(193,024)	(132,078)
3,909,493	4,910,416
\$ 3,716,469	\$ 4,778,338

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, 2012

Net change in fund balances - total component unit funds \$ 60,946

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. (33,519)

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 (161,557)

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not: (3,879,765)

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 position. In the current year, these amounts consist of:

Debt principal retirement	\$ 7,650,000	
Bond proceeds	(4,045,000)	
Net effect of bond refunding and related items	<u>232,708</u>	
		3,837,708

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 44,109

Change in net position of component unit activities \$ (132,078)

Jackson County, Michigan

Component Unit Fund

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2012

	Governmental Fund	Adjustments	Statement of Net Position
ASSETS			
Current assets			
Cash and pooled investments	\$ 55,599	\$ -	\$ 55,599
Accounts receivable	333	-	333
TOTAL	55,932	-0-	55,932
Noncurrent assets			
Note receivable - long term	684,082	-	684,082
TOTAL ASSETS	\$ 740,014	-0-	740,014
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	333	-	333
Due to other governmental units	117,500	-	117,500
TOTAL LIABILITIES	117,833	-0-	117,833
FUND BALANCE			
Nonspendable	684,082	(684,082)	-0-
Unassigned	(61,901)	61,901	-0-
TOTAL FUND BALANCE	622,181	(622,181)	-0-
TOTAL LIABILITIES AND FUND BALANCE	\$ 740,014		
NET POSITION			
Unrestricted		\$ 622,181	\$ 622,181

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net position for this component unit is not required as fund balance was equal to the net position as of December 31, 2012.

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, 2012

REVENUES	
Intergovernmental	\$ 94,327
EXPENDITURES/EXPENSES	
Community and economic development	<u>119,440</u>
NET CHANGE IN FUND BALANCE/ NET POSITION	(25,113)
Fund balance/net position, beginning of year	<u>647,294</u>
Fund balance/net position, end of year	<u><u>\$ 622,181</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities is not required as the net change in fund balance was equal to the change in net position for the year ended December 31, 2012.

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET POSITION

BOARD OF PUBLIC WORKS

December 31, 2012

	Debt			
	Village of Springport	Village of Parma Revolving	Village of Parma LDFA	Grass Lake Revolving
ASSETS				
Cash and pooled investments	\$ 71	\$ -	\$ 2,518	\$ -
Due from other governmental units	-	-	-	-
TOTAL ASSETS	\$ 71	\$ -0-	\$ 2,518	\$ -0-
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 100	\$ -
Bonds payable	-	-	-	-
Accrued interest payable	-	-	-	-
TOTAL LIABILITIES	-0-	-0-	100	-0-
FUND BALANCES				
Restricted for debt service	71	-	2,418	-
Restricted for capital projects	-	-	-	-
TOTAL FUND BALANCES	71	-0-	2,418	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 71	\$ -0-	\$ 2,518	\$ -0-
NET POSITION				
Restricted for capital projects				

Service

Grass Lake SER 2002B	Vineyard Lake Area Section	Round / Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer	Village of Parma Waste Water
\$ 3,240	\$ 92	\$ 8,870	\$ 90,534	\$ 26	\$ -
-	-	-	-	-	-
<u>\$ 3,240</u>	<u>\$ 92</u>	<u>\$ 8,870</u>	<u>\$ 90,534</u>	<u>\$ 26</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
3,240	92	8,870	90,534	26	-
-	-	-	-	-	-
<u>3,240</u>	<u>92</u>	<u>8,870</u>	<u>90,534</u>	<u>26</u>	<u>-0-</u>
<u>\$ 3,240</u>	<u>\$ 92</u>	<u>\$ 8,870</u>	<u>\$ 90,534</u>	<u>\$ 26</u>	<u>\$ -0-</u>

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET POSITION - CONCLUDED

BOARD OF PUBLIC WORKS

December 31, 2012

	Debt Service			Capital
	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer
ASSETS				
Cash and pooled investments	\$ 405	\$ 135	\$ 1,347	\$ 62
Due from other governmental units	-	-	-	-
TOTAL ASSETS	\$ 405	\$ 135	\$ 1,347	\$ 62
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-
Accrued interest payable	-	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-	-0-
FUND BALANCES				
Restricted for debt service	405	135	1,347	-
Restricted for capital projects	-	-	-	62
TOTAL FUND BALANCES	405	135	1,347	62
TOTAL LIABILITIES AND FUND BALANCES	\$ 405	\$ 135	\$ 1,347	\$ 62
NET POSITION				
Restricted for capital projects				

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 107,300	\$ -	\$ 107,300
-0-	17,264,510	17,264,510
<u>\$ 107,300</u>	17,264,510	17,371,810
\$ 100	-	100
-0-	17,051,598	17,051,598
-0-	105,774	105,774
100	17,157,372	<u>17,157,472</u>
107,138	(107,138)	
62	(62)	
107,200	<u>(107,200)</u>	
<u>\$ 107,300</u>		
	<u>\$ 209,400</u>	<u>\$ 214,338</u>

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2012

Fund balances - total component unit funds \$ 107,200

Amounts reported for the governmental activities in the statement of net position 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. 17,264,510

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	\$(17,051,598)	
Accrued interest payable	<u>(105,774)</u>	
		<u>(17,157,372)</u>

