

**County of Jackson  
120 W. Michigan Ave.  
Jackson, MI 49201  
(517) 788-4335**

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### **BOARD OF COMMISSIONERS**

**Clifford E. Herl, District 1  
David F. Lutchka, District 2  
Todd N. Brittain, District 3  
Philip S. Duckham III, District 4  
Earl J. Poleski, District 5  
James C. Videto, District 6  
James E. Shotwell, Jr., District 7  
Gail W. Mahoney, District 8  
Mike Brown, District 9  
Patricia A. Smith, District 10  
Michael J. Way, District 11  
David K. Elwell, District 12**

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### **ELECTED OFFICIALS**

**Amanda Riska, Clerk  
Dan Heyns, Sheriff  
Mindy Reilly, Register of Deeds  
Janet Rochefort, Treasurer  
Geoffrey Snyder, Drain Commissioner  
Hank Zavislak, Prosecuting Attorney**

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### **COUNTY STAFF**

**Randy Treacher, Acting Administrator/Controller,  
Human Resources Director  
Charles Adkins, Circuit Court Administrator  
Andy Crisenbery, Friend of the Court  
Gerard Cyrocki, Finance Officer  
Mike Dillon, District Court Administrator  
Connie Frey, IT Director  
Sally Griffis, Fair Manager  
Jim Guerriero, Parks Director  
Teresa Hawkins, Youth Center Director  
Juli Ann Kolbe, Equalization Director  
Kim Luce, Animal Control Director  
Dr. John Maino, Medical Director  
Kent Maurer, Airport Manager  
Jan Seitz, MSU Ext.-Jackson County Director  
Kristy Smith, Department on Aging Director  
Dave Welihan, Veterans Affairs Officer  
Ted Westmeier, Health Officer**

## **County Commission Agenda July 24, 2007**

### **Order of Business:**

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Approval of Agenda
6. Awards and Recognitions
7. Communications and Petitions
8. Special Orders/Public Hearing(s)
9. Public Comment
10. Special Meetings of Standing Committees
11. Minutes
12. Consent Agenda
13. Standing Committees
  - A. County Affairs
  - B. County Agencies
  - C. Human Services
  - D. Personnel & Finance
14. Unfinished Business
15. New Business
16. Public Comment
17. Commissioner Comment
18. Closed Session
19. Adjournment

### **Public Comment**

Any person desiring to speak on a matter to the Board of Commissioners may do so under the Public Comment items near the beginning and end of the meeting. Please state your name and use the microphone. Please note that the Commission allocates a maximum of five minutes per individual at the beginning of the meeting and three minutes per individual at the end of the meeting for this purpose.

### **Consent Agenda**

Items on the Consent Agenda are items generally routine in nature that have passed a Standing Committee and will be enacted by one motion and one vote. There will be no separate discussion on these items. Any Commissioner may remove an item from the Consent Agenda and it will be considered by separate motion at the proper place during the meeting.

### **Standing Committees**

The Board of Commissioners operates under a Standing Committee system with the following Committees: County Affairs, County Agencies, Human Services, Personnel & Finance. All departments of the County coordinate their business through one of the Standing Committees. The Committees then forward their recommendations to the Board of Commissioners.

### **Closed Session**

The Board of Commissioners is permitted under the Open Meetings Act to go into Closed Session to discuss labor contracts, purchase of property, and certain employee matters if requested by the employee. A two-thirds vote of the Commission is required to go into Closed Session.

**"Your interest in your County Government is appreciated"**

**AGENDA**  
**JACKSON COUNTY BOARD OF COMMISSIONERS BOARD MEETING**  
**July 24, 2007**  
**7:00 p.m.**  
**County Commission Chambers**

**Mission Statement** - *Jackson County Government, in cooperation with the community and local governmental units, strives through a planned process to deliver quality services that address public needs.*

1. **CALL TO ORDER** – *Chairman Steve Shotwell*
2. **INVOCATION** – *Commissioner Patricia A. Smith*
3. **PLEDGE OF ALLEGIANCE** – *Chairman Steve Shotwell*
4. **ROLL CALL** – *County Clerk Amanda Riska*
5. **APPROVAL OF AGENDA**
6. **AWARDS & RECOGNITIONS** – None.
7. **COMMUNICATIONS/PETITIONS** – None.
8. **SPECIAL ORDERS/PUBLIC HEARINGS**
  - A. Jackson County Road Commission Annual Financial Report dated 12/31/06  
Attachments:  
\* Jackson County Road Commission Annual Financial Report dated 12/31/06
9. **PUBLIC COMMENTS**
10. **SPECIAL MEETINGS OF STANDING COMMITTEES** – None.
11. **MINUTES**
  - A. Minutes of the 6/19/07 Regular Meeting of the Jackson County Board of Commissioners  
Attachments:  
\*6/19/07 Regular Meeting minutes
12. **CONSENT AGENDA** (*Roll Call*)
  - A. **County Affairs**
    1. Amended MDOT – Aeronautics Sponsor Contract 2003-0137/A3 (Federal Project B-26-0051-1201)  
Attachments:  
\*Memorandum from Airport Manager dated 6/25/07 with attachments

2. Resolution (07-07.24) Authorizing the County Board of Commissioners Chair, James E. Shotwell, Jr., to Sign Amended MDOT Contract #2003-013 (A3) (Federal Project #B-26-0051-1201), for Additional Phase II Environmental Assessment of Airport Property at the Jackson County Airport

Attachments:

\*Resolution (07-07.24)

3. Mead and Hunt Contract for 405 Survey for Runway 14-32

Attachments:

\*Memorandum from Airport Manager dated 6/21/07 with attachments

4. Hoffman Brothers Construction Contract

Attachments:

\*Memorandum from Airport Manager dated 6/21/07 with attachments

5. Request Report from Parks Director on the Parks Enterprises and Relative Income and Expenses to be provided at the next County Affairs Meeting

Attachments: None.

6. Ordinance Amendment – Proposed County Parks Metal Detector Use Policy

Attachments:

\*Memorandum from Parks Director dated 5/30/07

\*Proposed Metal Detector Policy

**B. County Agencies**

7. Resolution (07-07.25) Opt-Out Tax Exempt – Leoni Township DDA Boundary Expansion

Attachments:

\*Resolution (07-07.25)

**C. Human Services – None.**

**D. Personnel & Finance**

8. Resolution (07-07.27) Authorizing Borrowing from the Delinquent Tax Revolving Fund for the General Fund

Attachments:

\*Resolution (06-07.27)

9. Budget Adjustments

- a. Parks
- b. District Court

Attachments:

\*Memorandum from Parks Director dated 5/30/07

\*Memorandum from District Court Administrator dated 6/8/07

E. **Claims**

10. Claims dated 6/1/07-6/30/07 as presented to and approved by the Standing Committees

Attachments: None.

13. **STANDING COMMITTEES**

A. **County Affairs – Commissioner Dave Lutchka**

- 1. Appointment to the Jackson District Library, one public member, term to 12/2009
- 2. Appointment to the Mid-South Substance Abuse Commission, one public or commissioner member, term to 12/2007

Attachments:

\*July 2007 Commissioner Board Appointments

- 3. Recommendation that the Incinerator Report be provided to the public.

Attachments: None.

B. **County Agencies – Commissioner Gail W. Mahoney**

None.

C. **Human Services – Commissioner Mike Way**

None.

D. **Personnel and Finance – Commissioner James Videto**

None.

14. **UNFINISHED BUSINESS**

15. **NEW BUSINESS**

- A. Revised Full Faith and Credit Policy (Fiscal Policy No. 1150)

Attachments:

\*Attachment

16. **PUBLIC COMMENTS**

17. **COMMISSIONER COMMENTS**

18. **CLOSED SESSION** – None.

19. **ADJOURNMENT**

**JACKSON COUNTY ROAD COMMISSION**

(A COMPONENT UNIT OF JACKSON COUNTY, MICHIGAN)

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2006**

# JACKSON COUNTY ROAD COMMISSION

## ANNUAL FINANCIAL REPORT

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# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

2880 SPRING ARBOR ROAD • JACKSON • MICHIGAN • 49203

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**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

### INDEPENDENT AUDITOR'S REPORT

To the Board of Road Commissioners  
Of Jackson County  
Jackson, Michigan

We have audited the accompanying basic financial statements of the **JACKSON COUNTY ROAD COMMISSION** (a component unit of Jackson County, Michigan) as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Jackson County Road Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Jackson County Road Commission as of December 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information presented on pages 3-7 and 30-31 respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.



Our audit was made for the purpose of forming an opinion on the basic financial statements of the Jackson County Road Commission taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Jackson County Road Commission. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2007 on our consideration of the Jackson County Road Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



**MARKOWSKI & COMPANY, CPAs**

May 31, 2007

**JACKSON COUNTY ROAD COMMISSION**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2006**

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**Using this Annual Report**

The Jackson County Road Commission's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the commission's financial activity, (c) identify changes in the commission's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the approved budget and (e) identify any issues or concerns.

**Reporting the Road Commission as a Whole**

The statement of net assets and the statement of activities report information about the commission as a whole and about its activities in a way that helps answer the question of whether the commission as a whole is better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting method used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements mentioned above, report the commission's net assets and changes in them. The reader can think of the commission's net assets (the difference between assets and liabilities) as one way to measure the commission's financial health or financial position. Over time, increases or decreases in the commission's net assets are one indicator of whether its financial health is improving or deteriorating.

**Reporting the Commission's Major Fund**

Our analysis of the commission's major fund begins on page four. The fund financial statements begin on page eight and provide detailed information about the major fund. The commission currently has only one fund, the general operations fund, in which all of the commission's activities are accounted. The general operations fund is a governmental fund type.

- Governmental fund – Governmental fund focus on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual 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 commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the commission's services. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental fund in a reconciliation in the notes to the financial statements.

**JACKSON COUNTY ROAD COMMISSION**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2006**

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**The Road Commission as a Whole**

Net assets may, over time, enable governmental agencies to determine their overall fiscal position. As shown in the condensed statement of net assets below, the Road Commission's assets exceed liabilities by \$75,279,766.

The commission's net assets increased approximately 3% from \$72,742,846 to \$75,279,776 for the year ended December 31, 2006.

Net assets as of the years ending December 31, 2006 and December 31, 2005 follows:

	2006	2005
Current and other assets	\$ 6,370,885	\$ 6,792,969
Capital Assets	70,928,172	67,312,451
Total Assets	<u>\$ 77,299,057</u>	<u>\$ 74,105,420</u>
Long Term liabilities outstanding	\$ 674,112	\$ 285,511
Other liabilities	1,345,179	1,077,063
Total Liabilities	<u>2,019,291</u>	<u>1,362,574</u>
Net Assets		
Invested in capital assets	70,518,132	67,340,658
Invested in inventory	1,616,821	1,623,122
Unrestricted	3,144,813	3,779,066
Total Net Assets	<u>75,279,766</u>	<u>72,742,846</u>
Total Liabilities and Net Assets	<u>\$ 77,299,057</u>	<u>\$ 74,105,420</u>

**JACKSON COUNTY ROAD COMMISSION**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2006**

Condensed Statement of Activities  
Years Ended December 31, 2006 and 2005

	2006	2005
Revenues		
Program revenues:		
Charges for services	\$ 2,080,870	\$ 2,588,733
Federal Grants	1,987,436	1,860,476
State Grants	11,598,332	11,345,820
Intergovernmental revenues	1,224,428	1,084,401
Generated revenues		
Interest income	140,504	124,679
Property Rentals	33,710	29,374
Gain on Asset Disposal	855,173	192,699
Other general revenues	77,089	101,636
Total Revenues	17,997,542	17,327,818
<b>Program expenses</b>		
Primary roads		
Maintenance	3,484,996	3,912,217
Local roads		
Preservation	157,014	238,400
Maintenance	4,517,338	5,156,358
State trunkline		
Maintenance	1,885,970	2,417,697
Non-maintenance	118,700	61,567
Non motorized grant – County Parks	69,650	-
Net Equipment Expense	727,229	442,379
Administrative	658,520	617,677
Depreciation	3,826,999	3,593,804
Debt Service	14,207	-
Total Expenses	15,460,623	16,440,099
Change in Net Assets	\$ 2,536,919	\$ 887,719

**JACKSON COUNTY ROAD COMMISSION**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2006**

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**The Road Commission's Fund**

The Road Commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county which are earmarked by law for road and highway purposes.

For the year ended December 31, 2006 the fund balance of the general operations fund decreased \$685,713 as compared to a decrease of \$921,548 in the fund balance for the year ended December 31, 2005.

**Budgetary Highlights**

Prior to the beginning of any year, the commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission Board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year. The revenue budget for 2006 was lower than expected and the expenditure budgets were as expected. The Michigan Transportation Fund revenue is decreasing and expected to remain flat or decrease further.

**Capital Asset and Debt Administration**

**Capital Assets**

As of December 31, 2006 and 2005 the commission had \$70,928,172 and \$67,312,451 respectively, invested in capital assets as follows:

Capital Assets not being depreciated:	
Land and improvements	\$ 923,080
Infrastructure land and improvements	15,258,182
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>16,181,262</u>
Other Capital Assets:	
Building and Improvements	6,237,745
Road Equipment	13,226,601
Other Equipment/assets	2,258,579
Infrastructure	79,627,780
Total Other Capital Assets	<u>101,350,705</u>
Less - Accumulated Depreciation	<u>(46,603,795)</u>
NET OTHER CAPITAL ASSETS	<u>54,746,910</u>
TOTAL CAPITAL ASSETS	<u>\$ 70,928,172</u>

**JACKSON COUNTY ROAD COMMISSION**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2006**

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Current year's major additions included the following:

Reconstruction of bridges:		
Coonhill Road Bridge	\$	286,199
Parsons Road Bridge		512,831
Road Reconstruction:		
E. Michigan Ave. from G.L. to Hayball Rd.		1,608,066
E. Michigan Ave. from G.L. to Rank Rd.		786,204
South Street from Francis to Brooklyn Rd.		1,045,393
Lansing Ave from Parnall to Morrill Rd.		239,082
Heavy Equipment		2,189,296

***Debt***

The road commission currently experiences an increased debt status. The road commission currently has long-term debt in the amount of \$674,112 which represents compensated absences payable of \$264,072 and equipment leases payable of \$410,040.

**Economic Factors and Next Year's Budget**

The Board of County Road Commissioners considered many factors when setting the fiscal year 2006 budget. One of the factors is the economy. The commission derives approximately 64% of its revenues from the fuel tax collected. The recent economic downturn and increased fuel prices has resulted in less consumption of fuel and consequently less Michigan Transportation Funds to be distributed. Also, the increased in fuel price results in increased expense for the Road Commission to operate equipment and trucks for road maintenance. The outlook is not optimistic to maintain the current service level as revenues decrease and expenses increase.

The Board realizes, and the reader should understand, that there are not sufficient funds available to repair and/or rebuild every road in Jackson County's transportation system; therefore, the board attempts to spend the public's money wisely and equitably and in the best interest of the motoring public and the citizens of Jackson County.

**Contacting the Commission's Financial Management**

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the commission's finances and to show the commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Jackson County Road Commission administrative offices at 2400 North Elm Ave., Jackson, MI 49201.