Net position of component unit activities \$ 214,338

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, 2012

	Debt			
	Village of Springport	Village of Parma Revolving	Village of Parma LDFA	Grass Lake Revolving
REVENUES				
Intergovernmental - local	\$ -	\$ 71,188	\$ 153,946	\$ 140,813
Interest	-	-	14	-
TOTAL REVENUES	-0-	71,188	153,960	140,813
EXPENDITURES/EXPENSES				
Debt service				
Principal	-	55,000	100,000	105,000
Interest and fiscal charges	-	16,188	72,889	35,813
TOTAL EXPENDITURES/EXPENSES	-0-	71,188	172,889	140,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	(18,929)	-0-
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	1,220,000	-
Transfer to escrow agent	-	-	(1,198,674)	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	21,326	-0-
NET CHANGE IN FUND BALANCES/ NET POSITION	-0-	-0-	2,397	-0-
Fund balances/Net position, beginning of year	71	-	21	-
Fund balances/Net position, end of year	\$ 71	\$ -0-	\$ 2,418	\$ -0-

Service

Grass Lake SER 2002B	Vineyard Lake Area Section	Round / Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer	Village of Parma Waste Water
\$ 41,699 5	\$ 468,925 29	\$ 316,069 29	\$ 356,050 5	\$ 230,532 3	\$ 174,165 -
41,704	468,954	316,098	356,055	230,535	174,165
25,000 16,698	300,000 168,925	225,000 91,070	175,000 181,050	190,000 40,532	110,000 64,165
41,698	468,925	316,070	356,050	230,532	174,165
6	29	28	5	3	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
6	29	28	5	3	-0-
3,234	63	8,842	90,529	23	-
\$ 3,240	\$ 92	\$ 8,870	\$ 90,534	\$ 26	\$ -0-

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, 2012

	Debt Service			Capital
	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer
REVENUES				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ -
Interest	-	-	1	-
TOTAL REVENUES	-0-	-0-	1	-0-
EXPENDITURES/EXPENSES				
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES/EXPENSES	-0-	-0-	-0-	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	1	-0-
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Transfer to escrow agent	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-	-0-
NET CHANGE IN FUND BALANCES/ NET POSITION	-0-	-0-	1	-0-
Fund balances/Net position, beginning of year	405	135	1,346	62
Fund balances/Net position, end of year	\$ 405	\$ 135	\$ 1,347	\$ 62

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,953,387 86	\$ (1,252,053) -	\$ 701,334 86
1,953,473	(1,252,053)	701,420
1,285,000 687,330	(1,285,000) 9,152	-0- 696,482
1,972,330	(1,275,848)	696,482
(18,857)	23,795	4,938
1,220,000 (1,198,674)	(1,220,000) 1,198,674	-0- -0-
21,326	(21,326)	-0-
2,469	2,469	4,938
104,731	104,669	209,400
<u>\$ 107,200</u>	<u>\$ 107,138</u>	<u>\$ 214,338</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 - BOARD OF PUBLIC WORKS

Year Ended December 31, 2012

Net change in fund balances - total component unit funds \$ 2,469

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

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not. (1,252,053)

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 position. In the current year, these amounts consist of:

Debt principal retirement	\$ 2,460,000	
Debt proceeds	<u>(1,220,000)</u>	
		1,240,000

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	<u>14,522</u>
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Change in net position of component unit activities \$ 4,938

STATISTICAL SECTION (UNAUDITED)

JACKSON COUNTY
Net Position by Component
Last Ten Years
(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>	<u>2011</u>	<u>2012</u>
Governmental activities										
Investment in capital assets	\$ 15,599,655	\$ 16,852,113	\$ 15,904,438	\$ 16,131,214	\$ 16,662,254	\$ 16,820,741	\$ 16,533,573	\$ 15,130,221	\$ 15,172,343	\$ 14,381,796
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	17,220,863	15,477,619
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	14,863,873	13,990,332
Total governmental activities net position	<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>	<u>\$ 47,257,079</u>	<u>\$ 43,849,747</u>
Business-type activities										
Investment in capital assets	\$ 6,418,081	\$ 7,577,629	\$ 8,331,629	\$ 8,256,892	\$ 9,254,305	\$ 11,920,478	\$ 12,124,522	\$ 13,178,355	\$ 13,901,502	\$ 15,663,869
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	25,585,370	25,095,420
Total business-type activities net position	<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>	<u>\$ 39,486,872</u>	<u>\$ 40,759,289</u>
Primary government										
Investment in capital assets	\$ 22,017,736	\$ 24,429,742	\$ 24,236,067	\$ 24,388,106	\$ 25,916,559	\$ 28,741,219	\$ 28,658,095	\$ 28,308,576	\$ 29,073,845	\$ 30,045,665
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	17,220,863	15,477,619
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	40,449,243	39,085,752
Total primary government net position	<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>	<u>\$ 86,743,951</u>	<u>\$ 84,609,036</u>