JACKSON COUNTY ROAD COMMISSION

BASIC FINANCIAL STATEMENTS:

GOVERNMENT WIDE/FUND FINANCIAL STATEMENTS

**JACKSON COUNTY ROAD COMMISSION**  
**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

	Governmental Funds	Adjustments	Statement of Net Assets
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,247,676	\$ -	\$ 1,247,676
Receivables	2,298,351	-	2,298,351
Inventory	1,616,821	-	1,616,821
Capital assets - Net:			
Assets not being depreciated	-	16,181,262	16,181,262
Assets being depreciated (Net)	-	54,746,910	54,746,910
Receivables - Noncurrent	667,542	-	667,542
Deposits with Jackson County	540,495	-	540,495
Total Assets	<u>\$ 6,370,885</u>	<u>\$ 70,928,172</u>	<u>\$ 77,299,057</u>

**Liabilities and Fund Balances/Net Assets**

<b>Liabilities:</b>			
Accounts payable	481,579	-	481,579
Accrued liabilities	19,552	-	19,552
Accrued payroll	76,147	-	76,147
Performance bonds payable	46,190	-	46,190
Advances	721,711	-	721,711
Deferred revenue	703,606	(703,606)	-
Total current liabilities	<u>2,048,785</u>	<u>(703,606)</u>	<u>1,345,179</u>
Long-term liabilities	-	674,112	674,112
Total liabilities	<u>2,048,785</u>	<u>(29,494)</u>	<u>2,019,291</u>

**Fund Balances:**

Reserved	2,157,316
Unreserved and undesignated	2,164,784
Total fund balances	<u>4,322,100</u>
Total liabilities and fund balances	<u>\$ 6,370,885</u>

**Net Assets:**

Invested in capital assets net of related debt	70,518,132
Invested in inventory	1,616,821
Unrestricted	3,144,813
Total net assets	<u>\$ 75,279,766</u>

The notes to the financial statements are an integral part of this statement.



**JACKSON COUNTY ROAD COMMISSION**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
**THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Funds	Adjustments	Statement of Activities
<b>Revenues:</b>			
Permits	\$ 52,810	\$ -	\$ 52,810
Federal grants	1,987,436	-	1,987,436
State sources	11,598,332	-	11,598,332
Local government sources	1,159,841	64,587	1,224,428
Charges for services	2,028,060	-	2,028,060
Interest and rentals	174,214	-	174,214
Special assessments	69,074	(69,074)	-
Gain on asset disposals	837,110	18,063	855,173
Other revenues	77,089	-	77,089
Total revenues	<u>17,983,966</u>	<u>13,576</u>	<u>17,997,542</u>
<b>Expenditures/Expenses:</b>			
Primary roads - Construction/Preservation	3,058,150	(3,058,150)	-
Local roads - Construction/Preservation	4,018,569	(3,861,555)	157,014
Primary roads - Maintenance	3,484,996	-	3,484,996
Local roads - Maintenance	4,517,338	-	4,517,338
State trunkline maintenance	2,004,670	-	2,004,670
Non-motorized grant - County parks	69,650	-	69,650
Administrative - Net	679,959	(21,439)	658,520
Equipment expense - Net	727,229	-	727,229
Depreciation expense	-	3,826,999	3,826,999
Capital outlay - Net	504,951	(504,951)	-
Debt service	91,739	(77,532)	14,207
Total expenditures/expenses	<u>19,157,251</u>	<u>(3,696,628)</u>	<u>15,460,623</u>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures/Change in Net Assets</b>	(1,173,285)	3,710,204	2,536,919
<b>Other Financing Sources (Uses)</b>			
Loan proceeds	<u>487,572</u>	<u>(487,572)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(685,713)	3,222,632	2,536,919
<b>Fund Balance/Net Assets - Beginning</b>	<u>5,007,813</u>	<u>67,735,034</u>	<u>72,742,847</u>
<b>Fund Balance/Net Assets - Ending</b>	<u><u>\$ 4,322,100</u></u>	<u><u>\$ 70,957,666</u></u>	<u><u>\$ 75,279,766</u></u>

The notes to the financial statements are an integral part of this statement.

**JACKSON COUNTY ROAD COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JACKSON COUNTY ROAD COMMISSION**  
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**JACKSON COUNTY ROAD COMMISSION**  
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**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity:**

The Jackson County Road Commission is a Component Unit of the County of Jackson. The Road Commission is administered by a full time Board comprised of three Commissioners, appointed to staggered six year terms by the Jackson County Board of Commissioners. The Road Commission accounts for the Michigan Transportation Fund revenues distributed to Jackson County, and all other revenues provided for the construction and maintenance of primary and local roads within Jackson County (exclusive of those located within Cities and Villages). As of December 31, 2006, there were approximately 1,945 miles of roads maintained by the Jackson County Road Commission – 652 miles of paved primary roads, and 1,010 miles of paved and 283 miles of gravel local roads.

The financial statements of the Road Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless they conflict with or contradict GASB pronouncements, in which case the GASB pronouncements prevail. The more significant of the Road Commission's accounting policies are described below.

Effective January 1, 2002 the Road Commission implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Some of the significant changes in the Road Commission's financial reporting as a result of this statement include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Road Commission's overall financial position and results of operations is included with the financial statements.

Government-wide financial statements prepared using the full accrual accounting for all of the Road Commission's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major fund.

**B. Basic Financial Statements – Government-Wide and Governmental Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Road Commission. The Road Commission consists solely of governmental-type activities; it has no business-type activities.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES: (Continued)

**B. Basic Financial Statements – Government-Wide and Governmental Fund Financial Statements:** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to users or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other income not properly included among program revenues are reported instead as general revenue.

The fund financial statements are provided for governmental funds, and have been separately stated in conjunction with the government-wide financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Road Commission uses funds and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and a modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Road Commission considers revenues to be available if they are collected within 60 days of the fiscal year end.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Noncurrent receivables, such as special assessments and township agreements, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year end.

Interest earned on investments is recorded on the accrual basis. Interest charged on special assessment installments is not accrued until its due date.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

The Road Commission reports the following major fund:

**Special Revenue Fund:**

**Road Fund** – This fund is used to account for Michigan Transportation Fund monies and other monies which are earmarked for street and highway activities.

D. Budgetary Procedures:

Budgetary procedures are established pursuant to Michigan Act 621 PA 1978, as amended, (MCL 141.421). This act requires the commissioners to approve a budget for the general operating fund. Pursuant to the Act, the Road Commission has adopted the following procedures:

The Road Commission's Chief Administrative Officer (the secretary – clerk) prepares and submits a proposed Operating Fund budget to the Board of Road Commissioners for its review and consideration. The budget is prepared at the category level (Primary Construction/Heavy Maintenance, Primary Routine Maintenance, etc.). The Board of Road Commissioners conducts public budget hearings and subsequently adopts a budget. This budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The budget as presented has been amended during the year by official action of the board, taken at a public meeting. All budget appropriations lapse at year end.

The Operating Fund budget of the Jackson County Road Commission includes an amount appropriated for an item called the Distributive Expense. The Distributive Expense consists of indirect costs related to construction projects (such as supervisory labor and fringes, etc.). For financial statement purposes, the Distributive Expense has been proportionately allocated to the other expense line items. As a result of this, comparison of budgeted to actual expense by line item can be misleading. This method does comply with the Michigan Department of Transportation guidelines.

E. Cash, Cash Equivalents, and Investments:

All investments of the Road Commission are reported at cost. It is the policy of the Road Commission that all investments with an original maturity of 90 days or less are accounted for as cash equivalents. The Road Commission's investments are made through the Jackson County Treasurer, thus providing for increased interest rates and revenue.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Inventories:

Inventories are valued at cost as determined on the first-in, first-out method using average costs. Inventory items are charged to road construction, equipment maintenance, repairs, and operations as they are used.

G. Capital Assets and Depreciation:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges and similar items), are reported in the general operating fund in the government-wide financial statements. The Road Commission considers assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year to be a capital asset. Capital assets are recorded at their historical cost (or, in the case of infrastructure assets, at estimated historical cost). Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred.

Depreciation is computed on the sum-of-the-years-digits method for road equipment, and the straight-line method for all other assets. Estimated useful lives are used as follows:

	<u>Years</u>
Buildings and Improvements	10-40
Road Equipment	5-8
Other Equipment	3-10
Gravel Pits	Actual usage
Infrastructure	8-50

GASB Statement No. 34 requires the Road Commission to report and depreciate new infrastructure assets effective with the beginning of the year. The Road Commission also elected to retroactively report existing infrastructure assets in the current year. Historically, the cost of infrastructure construction and heavy maintenance has been reported as an expense in the financial statements. Depreciation has not been reported on these assets. The cost of infrastructure retroactively capitalized was developed using the historical records for construction and heavy maintenance costs incurred, as heavy maintenance extends the useful life of the infrastructure. When an infrastructure asset is fully depreciated, both the cost and accumulated depreciation are removed from the fixed asset records.

H. Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND  
FINANCIAL STATEMENTS:**

Amounts reported in the government-wide financial statements are different from amounts reported in the governmental funds because of the following:

<b>Governmental funds fund balance</b>	\$ 4,322,100
Capital assets used in governmental activities; these are not financial resources and are not reported in the funds.	70,928,172
Special assessment and township receivables which are not collected within 60 days of year end are not available to pay current year expenditures. In the fund financial statements, a deferred revenue is established.	703,606
Compensated absences are not payable from current resources; a liability is not recognized in the fund financial statements.	(264,072)
Long term liabilities (debt) are not due and payable in the current period and, therefore they are not reported in the governmental funds balance sheet.	<u>(410,040)</u>
<b>Government-wide net assets</b>	<u><u>\$ 75,279,766</u></u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

<b>Net changes in fund balances - Total governmental funds</b>	\$ (685,713)
Capital asset acquisitions are reported as expenditures in the governmental fund financial statements; in the statement of activities, these costs are expensed over the useful life of the asset through depreciation. (The remaining heavy maintenance expense represents the cost of projects performed for others).	7,424,656
Depreciation	(3,826,999)
Proceeds from the sale of capital assets are reported as revenue in the governmental fund financial statements; only the net gain (loss) on the disposal of capital assets is reported in the statement of activities.	18,063
Special assessment and township road agreement billings are reported as revenue in the period billed in the statement of activities; they are not reported as revenue in the governmental fund financial statements until collected or collectable within 60 days of year end.	(4,487)
Accumulated sick and vacation pay is reported as an expense in the statement of activities when earned by employees; the governmental fund financial statements report the expenditure when paid to the employee.	21,439
Debt proceeds are reported as other financing sources in the fund financial statements. Proceeds are reported as a liability when received in the statement of net assets.	(487,572)
The payments of long term debt consumes the financial resources of governmental funds.	<u>77,532</u>
<b>Change in net assets of governmental activities</b>	<u><u>\$ 2,536,919</u></u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Michigan Public Act 621 of 1978, as amended, requires budgets amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. For the year ended December 31, 2006, the Road Commission's expenditures were in excess of the amounts appropriated, as follows:

	Final Amended Budget	Actual	(Excess Budget Variance)
Non-motorized grant - County parks	\$ -	\$ 69,650	\$ (69,650)
Debt service	-	91,739	(91,739)

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS:**

State statutes and Road Commission policy authorize the County Treasurer, on behalf of the Jackson County Road Commission, to deposit and invest in the following types of accounts:

(1) Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States; (2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution (but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States; (3) Commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services and that matures not more than 270 days from the purchase date; (4) Repurchase agreements consisting of instruments listed in subdivision (1) above; (5) Bankers' acceptances of United States banks; (6) Mutual funds registered under the Investment Company Act of 1940, that maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation; (7) Obligations described in (1) through (6) as named above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967; (8) Investment pools organized under the Surplus Funds Investment Act, 367 of 1982; (9) Investment pools organized under the Local Government Investment Pool Act, 121 of 1985.

(The above statute references refer to Michigan Public Acts).

The Road Commission's deposits are in accordance with statutory authority and Road Commission policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Road Commission minimizes this risk by investing in shorter term securities and holding them to maturity.

**Concentration of Credit Risk**

The Road Commission's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The cash accounts are held at one local financial institution. \$100,000 of the cash is covered by FDIC insurance; the remaining \$1,147,676 is uninsured.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Road Commission's name.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS:** (Continued)

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Road Commission will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Road Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

The risk disclosure for the Road Commission's cash and cash equivalents is as follows:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Cash on Hand	\$ 250	\$ -
Insured (FDIC)	100,000	100,000
Uninsured	<u>1,147,426</u>	<u>1,249,911</u>
	<u><u>\$ 1,247,676</u></u>	<u><u>\$ 1,349,911</u></u>

The Road Commission did not violate any of the provisions of its investment policies or state laws during the year ended December 31, 2006.

The cash at December 31, 2006 includes monies from performance bonds deposited by contractors with the County Treasurer in the County's Trust and Agency bank account. An offsetting liability has been established for the performance bonds payable. The balance payable, upon completion of projects with no damage to County roads, at December 31, 2006 was \$46,190.

**NOTE 5 – RECEIVABLES/DEFERRED REVENUE:**

**A. Current Receivables:**

Receivables at December 31, 2006 consist of accounts receivable from the ordinary course of operations, MTF funds for November and December due from the State, trunkline maintenance contract reimbursements and advances due from the State, current year special assessment collections due from the Jackson County Treasurer (due in May 2007), and payments due under Township road agreements.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – RECEIVABLES/DEFERRED REVENUE:** (Continued)

Accounts receivable		\$ 141,757
Special assessments receivable - current		36,064
Due from other governments:		
MTF collections	\$ 1,718,759	
State trunkline maintenance	185,764	
State maintenance - Other	5,757	
Township road agreements - Current	210,250	2,120,530
Total receivables		<u><u>\$ 2,298,351</u></u>

The noncurrent receivables reported on the statement of net assets consist of special assessment and township road agreement payments not due within the next fiscal year.

**B. Special Assessments:**

In accordance with state statute, the Road Commission will pave local streets within subdivisions or residential areas following a process which is initiated by the request of at least 51% of benefiting property owners. It is the Road Commission's policy to spread the resident's payments out over a five year period by levying a special assessment on each winter tax bill. The winter tax bills are sent to property owners in December, and are due without penalty by February 14 of the following year. Interest is charged on installments after the first one, and prepayment is allowed. The Jackson County Treasurer collects the assessments and distributes the collections to the Road Commission each May.

Because the revenue is not available to the Road Commission within sixty days of year end, a deferred revenue liability account is established in the governmental fund financial statements to offset the receivable.

**C. Township Road Agreements:**

The Road Commission also paves certain local roads under a cost sharing agreement with the local townships. One half of the estimated project cost will be reimbursed by the township over a five year period. Installments are billed each December, and are payable upon receipt. The first three installments are interest free, each installment after that includes an interest charge. Prepayment is allowed. Because the installments billed in December 2006 will be collected within sixty days of year end(except for special assessments returned delinquent, which will be received by the Road Commission in may 2007), it is recognized as revenue in the governmental fund financial statements during 2006. A deferred revenue liability is established in the governmental fund financial statements for the remaining installments.

Installment billed/ levied in December	Noncurrent Receivable			Deferred Revenue
	Special Assessments	Twsp. Road Agreements	Total	
2006	\$ -	\$ -	\$ -	\$ 36,064
2007	22,145	356,029	378,174	378,174
2008	18,528	252,312	270,840	270,840
2009	18,528	-	18,528	18,528
	<u><u>\$ 59,201</u></u>	<u><u>\$ 608,341</u></u>	<u><u>\$ 667,542</u></u>	<u><u>\$ 703,606</u></u>

**JACKSON COUNTY ROAD COMMISSION**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6 – INVENTORIES:**

The inventory at December 31, 2006 consisted of the following:

	Amount
Equipment materials and parts	\$ 382,466
Road materials	1,234,355
	<u>\$ 1,616,821</u>

**NOTE 7 – CAPITAL ASSETS:**

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 923,080	\$ -	\$ -	\$ 923,080
Infrastructure land and land improvements	15,258,182	-	-	15,258,182
Subtotal	<u>16,181,262</u>	<u>-</u>	<u>-</u>	<u>16,181,262</u>
Capital assets being depreciated:				
Buildings and improvements	5,971,372	266,373	-	6,237,745
Road Equipment	12,854,903	2,189,296	(1,817,598)	13,226,601
Other equipment	1,586,125	124,380	-	1,710,505
Gravel pits	548,074	-	-	548,074
Infrastructure	75,418,499	6,919,705	(2,710,424)	79,627,780
Subtotal	<u>96,378,973</u>	<u>9,499,754</u>	<u>(4,528,022)</u>	<u>101,350,705</u>
Less - accumulated depreciation for:				
Buildings and improvements	(3,940,466)	(332,614)	-	(4,273,080)
Road Equipment	(9,855,243)	(1,127,401)	1,347,877	(9,634,767)
Other equipment	(1,270,483)	(127,301)	-	(1,397,784)
Gravel pits	(147,017)	-	-	(147,017)
Infrastructure	(30,034,575)	(3,826,999)	2,710,427	(31,151,147)
Subtotal	<u>(45,247,784)</u>	<u>(5,414,315)</u>	<u>4,058,304</u>	<u>(46,603,795)</u>
Net capital assets being depreciated	<u>51,131,189</u>	<u>4,085,439</u>	<u>(469,718)</u>	<u>54,746,910</u>
Net capital assets	<u>\$ 67,312,451</u>	<u>\$ 4,085,439</u>	<u>\$ (469,718)</u>	<u>\$ 70,928,172</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – DEPOSITS WITH JACKSON COUNTY:**