Source: Jackson County Administrative Services Department

JACKSON COUNTY
Changes in Net Position
Last Ten Years
(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>	<u>2011</u>	<u>2012</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	\$ 22,951,626	\$ 25,607,190
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	18,882,372	18,745,790
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	10,664,522	10,734,927
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	2,844,926	2,910,341
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	2,006,522	1,795,363
Interest on long-term debt	528,227	544,615	536,869	570,535	856,277	831,753	803,914	1,156,503	443,479	595,138
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>	<u>57,793,447</u>	<u>60,388,749</u>
Business-type activities:										
Delinquent tax collection/forfeitures	219,945	584,691	465,438	582,566	543,975	523,433	560,542	345,126	490,959	325,312
Foreclosure tax	192,716	80,434	107,519	382,099	233,853	301,988	426,210	494,072	462,740	1,626,864
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	17,816,002	18,151,367
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	8,242,890	8,960,431
Personal Property Tax	13,873	98,706	394,249	59,534	70,351	66,944	66,998	66,631	35,350	63,054
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>	<u>27,047,941</u>	<u>29,127,028</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>	<u>84,841,388</u>	<u>89,515,777</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	6,279,516	6,743,324
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	1,441,373	1,362,064
Health	1,075,893	1,074,443	1,014,150	899,984	803,243	852,737	799,753	791,184	780,492	802,134
Culture and recreation	901,627	927,955	912,318	875,804	870,466	881,788	882,320	869,020	757,368	878,478
Community development	-	-	-	310,630	337,918	273,898	279,240	285,455	256,783	274,336
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	17,845,207	18,373,243
Capital grants and contributions	-	-	-	-	-	-	-	-	382,293	4,025
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>	<u>27,743,032</u>	<u>28,437,604</u>

JACKSON COUNTY
Changes in Net Position (Continued)
Last Ten Years
(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>	<u>2011</u>	<u>2012</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	\$ 2,714,617	\$ 2,583,369
Foreclosure tax	361,807	75,248	201,356	160,311	229,487	65,979	580,854	421,951	685,354	1,629,692
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	17,265,521	17,980,920
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	9,038,085	8,896,637
Personal Property Tax	46,942	103,333	194,748	250,052	154,886	47,285	52,915	81,078	38,135	38,573
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	-	-	-	-
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>	<u>29,741,712</u>	<u>31,129,191</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>	<u>57,484,744</u>	<u>59,566,795</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)	(30,050,415)	(31,951,145)
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>	<u>2,693,771</u>	<u>2,002,163</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>	<u>(27,356,644)</u>	<u>(29,948,982)</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	24,779,304	24,605,780
State shared revenue	3,598,156	2,232,993	612,647	656,012	686,772	736,391	1,236,701	2,361,911	3,297,426	2,577,616
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	1,303,344	437,115
Transfers	2,833,792	2,873,036	1,614,331	592,990	1,574,795	2,679,194	1,122,574	1,233,954	960,559	792,659
Other	-	-	-	-	-	-	63,107	78,408	200,941	130,643
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>	<u>30,541,574</u>	<u>28,543,813</u>

JACKSON COUNTY
Changes in Net Position (Concluded)
Last Ten Years
(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>	<u>2011</u>	<u>2012</u>
General Revenues - concluded										
Business-type activities:										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,033	\$ 30,474	\$ 131,423	\$ 41,007
Transfers	(2,833,792)	(2,924,513)	(1,594,101)	(663,226)	(1,565,385)	(2,626,150)	(1,123,027)	(1,225,023)	(948,952)	(873,240)
Other	-	-	-	-	-	-	141,172	24,471	25,672	102,487
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>	<u>(791,857)</u>	<u>(729,746)</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>	<u>29,749,717</u>	<u>27,814,067</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	491,159	(3,407,332)
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>	<u>1,901,914</u>	<u>1,272,417</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>	<u>\$ 2,393,073</u>	<u>\$ (2,134,915)</u>

Source: Jackson County Administrative Services Department

JACKSON COUNTY
Fund Balances - Governmental Funds
Last Ten Years
(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>	<u>2011</u>	<u>2012</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	-	-
Nonspendable	-	-	-	-	-	-	-	-	876,332	888,149
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	1,447,924	958,703
Assigned	-	-	-	-	-	-	-	-	830,299	830,299
Unassigned	-	-	-	-	-	-	-	-	12,965,088	12,789,539
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>	<u>\$ 16,119,643</u>	<u>\$ 15,466,690</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	-	-
Nonspendable	-	-	-	-	-	-	-	-	431,540	387,139
Restricted	-	-	-	-	-	-	-	-	17,150,425	15,397,727
Committed	-	-	-	-	-	-	-	-	1,504,087	1,539,808
Unassigned	-	-	-	-	-	-	-	-	(2,753)	-
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>	<u>\$ 19,083,299</u>	<u>\$ 17,324,674</u>

(A) - Jackson County implemented GASB Statement No. 54 as of and for the year ended December 31, 2011. Prior year amounts are not restated

Source: Jackson County Administrative Services Department

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 19,139,904	\$ 26,211,661	\$ 28,674,384	\$ 30,548,572	\$ 26,632,998	\$ 26,301,985	\$ 26,383,232	\$ 25,541,044	\$ 24,779,305	\$ 24,606,997
Licenses and permits	539,133	588,399	568,405	536,321	497,887	474,069	437,296	471,432	459,766	464,860
Intergovernmental	18,405,174	16,580,471	16,591,458	15,788,530	15,701,183	14,098,155	13,904,984	15,498,755	17,817,486	17,413,440
Charges for services	9,081,440	8,835,069	8,647,694	8,203,360	8,006,369	8,873,750	7,589,130	7,920,575	7,603,096	7,802,940
Fines and forfeits	1,346,436	1,221,828	1,178,027	1,057,902	1,211,283	999,836	1,021,582	987,318	929,517	884,085
Investment income	1,564,378	1,921,629	2,010,888	2,574,872	2,848,441	2,389,750	1,548,242	1,136,906	1,759,834	975,110
Other revenues	2,264,659	2,353,691	2,934,004	3,270,925	3,761,527	3,385,049	4,181,788	3,871,363	4,300,043	4,366,326
Total revenues	52,341,124	57,712,748	60,604,860	61,980,482	58,659,688	56,522,594	55,066,254	55,427,393	57,649,047	56,513,758
Expenditures										
General government	21,050,030	20,539,483	20,765,931	21,199,149	21,682,119	21,063,018	20,540,737	19,928,198	19,954,588	20,594,967
Public safety	12,010,987	14,061,504	14,690,942	14,783,211	15,579,716	15,805,365	14,871,330	15,132,380	15,434,422	15,720,974
Public works	-	-	-	-	-	-	-	-	-	-
Health	9,011,706	9,080,571	9,618,667	9,375,279	9,446,914	8,703,895	7,901,528	8,808,954	8,937,570	9,113,206
Culture and recreation	1,495,417	1,482,387	1,661,674	1,556,943	2,080,699	1,775,068	2,448,636	2,112,047	1,985,441	2,175,564
Community development	-	-	-	143,212	2,002,491	1,090,014	1,290,775	919,684	1,775,957	1,586,540
Other activities	7,461,000	10,157,473	8,023,440	7,906,082	7,580,626	6,563,892	5,771,014	5,932,361	5,769,282	6,400,349
Capital outlay	13,375,120	3,742,658	2,488,485	8,302,321	1,559,476	2,177,165	917,416	1,030,778	2,502,612	2,671,516
Debt service										
Principal	275,000	275,000	275,000	350,000	600,000	700,000	700,000	775,000	905,000	895,000
Interest	502,681	1,389,257	539,369	531,869	860,645	836,969	809,331	779,925	421,334	600,133
Total expenditures	65,181,941	60,728,333	58,063,508	64,148,066	61,392,686	58,715,386	55,250,767	55,419,327	57,686,206	59,758,249
Revenues over (under) expenditures	(12,840,817)	(3,015,585)	2,541,352	(2,167,584)	(2,732,998)	(2,192,792)	(184,513)	8,066	(37,159)	(3,244,491)
Other financing sources (uses)										
Issuance of bonds	-	-	-	7,045,000	-	-	-	10,100,000	-	-
Bond discount	-	-	-	(42,340)	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	(82,333)	-	-
Transfers to escrow agent	-	-	-	-	-	-	-	(10,018,468)	-	-
Transfers in	8,645,681	16,835,716	14,008,313	13,437,705	15,652,285	15,375,975	14,747,892	13,543,829	12,695,160	11,001,852
Transfers out	(5,698,732)	(13,249,940)	(12,217,191)	(12,663,185)	(13,863,913)	(12,591,093)	(13,809,630)	(12,215,610)	(11,696,532)	(10,168,939)
Total other financing sources (uses)	2,946,949	3,585,776	1,791,122	7,777,180	1,788,372	2,784,882	938,262	1,327,418	998,628	832,913
Net changes in fund balances	\$ (9,893,868)	\$ 570,191	\$ 4,332,474	\$ 5,609,596	\$ (944,626)	\$ 592,090	\$ 753,749	\$ 1,335,484	\$ 961,469	\$ (2,411,578)
Debt service as a percentage of noncapital expenditures	1.4%	3.1%	1.5%	1.4%	2.5%	2.8%	2.8%	2.9%	2.4%	2.6%

Source: Jackson County Administrative Services Department

JACKSON COUNTY
Changes in Fund Balances - General Fund
Last Ten Years
(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>	<u>2011</u>	<u>2012</u>
Revenues										
Taxes	\$ 17,015,900	\$ 17,956,661	\$ 19,398,287	\$ 21,074,348	\$ 23,036,819	\$ 22,536,049	\$ 22,553,464	\$ 21,700,151	\$ 21,109,245	\$ 21,043,608
Licenses and permits	101,723	138,631	140,166	126,079	119,539	135,192	156,335	175,006	171,086	156,443
Intergovernmental	9,067,839	8,026,159	6,181,855	6,161,126	6,153,948	5,961,239	6,141,528	7,862,620	8,968,474	8,287,347
Charges for services	7,086,481	6,837,104	6,573,634	6,303,080	6,218,903	5,338,369	5,079,399	5,491,690	5,208,296	5,564,361
Fines and forfeits	1,129,809	1,066,752	906,658	845,866	941,868	749,644	732,132	728,241	700,521	728,655
Investment income	1,091,967	1,561,669	1,470,154	1,981,369	2,255,763	1,897,465	1,205,421	869,110	1,374,972	617,042
Other revenues	679,688	756,016	1,382,861	1,283,861	1,329,233	1,474,543	580,749	525,441	631,080	710,319
Total revenues	36,173,407	36,342,992	36,053,615	37,775,729	40,056,073	38,092,501	36,449,028	37,352,259	38,163,674	37,107,775
Expenditures										
Elections	82,590	168,639	101,107	180,727	127,981	277,010	-	-	-	-
Legislative	206,663	212,660	214,972	204,724	222,134	223,025	-	-	-	-
Judicial	6,005,642	5,791,244	5,820,832	5,880,955	6,051,352	5,934,204	-	-	-	-
General government	9,673,984	10,101,306	9,811,231	9,984,893	10,062,268	9,858,185	15,908,581	15,835,320	15,626,331	16,241,246
Public safety	9,839,612	11,684,741	11,869,900	12,065,712	12,745,940	12,681,662	12,531,637	12,925,272	13,105,635	13,386,637
Health	2,372,338	2,417,480	2,868,936	3,103,073	3,232,085	3,032,634	2,602,846	2,601,208	2,611,342	2,653,476
Other activities	4,650,364	5,156,890	5,326,414	5,831,316	5,674,330	5,493,801	5,051,238	5,497,645	5,007,331	5,663,549
Total expenditures	32,831,193	35,532,960	36,013,392	37,251,400	38,116,090	37,500,521	36,094,302	36,859,445	36,350,639	37,944,908
Revenues over (under) expenditures	3,342,214	810,032	40,223	524,329	1,939,983	591,980	354,726	492,814	1,813,035	(837,133)
Other financing sources (uses)										
Transfers in	1,444,094	3,599,125	6,226,447	6,214,717	6,599,333	6,671,943	7,780,600	5,646,699	4,515,983	4,576,289
Transfers out	(3,751,156)	(5,597,493)	(5,478,041)	(6,111,037)	(6,309,822)	(5,389,924)	(5,510,959)	(5,591,401)	(5,550,456)	(4,392,109)
Total other financing sources (uses)	(2,307,062)	(1,998,368)	748,406	103,680	289,511	1,282,019	2,269,641	55,298	(1,034,473)	184,180
Net changes in fund balances	\$ 1,035,152	\$ (1,188,336)	\$ 788,629	\$ 628,009	\$ 2,229,494	\$ 1,873,999	\$ 2,624,367	\$ 548,112	\$ 778,562	\$ (652,953)