**A. Retiree Health Care Benefit Trust:**

During 2004, the Road Commission deposited \$500,000 in a trust fund with Jackson County in an effort to begin funding its post-retirement health insurance obligation, under the authority of the Public Employee Health Care Fund Investment Act (Public Act 149 of 1999). An additional deposit of \$40,000 was accrued as of December 31, 2005. The Road Commission authorized the County Treasurer to invest these assets in accordance with the Public Employee Retirement Investment Act (Public Act 314 of 1965). The Road Commission is carrying the net asset held by the County in the trust fund as a deposit. Investment income, net of administrative expenses, has been recognized in the Road Commission's fund financial statements as interest revenue.

**B. Self-Funded Managed Care Health Insurance Program:**

The Road Commission participates with the County in a self-funded health insurance program. The Road Commission sends estimated premiums to the County fund (an internal service fund), which pays claims as presented (and accrues an allowance for claims incurred but not reported). The Road Commission recognizes the actual expenses in its financial statements, and the increase or decrease in its portion of the internal service fund as a change in the deposit with the County.

The deposits, and the current year changes in them, can be summarized as follows:

	<u>Retiree Health Care Benefit Trust</u>	<u>Self-Funded Managed Care</u>	<u>Total</u>
Deposit balance - Beginning of year	\$ 630,734	\$ 149,738	\$ 780,472
Contributions/premiums paid to County	-	1,470,890	1,470,890
Investment income (net of related expenses)	44,216	-	44,216
Expenses - Claims paid (net of reimbursements)	-	(1,755,083)	(1,755,083)
Current year change in deposits	<u>44,216</u>	<u>(284,193)</u>	<u>(239,977)</u>
Deposit balance - End of year	<u>\$ 674,950</u>	<u>\$ (134,455)</u>	<u>\$ 540,495</u>

Additional information on both of these balances is available in the County of Jackson audit report.

**NOTE 9 – ACCRUED LIABILITIES:**

The accrued liability at December 31, 2006 recognizes the amount of trunkline maintenance funds from 2003-2004 to be returned to the State of Michigan following the state's audit of expenditures charged to the maintenance contract. As a result, a liability of \$19,552 has been established.

**JACKSON COUNTY ROAD COMMISSION**  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – ADVANCES:

As part of its agreement with the Michigan Department of Transportation (MDOT) to maintain state and federal highways (trunklines) within Jackson County and portions of Lenawee County, MDOT provides upfront cash to assist with cash flow for equipment and operating purposes. The amount advanced is reviewed annually, and is to be returned upon termination of the contract. At December 31, 2006, these advances totaled \$721,711. As such, this money is reported as a liability by the Road Commission.

NOTE 11 – LONG-TERM LIABILITIES:

Long-term liabilities of the Jackson County Road Commission consist of the following at December 31, 2006:

Accrued Compensated Absences:

Paid time off is earned in varying amounts, depending on the number of years service. It is earned and credited to the employee on the employee's anniversary date. A maximum of 30 paid days off may be accumulated.

As of December 31, 1987, sick pay is no longer earned. The hours accumulated to that date were banked and disability insurance coverage was provided, covering employees the first day of injury or the eighth day of sickness.

Upon an employee's termination, unused vacation time is paid off at 100%; unused sick pay is paid off at 50%. Both are paid off at 100% if used during the course of employment. The liability for accrued compensated absences at December 31, 2006 is as follows:

	Beginning of Year	Change	End of Year
Accrued Vacation Pay (100%)	\$ 277,610	\$ (15,386)	\$ 262,224
Accrued Sick Pay (100%)	7,901	(6,053)	1,848
	<u>\$ 285,511</u>	<u>\$ (21,439)</u>	<u>\$ 264,072</u>

Changes in Long Term Debt:

	Debt Out- Standing 01/01/06	Additions of New Debt	Retirements and Repayments	Debt Out- Standing 12/31/06
Honeywell - Capital lease - Building improvements, \$266,372, maturing serially in quarterly amounts of \$9,489.50 at an interest rate of 7.84%	\$ -	\$ 266,372	\$ (13,318)	\$ 253,054
Caterpillar Financial - Road equipment - Three installment purchase agreements - monthly payments of \$2,205 at an interest rate of 4.85%	-	221,199	(64,213)	156,986
Total Long Term Debt:	<u>\$ -</u>	<u>\$ 487,571</u>	<u>\$ (77,531)</u>	<u>\$ 410,040</u>



**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – FUND EQUITY/NET ASSETS:**

**Governmental Fund Financial Statements – Reserves and Designations:**

Reserved Fund Balance in the Road Commission's Operating Fund was established to present the portion of fund equity which is not available for expenditure in future periods. The reserve at December 31, 2006 consists of the following:

<u>Reserved For:</u>	<u>Amount</u>
Inventories	\$ 1,616,821
Deposits with Jackson County	540,495
	<u>\$ 2,157,316</u>

**NOTE 13 – FEDERAL/STATE GRANTS:**

The Michigan Department of Transportation (MDOT) requires that the local Road Commission report federal and state grant revenues/expenditures for all projects within the Road Commission's jurisdiction. During 2006, federal and state aid reported as revenue and expenditures was \$2,847,662 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (as such, they are included in MDOT's single audit rather than the Road Commission's). The Road Commission acts as the contractor in negotiated projects. A summary of the 2006 grant projects is as follows:

<u>Project Number</u>	<u>Description</u>	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Expenditures Recognized</u>
56005A	Lansing Ave - Parnall to Cunningham	120,709	-	120,709
59711A	Coonhill Rd Bridge over Battice Creek	-	206,155	206,155
74485A	South Street	631,307	-	631,307
77114A	E. Michigan Ave. - Hayball Rd to Village	887,708	221,927	1,109,635
78234A	Territorial/Cooper intersection	2,832	-	2,832
79015A	Lansing Ave - Cunningham to Morrill	42,430	-	42,430
80590A	E. Michigan Ave/Rank Rd intersection	16,606	-	16,606
83233A	E. Michigan Ave - Grass Lake to Rank Rd	216,194	53,423	269,617
83581A	Parks - Lime Lake Causeway	69,650	-	69,650
83878A	Parsons Rd Bridge	-	378,721	378,721
		<u>\$ 1,987,436</u>	<u>\$ 860,226</u>	<u>\$ 2,847,662</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 – EXPENDITURE/EXPENSE REPORTING:**

In accordance with Michigan Department of Transportation guidelines, certain expenditures/expenses are reported net of related revenues. These are noted as 'net' on the basic financial statements, and are summarized as follows:

**Administrative:**

Administrative expenditures/expenses (A515 accounts)		\$	858,435
Less:			
Overhead charges - State	\$	(161,730)	
Handling charges		(10,248)	
Purchase discounts		(6,498)	(178,476)
			<hr/>
Administrative expenditure/expense - Net		\$	<u>679,959</u>

**Equipment:**

Direct equipment expenditures/expenses	\$	2,521,524
Indirect equipment expenditures/expenses		1,191,600
Operating expenses		632,801
		<hr/>
		4,345,925
Less - Equipment rental credits		(3,618,696)
		<hr/>
Equipment expenditure/expense - Net	\$	<u>727,229</u>

**Capital outlay:**

Capital outlay expenditure	\$	2,580,049
Less:		
Equipment retirements (Cost less accumulated depreciation)		(487,784)
Depreciation		(1,587,314)
		<hr/>
Capital outlay expenditure - Net	\$	<u>504,951</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – EMPLOYEES’ RETIREMENT PLAN:**

The Jackson County Road Commission participates in the Jackson County Employees’ Retirement System, a defined benefit pension plan. This plan was established in accordance with applicable state and local statutes.