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>
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
2011	2,918,037	585,050	212,279	183,094	4,647	375,068	4,278,175	4,971,653	5.9909
2012	2,841,876	553,113	205,194	187,167	4,125	385,366	4,176,841	4,772,886	5.9936

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
County direct rates										
Operating	5.2734	5.2022	5.1471	5.1259	5.1187	5.1187	5.1187	5.1187	5.1187	5.1187
Medical Care facility	0.1442	0.1422	0.1406	0.1400	0.1398	0.1398	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	0.4851	0.4851
Senior Services		0.2500	0.2488	0.2477	0.2473	0.2473	0.2473	0.2473	0.2473	0.2500
Total direct rate	<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>	<u>5.9909</u>	<u>5.9936</u>
Overlapping rates										
Cities:										
Jackson	15.2982	15.7482	15.8785	15.3289	14.6889	14.5889	15.8089	15.3589	15.8389	16.1389
Townships (average) (A)	1.5206	1.8247	1.7763	1.7185	1.6796	1.7737	1.7709	1.8980	1.9418	1.9367
Villages (average) (B)	10.3166	10.3812	10.7263	10.6623	10.0423	9.4123	10.9535	10.7720	10.7496	11.0929
School districts (average) (C)	22.3200	22.4380	22.2208	22.3375	22.3495	22.4486	22.3737	22.3737	22.8728	21.8281
Intermediate school district (average) (D)	5.6821	5.8137	6.0999	5.9006	5.8883	5.8986	5.9528	5.9528	5.9692	6.0600
Community college	1.1798	1.1638	1.1565	1.1463	1.1446	1.1446	1.1446	1.1446	1.1446	1.1446
District Library	0.8556	0.8736	0.8682	0.8606	0.8593	1.2593	1.2593	1.2593	1.2593	1.2593
(A) - Rates range from:										
Low	0.7854	0.7749	0.7642	0.7603	0.7603	0.7603	0.7603	0.7603	0.7603	0.7603
High	3.1654	5.7618	5.7409	3.3088	2.6809	5.3386	5.3386	5.3386	5.3386	5.3386
(B) - Rates range from:										
Low	5.1200	4.3860	4.9786	4.4180	4.5694	0.0000	4.6766	4.6766	4.3256	5.0700
High	18.5477	17.8835	17.4205	17.3560	17.0409	16.6124	16.4509	16.4509	16.4536	16.7900
(C) - Rates range from:										
Low	17.8018	17.6658	17.3796	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000
High	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500
(D) - Rates range from:										
Low	3.0738	3.0550	3.8488	3.8342	3.8342	3.8342	3.9745	3.9745	4.0729	3.9745
High	7.4217	8.2207	8.1704	8.1111	8.0963	8.1100	8.1100	8.1100	8.1100	8.7600

Source: Jackson County Administrative Services Department

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

Taxpayer	2012			2003		
	Assessed* Taxable Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Taxable Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 158,125,837	1	3.79%	\$ 136,439,763	1	3.79%
DPC Juniper LLC	87,033,000	2	2.08%	-		-
MACI	51,908,263	3	1.24%	98,039,283	2	2.73%
Gerdau MAC Steel	29,994,614	4	0.72%	50,206,482	3	1.40%
TAC Manufacturing Inc.	16,556,950	5	0.40%	18,971,470	4	0.53%
Meijer Inc.	13,450,114	6	0.32%	13,293,101	7	0.37%
Wal-mart Stores Inc.	12,480,985	7	0.30%	-		-
Vista Grande Villa	11,899,979	8	0.28%	-		-
John Ganton	11,440,979	9	0.27%	7,812,579	11	0.22%
Tenneco/Walker	10,876,477	10	0.26%	-		-
Ramco Jackson LTD	10,794,935	11	0.26%	14,804,110	6	0.41%
Comcast	10,547,139	12	0.25%	-		-
Wolverine Tech/Certainteed	9,707,900	13	0.23%	12,631,839	8	0.35%
Adco	8,407,773	14	0.20%	-		-
Westwood Mall	8,203,186	15	0.20%	-		-
Lloyd Ganton	7,821,250	16	0.19%	-		-
Federal Banks	7,528,193	17	0.18%	-		-
Vector Pipeline LP	7,417,919	18	0.18%	12,057,560	9	0.34%
Michigan Electric Transmission	6,433,529	19	0.15%	-		-
Sears Roebuck	5,685,539	20	0.14%	-		-
Quanex	-		-	15,746,498	5	0.44%
Jackson Automotive	-		-	8,130,217	10	0.23%
	<u>\$ 486,314,561</u>		<u>11.64%</u>	<u>\$ 388,132,902</u>		<u>10.81%</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

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
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%
2011	24,191,799	22,635,414	93.57%	1,460,958	24,096,372	99.61%
2012	23,838,450	22,426,460	94.08%	1,361,990	23,788,450	99.79%

Source: Jackson County Treasurer's Office

JACKSON COUNTY
Ratios of Outstanding Debt by Type
Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities										
General Obligation Bonds										
Jail	\$ 12,500,000	\$ 12,250,000	\$ 12,000,000	\$ 11,675,000	\$ 11,325,000	\$ 10,925,000	\$ 10,525,000	\$ 10,550,000	\$ 9,970,000	\$ 9,400,000
For the benefit of										
Lifeways Mental Health Agency	850,000	825,000	800,000	7,820,000	7,570,000	7,988,195	6,970,000	6,645,000	6,320,000	5,995,000
	<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>	<u>16,290,000</u>	<u>15,395,000</u>
Business-type activities										
Resource Recovery	15,505,000	13,950,000	12,385,000	10,825,000	9,245,000	7,675,000	5,775,000	4,445,000	2,695,000	905,000
Medical Care Facility	15,225,000	14,950,000	14,790,714	14,424,109	14,052,505	13,680,900	13,254,295	12,822,690	12,341,085	11,864,481
	<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>	<u>15,036,085</u>	<u>12,769,481</u>
Total Debt	<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>	<u>\$ 31,326,085</u>	<u>\$ 28,164,481</u>
Taxable value (000's)	\$ 3,595,875	\$ 3,760,571	\$ 3,988,239	\$ 4,220,568	\$ 4,450,148	\$ 4,531,910	\$ 4,551,416	\$ 4,373,176	\$ 4,278,175	\$ 4,176,841
Ratio of total debt to taxable value	1.23%	1.12%	1.00%	1.06%	0.95%	0.89%	0.80%	0.79%	0.73%	0.67%
Total population	162,580	162,653	163,629	163,851	163,006	160,180	159,828	160,248	160,248	160,309
Total debt per capita	\$ 271.13	\$ 258.06	\$ 244.31	\$ 273.08	\$ 258.84	\$ 251.40	\$ 228.52	\$ 215.06	\$ 195.49	\$ 175.69
% of personal income	0.06%	0.06%	0.06%	0.07%	0.06%	0.07%	0.07%	0.08%	0.09%	0.08%

Source: Jackson County Finance Department

JACKSON COUNTY
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Restricted To Repaying Principal</u>	<u>Total</u>	<u>Percent of Personal Income</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2003	\$ 13,350,000	\$ -	\$ 13,350,000	0.19%	0.37%	\$ 82.11
2004	13,075,000	-	13,075,000	0.20%	0.35%	80.39
2005	12,800,000	-	12,800,000	0.21%	0.32%	78.23
2006	19,495,000	-	19,495,000	0.14%	0.46%	118.98
2007	18,895,000	-	18,895,000	0.15%	0.42%	115.92
2008	18,913,195	-	18,913,195	0.16%	0.42%	118.07
2009	17,495,000	-	17,495,000	0.17%	0.38%	109.46
2010	17,195,000	-	17,195,000	0.17%	0.39%	107.30
2011	16,290,000	-	16,290,000	0.13%	0.38%	101.65
2012	15,395,000	-	15,395,000	0.14%	0.37%	96.03

Source: Jackson County Finance Department

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2012

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
Direct debt			
General obligation bonds	\$ 15,395,000	\$ 5,995,000	\$ 9,400,000
Resource recovery bonds	905,000	905,000	-
Medical care facility bonds	11,864,481	11,864,481	-
County Road Commission debt	137,072	137,072	-
Drain bonds and notes	8,662,292	8,662,292	-
Public Works-water and sewer debt	17,051,598	17,051,598	-
	<u>\$ 54,015,443</u>	<u>\$ 44,615,443</u>	<u>\$ 9,400,000</u>
	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Jackson County</u>	<u>Share Applicable to Jackson County</u>
Overlapping debt			
City of Jackson	\$ 40,615,000	100.00%	\$ 40,615,000
Blackman Township	3,215,000	100.00%	3,215,000
Columbia Township	7,065,322	100.00%	7,065,322
Grass Lake Township	748,859	100.00%	748,859
Hanover Township	1,782,900	100.00%	1,782,900
Leoni Township	4,000,000	100.00%	4,000,000
Liberty Township	467,100	100.00%	467,100
Napoleon Township	3,756,141	100.00%	3,756,141
Norvell Township	2,091,662	100.00%	2,091,662
Rives Township	1,015,000	100.00%	1,015,000
Spring Arbor Township	330,000	100.00%	330,000
Brooklyn Village	1,940,000	100.00%	1,940,000
Concord Village	635,000	100.00%	635,000
Grass Lake Village	2,340,000	100.00%	2,340,000
Parma Village	4,400,000	100.00%	4,400,000
Springport Village	340,000	100.00%	340,000
Addison School District	18,595,000	0.05%	9,298
Albion School District	4,775,000	5.72%	273,130
Chelsea School District	59,185,121	4.65%	2,752,108
Columbia School District	1,915,000	75.81%	1,451,762
Concord School District	3,375,000	100.00%	3,375,000
East Jackson School District	12,635,000	100.00%	12,635,000
Grass Lake School District	29,641,901	99.22%	29,410,694
Hanover-Horton School District	4,590,000	85.56%	3,927,204