**A. Employee Membership Data:**

As of December 31, 2005 (the latest valuation data available) employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	117
Active plan participants:	
Vested	56
Nonvested	48
	<u>221</u>

**B. Benefit Provisions:**

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire at age 60 with 8 or more years of credited service. Benefits vest after eight years. Employees retiring at age 60 with eight or more years credited service are entitled to pension payments for the remainder of their lives equal to 2.5% of their final five year average compensation (FAC). The final five year average compensation is computed using the period of five consecutive years producing the highest average and contained within the last ten years preceding retirement. The County financed portion is limited to 75% of final average compensation.

Pension provisions include a deferred allowance whereby an employee may terminate his or her employment with the Road Commission after accumulating eight years of credited service. The pension benefit is payable at age 60 or any age allowed by the retirement by-laws at the time of retirement. The benefit amount is computed in the same manner as the regular benefit described above.

Provisions are also included for duty and non-duty disability or death benefits. Disability benefit payments are computed in the same manner as regular benefits. The minimum benefit for a disability is 15% of final average compensation, with the maximum County-financed portion limited to 50% of FAC and worker’s compensation. Non-duty disability benefits are payable only after 10 or more years of credited service. Death benefits are computed in the same manner as the regular benefits; in the case of a duty death, additional service credit will be granted up to the amount needed to be vested prior to computation of the retirement allowance of the spouse.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – EMPLOYEES’ RETIREMENT PLAN:** (Continued)

**C. Required Contributions:**

Employees of the Road Commission are required to pay 2.5%, plus 50% of the employer contribution above 2.5% (an employee contribution rate of 3.56% for 2005) of their gross earnings to the pension plan. The payments are deducted from the employee’s wages and remitted to the pension plan each bi-weekly pay period. If an employee leaves the Road Commission prior to vesting, these contributions plus interest are returned to the employee.

The Road Commission makes bi-weekly contributions to the pension plan in an amount as determined by the plan’s actuaries. For the year ended December 31, 2006, the required contribution was computed as 5.64% of covered payroll. The Road Commission pension expense for the year ended December 31, 2006 was \$233,512. The actuarial assumptions used to compute this amount are available in the County of Jackson’s Comprehensive Annual Financial Report.

Substantially all of the Road Commission’s employees are covered by this plan. The Road Commission’s total payroll for the year ended December 31, 2006 was \$4,445,949 with \$4,140,284 covered by the pension plan.

Trend information for the plan as a whole is presented below:

**Schedule of Funding Progress**

<u>Valuation</u> <u>Date Dec. 31.</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>% of Covered</u> <u>Payroll</u>
1996(a)	\$ 76,326	\$ 60,129	\$ (16,197)	126.9%	\$ 22,999	0%
1997(a)	\$ 87,010	\$ 64,468	\$ (22,542)	135.0%	\$ 23,802	0%
1998	\$ 100,030	\$ 68,577	\$ (31,453)	145.9%	\$ 24,209	0%
1999(a)	\$ 112,224	\$ 77,492	\$ (34,732)	144.8%	\$ 26,781	0%
2000(a)	\$ 120,724	\$ 84,373	\$ (36,351)	143.1%	\$ 27,224	0%
2001(a)	\$ 124,551	\$ 92,102	\$ (32,449)	135.2%	\$ 29,687	0%
2002 (a)	\$ 120,693	\$ 104,222	\$ (16,471)	115.8%	\$ 29,763	0%
2003 (a)	\$ 118,340	\$ 112,314	\$ (6,026)	105.4%	\$ 29,566	0%
2004	\$ 121,005	\$ 121,440	\$ 435	99.6%	\$ 31,519	0%
2005	\$ 125,487	\$ 128,872	\$ 3,385	97.4%	\$ 31,441	11%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions and cost methods.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – EMPLOYEES’ RETIREMENT PLAN:** (Continued)

<b>Schedule of Employer Contributions</b>					
Fiscal Year	Actuarial Value of Assets	Contribution Rates as a % of Valuation Payroll*	Computed \$ Contribution Based on Projected Payroll	Annual Required Contribution Based on Actual Payroll	Percentage Contributed
1997	12/31/95(a)	3.35%	\$ 830,477	\$ 780,271	100%
1998	12/31/96(a)	1.05%	\$ 262,012	\$ 254,050	100%
1999	12/31/97(a)	0.22%	\$ 55,039	\$ 59,036	100%
2000	12/31/98	0.00%	\$ -	\$ -	100%
2001	12/31/99(a)	0.00%	\$ -	\$ -	100%
2002	12/31/00(a)	0.00%	\$ -	\$ -	100%
2003	12/31/01	0.00%	\$ -	\$ -	100%
2004	12/31/02	6.21%/1.75%	\$ 1,477,934	\$ 1,477,934	100%
2005	12/31/03	6.96/3.97%	\$ 2,247,761	\$ 2,247,761	100%
2006	12/31/04	6.96%	\$ 2,367,969	\$ 2,367,969	100%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) *After changes in benefit provisions and/or actuarial assumptions.*

\* *Weighted averages.*

Some additional information relating to the actuarial assumptions used in the December 31, 2005 valuation follows:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of Payroll
Remaining amortization for	
Unfunded actuarial accrued	
Liability	30 years (open)
Remaining amortization period	
For credit	10 years (open)
Asset valuation method:	4 year smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0%-8.8%
Includes inflation at	5.0%
Cost-of-living adjustments	none

The details of amounts attributable solely to the Road Commission were not available. Detailed information concerning the Jackson County Employees’ Retirement System is presented in the publicly available County of Jackson, Michigan Comprehensive Annual Financial Report. Copies of this report may be obtained from the Jackson County Administrator / Controller’s Office, 120 West Michigan Avenue, Jackson, Michigan, 49201.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 16 – COMMITMENTS AND CONTINGENCIES:**

**A. Claims and Lawsuits:**

In the normal course of its operations, the Jackson County Road Commission often becomes a party to various claims and lawsuits. In the opinion of the Road Commission's legal counsel, if any of these claims should result in an unfavorable resolution to the Road Commission, the Road Commission's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Road Commission.

**B. Trunkline Maintenance Audit:**

As part of its trunkline maintenance agreement with the State of Michigan, the Road Commission's costs charged to the State are subject to audit. During 2006, the State completed its audit of the 2003-2004 costs. As discussed in Note 9, the audit resulted in the Road Commission accruing a liability of \$19,552. The amount due under its 2005 - 2006 contracts has not been determined.

**C. Commitments to Townships:**

The Jackson County Road Commission is committed to providing the best road system possible to the residents of Jackson County. This commitment includes the Township Road Agreement matching program. The Road Commission offers to match \$50,000 of construction funds to each of the 19 townships within its jurisdiction. The match may be used up to three years in advance. This program has been highly successful, as Townships contracted for \$734,923 of new projects during 2006.

**D. Concentrations:**

The Road Commission receives approximately 86% (\$15.5 million) of its revenue from the state and federal governments. A large portion of these revenues (\$10.7 million) is derived from the collection of taxes on gasoline and diesel fuels. These revenues could be susceptible to an economic downturn.

**NOTE 17 – RISK MANAGEMENT:**

During the normal course of its operations the Jackson County Road Commission is exposed to various risks of loss related to liability, employee injury, and other circumstances. In certain instances, the Jackson County Road Commission has opted to protect itself from such risks through means other than the purchase of traditional insurance coverage. These exceptions are as follows:

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 17 – RISK MANAGEMENT:** (Continued)

**A. Liability Insurance:**

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

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

**B. Health Insurance:**

The Road Commission participates jointly with the County of Jackson in the Jackson County Self-Funded Managed Care Health Insurance program. The premiums paid by the participating employers are the program's source of income, and expenses include: 1) the payment of claims; 2) the payment of an administrative fee; and 3) the payment of Stop-Loss insurance premiums (reinsurance). At December 31, 2006 (unaudited), the Road Commission had a deficit of \$134,455 in this Fund. The County of Jackson, Michigan Comprehensive Annual Financial Report provides further details regarding this insurance program.

**C. Workers Compensation:**

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

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

**NOTE 18 – POST-EMPLOYMENT HEALTH BENEFITS:**

The Jackson County Road Commission pays for health insurance benefits for its retired employees and their beneficiaries through the Jackson County Self-Funded Managed Care Health Insurance program. These benefits are funded as incurred and totaled approximately \$703,000 for the year ended December 31, 2006. The total number of retirees covered by this plan at December 31, 2006 was approximately 112.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 18 – POST-EMPLOYMENT HEALTH BENEFITS:** (Continued)

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care expenses over the working life of the employee, rather than when they are paid. This pronouncement is effective for the year ending December 31, 2008.

As discussed in Note 8, the Road Commission has set aside \$674,950 in a trust fund with the County in an effort to start pre-funding this liability. The Road Commission also commissioned a study to provide a “rough estimate” of the potential liability. The results of this study indicate that the liability for current retirees ranges from approximately \$7 - \$9 million; the liability for active employees ranges from approximately \$4 - \$5 million. This indicates a total liability of approximately \$11 - \$14 million dollars.



JACKSON COUNTY ROAD COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION

**JACKSON COUNTY ROAD COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**  
**YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue:</b>				
Permits	\$ 40,000	\$ 52,810	\$ 52,810	\$ -
Federal grants	3,241,899	2,070,910	1,987,436	(83,474)
State sources	12,364,257	11,637,238	11,598,332	(38,906)
Local government sources	730,300	1,108,753	1,159,841	51,088
Charges for services -				
State trunkline maintenance	1,894,067	2,069,599	1,978,546	(91,053)
Other	-	-	49,514	49,514
Interest and rentals	40,000	174,214	174,214	-
Special assessments	51,000	68,156	69,074	918
Gain on asset disposals	-	866,555	837,110	(29,445)
Other revenues	500	172,782	77,089	(95,693)
Lease proceeds	-	487,572	487,572	-
Total revenues	18,362,023	18,708,589	18,471,538	(237,051)
<b>Expenditures/Expenses:</b>				
Primary roads - Construction	-	-	-	-
Local roads - Construction	-	-	-	-
Primary roads - Preservation	4,545,366	3,250,180	3,058,150	192,030
Local roads - Preservation	840,000	4,033,962	4,018,569	15,393
Primary roads - Maintenance	3,859,610	3,484,995	3,484,996	(1)
Local roads - Maintenance	4,351,105	4,517,339	4,517,338	1
State trunkline maintenance	1,894,071	2,004,670	2,004,670	-
Non motorized grant - County Parks	-	-	69,650	(69,650)
Distributive expense	1,381,488	-	-	-
Administrative - Net	1,875,656	679,959	679,959	-
Equipment expense - Net	-	727,229	727,229	-
Capital outlay - Net	(385,273)	626,136	504,951	121,185
Debt service	-	-	91,739	(91,739)
Total expenditures	18,362,023	19,324,470	19,157,251	167,219
<b>Excess of Revenues Over (Under) Expenditures</b>	-	(615,881)	(685,713)	(69,832)
<b>Fund Balance - Beginning</b>	5,007,813	5,007,813	5,007,813	-
<b>Fund Balance - Ending</b>	\$ 5,007,813	\$ 4,391,932	\$ 4,322,100	\$ (69,832)

**JACKSON COUNTY ROAD COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**DECEMBER 31, 2006**

The information presented in the required supplementary schedule was determined as part of the actual valuation at the dates indicated.

<u>Valuation Date Dec. 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
1996(a)	\$ 76,326	\$ 60,129	\$ (16,197)	126.9%	\$ 22,999	0%
1997(a)	\$ 87,010	\$ 64,468	\$ (22,542)	135.0%	\$ 23,802	0%
1998	\$ 100,030	\$ 68,577	\$ (31,453)	145.9%	\$ 24,209	0%
1999(a)	\$ 112,224	\$ 77,492	\$ (34,732)	144.8%	\$ 26,781	0%
2000(a)	\$ 120,724	\$ 84,373	\$ (36,351)	143.1%	\$ 27,224	0%
2001(b)	\$ 124,551	\$ 92,102	\$ (32,449)	135.2%	\$ 29,687	0%
2002 (a)	\$ 120,693	\$ 104,222	\$ (16,471)	115.8%	\$ 29,763	0%
2003 (a)	\$ 118,340	\$ 112,314	\$ (6,026)	105.4%	\$ 29,566	0%
2004	\$ 121,005	\$ 121,440	\$ 435	99.6%	\$ 31,519	0%
2005	\$ 125,487	\$ 128,872	\$ 3,385	97.4%	\$ 31,441	11%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions and cost methods.

(b) Before changes in benefit provisions and/or actuarial assumptions and cost methods.

See Note 15 for more complete disclosures relating to the Road Commission's participation in the Jackson County Employees' Retirement System.

JACKSON COUNTY ROAD COMMISSION

ADDITIONAL INFORMATION

**JACKSON COUNTY ROAD COMMISSION**  
**ADDITIONAL INFORMATION**  
**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2006**

	Primary Road	Local Road	County Road Commission	Total
<b>Revenue:</b>				
Permits	\$ -	\$ -	\$ 52,810	\$ 52,810
Federal grants	1,917,786	-	69,650	1,987,436
State sources:				
Michigan Transportation Fund	7,229,753	3,508,353	-	10,738,106
State critical bridge grants	206,155	378,721	-	584,876
TED/STP grants	53,423	-	-	53,423
State Economic Development Fund grants	221,927	-	-	221,927
Revenues from local governments:				
Cities and villages	-	124,399	-	124,399
Township contributions	-	798,293	-	798,293
Other governments	-	237,149	-	237,149
Charges for services:				
State trunkline maintenance	-	-	1,865,043	1,865,043
State trunkline non-maintenance	-	-	113,503	113,503
Salvage sales	-	-	10,926	10,926
Fuel rebates	-	-	38,588	38,588
Interest and rentals:				
Interest	50,657	-	45,631	96,288
Investment earnings - Retiree Trust	-	-	44,216	44,216
Rental of property	-	-	33,710	33,710
Special assessments	-	69,074	-	69,074
Gain on asset disposal	-	-	837,110	837,110
Other revenue	15,302	50,513	11,274	77,089
Total revenue	9,695,003	5,166,502	3,122,461	17,983,966
<b>Expenditures:</b>				
Construction	-	-	-	-
Preservation/Structural Improvements:				
Roads	2,716,448	3,300,674	-	6,017,122
Structures	297,314	529,681	-	826,995
Safety projects	44,388	24,829	-	69,217
Special assessments	-	163,385	-	163,385
Non-motorized projects	-	-	-	-
Total preservation	\$ 3,058,150	\$ 4,018,569	\$ -	\$ 7,076,719

**JACKSON COUNTY ROAD COMMISSION**  
**ADDITIONAL INFORMATION**  
**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2006**

	Primary Road	Local Road	County Road Commission	Total
<b>Expenditures:</b> (Continued)				
Maintenance:				
Roads	\$ 2,646,645	\$ 4,049,452	\$ -	\$ 6,696,097
Structures	9,605	-	-	9,605
Roadside parks	4,599	-	-	4,599
Winter maintenance	362,538	248,663	-	611,201
Traffic Control	461,609	219,223	-	680,832
Total maintenance	3,484,996	4,517,338	-	8,002,334
Trunkline maintenance	-	-	1,885,970	1,885,970
Trunkline non-maintenance	-	-	118,700	118,700
Total trunkline	-	-	2,004,670	2,004,670
Non-motorized grant - County Parks	-	-	69,650	69,650
Administrative expenses:				
Administrative expenses	372,491	485,944	-	858,435
Less:				
Handling charges	(4,447)	(5,801)	-	(10,248)
Overhead - State	(70,175)	(91,555)	-	(161,730)
Purchase discounts	(2,819)	(3,679)	-	(6,498)
Net administrative expenses	295,050	384,909	-	679,959
Equipment expense:				
Direct expenses	694,428	1,137,207	689,889	2,521,524
Indirect expenses	328,039	537,449	326,112	1,191,600
Operating expenses	174,273	285,393	173,135	632,801
Less - Rental credits	(996,462)	(1,632,069)	(990,165)	(3,618,696)
Net equipment expenses	200,278	327,980	198,971	727,229
Capital outlay:				
Capital acquisitions	-	-	2,580,049	2,580,049
Less:				
Equipment retirements	-	-	(487,784)	(487,784)
Depreciation	-	-	(1,587,314)	(1,587,314)
Total capital outlay	\$ -	\$ -	\$ 504,951	\$ 504,951