continued...

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

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt - CONCLUDED
As of December 31, 2012

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Jackson County</u>	<u>Share Applicable to Jackson County</u>
Homer School District	\$ 21,203,432	1.26%	\$ 267,163
Jackson School District	40,265,000	100.00%	40,265,000
Jonesville School District	23,015,621	0.70%	161,109
Leslie School District	15,497,087	11.67%	1,808,510
Litchfield School District	1,245,000	3.32%	41,334
Manchester School District	40,936,340	0.73%	298,835
Napoleon School District	14,920,000	99.95%	14,912,540
North Adams-Jerome School District	825,000	0.90%	7,425
Northwest School District	4,935,000	99.76%	4,923,156
Springport School District	15,781,818	62.33%	9,836,807
Stockbridge School District	11,800,000	22.41%	2,644,380
Vandercook Lake School district	7,700,000	100.00%	7,700,000
Western School District	44,765,000	100.00%	44,765,000
Ingham Intermediate School district	2,334,000	1.13%	26,374
Jackson Intermediate School District	900,000	94.30%	848,700
Jackson Community College	<u>37,145,000</u>	100.00%	<u>37,145,000</u>
 Total overlapping debt	 <u>\$ 492,722,304</u>		 <u>294,227,514</u>
 Total direct and overlapping debt			 <u>\$ 303,627,514</u>

Overlapping debt is calculated for an entity based upon assessed values received from the State of Michigan, which determines the issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is apportioned based upon relative assessed values.

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

JACKSON COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2012

Assessed value	\$ 4,772,886,000
Debt limit (10% of assessed value)	477,288,600
Debt applicable to limit - gross direct bonds	<u>54,015,443</u>
Legal debt margin	<u>\$ 423,273,157</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>
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	68,521,552	454,029,448	13.11%
2011	497,165,300	62,576,592	434,588,708	12.59%
2012	477,288,600	54,015,443	423,273,157	11.32%

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>
2003	162,580	77,453	\$ 4,206,743	\$ 25,875	7.98%
2004	162,653	78,187	4,304,049	26,462	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%
2011	160,248	71,890	3,516,963 (b)	21,947	8.64%
2012	160,309	69,851	3,563,188	22,227	8.20%

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

(b) Estimate used from US Census Bureau

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

JACKSON COUNTY
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2012 (1)</u>			<u>2002 (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	3,620	1	5.18%	2,589	1	3.55%
Consumers Energy	2,400	2	3.44%	2,025	3	2.78%
Michigan Department of Corrections	2,040	3	2.92%	2,301	2	3.16%
Great Lakes Home & Health	1,118	4	1.60%			
Local Government	870	5	1.25%	955	5	1.31%
Jackson Public Schools	782	6	1.12%			
Meijer Inc	755	7	1.08%	1,400	4	1.92%
MACI	740	8	1.06%	500	8	0.69%
Jackson Community College	650	9	0.93%	833	6	1.14%
Eaton Corporation	598	10	0.86%	600	7	0.82%
TAC Manufacturing	590	11	0.84%	300	12	0.41%
Jackson County Intermediate School District	500	12	0.72%			
Dawn Food Products	483	13	0.69%	350	10	0.48%
McDonald's 8 Jackson locations	450	14	0.64%			
Wal-Mart Inc	417	15	0.60%			
Mac Steel-Div of Quanex	349	16	0.50%			
Alro Steel	325	17	0.47%			
Spring Arbor University	300	18	0.43%			
Ganton Countryside Care Center	300	19	0.43%			
Tenneco	270	20	0.39%			
Michigan Seat Company				400	9	0.55%
Wolverine Vinyl Siding				350	11	0.48%
	<u>17,557</u>		<u>25.14%</u>	<u>12,603</u>		<u>17.29%</u>

Source (1): Enterprise Group of Jackson Inc. (April 2012)

Source (2): Jackson County Building Authority Bonds Series 2002
Official Bond Statement 2002

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legislative										
Board of Commissioners	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Judicial										
Circuit Court	31.0	30.5	30.5	31.5	30.0	29.0	29.0	28.0	28.0	28.0
District Court	60.0	57.0	55.0	55.0	55.0	55.0	54.5	51.0	49.0	49.0
Friend of the Court	51.5	50.0	47.5	47.5	47.5	46.5	44.5	43.5	44.0	44.0
County Guardian	3.3	3.4	3.3	3.0	-	-	-	-	-	-
General Government and Elections										
County Administration	3.5	3.8	3.0	3.0	2.0	2.0	3.0	3.5	2.5	2.5
Administrative Services	5.0	4.0	4.8	4.5	4.5	4.3	7.5	6.5	3.5	3.6
Information & Tech Systems	9.0	8.0	7.0	7.0	7.0	7.0	7.0	9.0	9.0	9.0
*Human Resources	6.0	6.0	5.0	3.0	3.0	3.0	-	-	4.8	4.5
Equalization	8.0	9.0	9.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0
GIS	-	-	-	-	3.0	3.0	3.0	2.0	2.0	2.0
Facilities Management	27.3	24.8	18.0	18.0	17.8	21.5	20.5	17.0	14.8	14.8
Fleet Operations	5.0	5.0	3.0	3.0	2.0	-	-	-	-	-
Clerk	20.5	21.0	19.5	20.3	20.4	20.7	21.0	20.0	19.3	18.8
Register of Deeds	6.0	6.0	6.0	6.0	6.0	6.0	5.0	4.0	5.0	5.0
Treasurer	7.0	3.0	1.5	2.0	1.5	1.5	1.5	1.0	1.0	1.0
MSU Extension	3.5	3.5	3.5	3.5	3.0	3.0	2.5	2.5	2.5	2.0
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	-	-	-	-
Retirement Board	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.3	-	-
Public Safety										
Prosecuting Attorney	26.0	27.5	27.5	27.5	27.5	27.5	27.5	25.6	25.6	25.6
Sheriff	60.0	65.0	65.0	65.0	62.0	60.0	59.0	54.0	55.0	58.0
Emergency Management	20.0	20.0	20.0	20.0	20.0	20.0	20.0	19.0	19.0	19.0
Jail	56.0	57.5	56.3	58.0	56.0	56.0	55.0	54.0	54.0	54.0
Animal Control	7.0	7.8	7.8	7.3	7.3	7.0	4.0	3.0	3.0	3.0
Youth Center	38.5	42.8	39.5	39.5	38.0	36.6	35.8	32.4	32.4	32.3
Health and Welfare										
Environmental Health	-	-	-	13.0	13.0	9.8	8.3	8.0	8.0	8.0
Public Health	60.0	59.3	56.0	43.7	40.7	39.0	41.8	40.2	41.5	43.5
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	27.0	24.2	26.5	26.3	30.4	29.9	28.8	28.6	27.7	27.7
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	3.5	3.5
Culture & Recreation										
Parks & Recreation	10.0	10.0	10.0	8.0	8.0	8.0	8.0	6.0	6.0	6.0
Golf Course	-	-	-	1.0	4.6	4.0	4.0	2.6	2.8	2.8
***Fair	-	-	-	-	-	-	-	2.5	1.0	1.0
Other										
Airport	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.7
Enterprise Funds	3.5	7.5	9.0	8.5	7.5	7.5	8.5	6.0	6.0	6.0
Total	578.6	580.6	558.2	557.1	550.0	540.1	533.5	503.2	499.4	503.3

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

<u>Function/Program</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>	<u>2011</u>	<u>2012</u>
Public Safety										
Sheriff:										
Number of complaints	-	25,110	23,795	24,669	26,641	26,792	33,034	30,069	39,448	35,654
Number of dispatches	-	136,800	140,099	134,028	129,691	127,895	146,669	138,673	149,663	152,808
Number of arrests	-	1,562	1,610	1,871	1,856	1,875	1,551	1,506	1,335	2,328
Number of bookings	-	7,448	8,376	8,991	9,576	8,996	9,543	11,104	10,779	8,182
Health										
Public Health:										
Immunizations administered	10,839	10,558	12,586	7,859	7,645	7,575	7,133	14,921	10,052	9,247
WIC participants	5,031	5,200	5,243	5,082	5,272	5,534	5,687	5,725	5,485	5,401
Vision/hearing screening	17,208	16,855	15,411	9,518	14,964	16,433	10,472	16,392	17,597	18,671
Culture & Recreation										
Parks & Recreation:										
Special events participation	200,000	210,000	215,000	215,000	200,000	220,000	220,000	220,000	220,000	225,000
Cascades Falls participation	25,000	25,000	28,000	27,500	40,000	29,750	29,750	29,750	29,750	31,425
Rounds of Golf	43,620	44,056	45,665	40,700	30,000	38,550	33,700	33,400	33,400	32,248
Camper participation	12,540	12,590	14,500	15,300	13,300	15,550	15,550	33,700	33,700	14,740

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

Note: Public Safety data for 2003 is not available

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Corrections facility capacities	426	426	426	426	426	426	426	426	426	426
Vehicle:										
Sheriff	35	38	40	43	38	39	47	41	49	35
Animal control	4	5	4	4	4	4	5	4	5	3
Parks and recreation										
Parks:										
County	15	15	15	15	16	16	16	16	16	16
Park acreage:										
Parkland	591	591	591	591	1000	900	900	900	900	900
Picnic areas	15	15	15	15	17	17	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	15	15	15	15	15
Concession	2	2	2	2	2	4	4	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	4	4	4	4	4	4
Playgrounds	15	15	15	15	15	9	9	10	10	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	542	652	652	652	652	546	544	544	544	544
Paved local	722	972	972	1,010	1,010	788	790	796	1042	786
Gravel	312	312	312	283	283	249	248	253	250	253

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