**JACKSON COUNTY ROAD COMMISSION**  
**ADDITIONAL INFORMATION**  
**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2006**

	Primary Road	Local Road	County Road Commission	Total
<b>Expenditures:</b> (Continued)				
Debt service:				
Debt principle payment	\$ -	\$ -	\$ 77,532	\$ 77,532
Interest expense	-	-	14,207	14,207
Total debt service	-	-	91,739	91,739
 Total expenditures	7,038,474	9,248,796	2,869,981	19,157,251
 <b>Excess of Revenue Over (Under) Expenditures</b>	2,656,529	(4,082,294)	252,480	(1,173,285)
 <b>Other Financing Sources (Uses):</b>				
Loan proceeds	-	-	487,572	487,572
Optional transfers	(2,168,926)	4,082,294	(1,913,368)	-
Total other financing sources	(2,168,926)	4,082,294	(1,425,796)	487,572
 <b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	487,603	-	(1,173,316)	(685,713)
 <b>Fund Balance - Beginning</b>	2,634,222	-	2,373,591	5,007,813
 <b>Fund Balance - Ending</b>	\$ 3,121,825	\$ -	\$ 1,200,275	\$ 4,322,100

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

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

To the Board of Road Commissioners  
Of Jackson County  
Jackson, Michigan

We have audited the financial statements of the government activities and the aggregate remaining fund information of **JACKSON COUNTY ROAD COMMISSION** (a component unit of Jackson County, Michigan) as of and for the year ended December 31, 2006, which collectively comprise the Jackson County Road Commission's basic financial statements and have issued our report thereon dated May 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

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

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

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



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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of Jackson County Road Commission in a separate letter dated May 31, 2007.

This report is intended solely for the information and use of the Board of Commissioners and the management of the Road Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Markowski & Company*

**MARKOWSKI & COMPANY, CPAs**  
May 31, 2007

**MINUTES**  
**JACKSON COUNTY BOARD OF COMMISSIONERS**  
**June 19, 2007**  
**County Commission Chambers**  
**7:00 p.m.**

**1. CALL TO ORDER:**

Chairman Shotwell called the June 19, 2007, meeting of the Jackson County Board of Commissioners to order at 7:00 p.m.

**2. INVOCATION:** Commissioner Mike Brown

**3. PLEDGE OF ALLEGIANCE:** Led by Chairman Shotwell

**4. ROLL CALL:** Chief Deputy County Clerk, Amanda L. Riska

(10) Present. Cmr. Herl, Lutchka, Brittain, Duckham, Poleski, Videto, Brown, Smith, Elwell and Shotwell.

(2) Absent. Cmr. Mahoney and Way.

**5. APPROVAL OF AGENDA:**

*Moved by Videto, supported by Duckham for Approval of the Agenda.* Cmr. Poleski moved to add the following items to June 19, 2007, agenda: under Item 18 - Closed session to consider a contract; under Item 15 – Proposed contract settlement with Attorney, Referee, Magistrate Association of Jackson County; and also under Item 15 – To consider the JTA proposed contract. No other additions to the agenda. Motion carried.

**6. AWARDS & RECOGNITIONS:**

Chairman Shotwell skipped ahead to Item B first.

**B.** *Moved by Shotwell, supported by Brittain to Adopt Resolution (06-07.23) Honoring Marcia Smith-Murphy Upon Her Retirement.* Roll Call: (10) Yeas. Motion carried unanimously. Chairman Shotwell read the resolution aloud and presented it to Marcia Smith-Murphy.

**A.** *Moved by Shotwell, supported by Herl to Adopt Resolution (06-07.19) Honoring the Honorable Charles Falahee, Jr. Upon his Retirement.* Roll Call: (10) Yeas. Motion carried unanimously.

- C. Jackson District Library Expansion Plan Update. *Moved by Poleski, supported by Videto to **Receive Handout**.* Motion carried. Ishwar Laxminarayan gave a short presentation about the update and the increased use of libraries.

At 7:15 p.m., Chairman Shotwell opened Public Comment until 7:20 p.m. due to the Public Hearing.

**9. PUBLIC COMMENT:**

Marilyn Lackshaw, Spring Arbor Township resident, spoke about her deep concern regarding the transportation issue for the disabled. She wasn't aware of another contract they are reviewing, but she can foresee a lot of pain that this is going to cause disabled in our community. She hopes that the Commissioners will stay at the table and work out a contract that will not damage disabled people who are also taxpayers and voters in Jackson County.

Doug Parise from Affordable Towing asked for the commissioner's help with the towing issues in Jackson County. He stated that there about nine small towing companies in Jackson and about 65-70% of impounds and accidents are only going to one towing company. Gary Manthei, from Jimmie's Inc., stated that the Sheriff's Department has a set of towing policies that they are not following. He asked if it could be placed on a meeting agenda so it can be addressed.

**8. SPECIAL ORDERS/PUBLIC HEARINGS [7:20 p.m.]:**

- A. **Use of Justice Assistance Grant Funds through the Edward Byrne Memorial Justice Assistance Grant (JAG) through the United States Department of Justice.** JPD Deputy Chief Heins was present to answer questions. There were no questions.

**7. COMMUNICATIONS/PETITIONS: None.**

**9. PUBLIC COMMENT CON'T [7:22 p.m.]:**

Phil Lancaster thanked Marcia Smith-Murphy for her work as the County Guardian. He said he watched her perform her duties with the utmost of excellence and professionalism. He also expressed his support of the library's effort for expansion.

Phil Berkemeier also extended accolades to Marcia Smith-Murphy for the excellent job she did over many years. He also wanted to show gratitude to Judge Falahee and Sandy Crowley for their dedication to the county. He said that he speaking primarily to discuss the felony contract. He thinks this is the first time that the contract for felony work has been competitively bid. He's concerned that there is another proposal that he hasn't seen. He encouraged the commissioners not to go that way because it was not the bid that was solicited.

Jerry Engle expressed his concerns about the way that the bids came in on the second contract. He thinks that if attorneys are receiving different fees, that cases will end up in Federal Court and cases will be reversed.

Bruce Barton voiced his concerns regarding the contract that was submitted outside of the bidding process. He urged the commissioners to open up the representation of indigents in Jackson County to those that are not currently on the contract if they are qualified.

Susan Dehncke, one of the attorneys that submitted the proposal outside of the bidding process, explained how the proposal would work.

Estelle Graves spoke regarding JTA concerns. She asked the commissioners to come up with a way to increase the hours for the people who need the services to be able to get to and from work.

Dewey Graves, Jr. spoke regarding JTA. He still believes there is time for the commissioners to come up with a plan for JTA to keep the services that citizens need.

Anthony Raduazo urged the commissioners to consider the proposal he and the other attorneys submitted. He said it is a legitimate attempt to meet their need for cost certainty and a cap for a two-year period. He spoke with Judge Sheridan of Lenawee County where they use this same process, and he reported that it works very successfully there.

Public comment closed at 7:43 p.m.

## **10. SPECIAL MEETINGS OF STANDING COMMITTEES:**

### **A. County Affairs**

1. Grant with MDOT for Runway 14-32 Phase One
2. Mead and Hunt Construction Administration Contract
3. Resolution (06-07.21) Authorizing the County Board of Commissioners Chair, James E. Shotwell, Jr., to Sign MDOT Contract #2007-0615 (Federal Project #B-26-0051-1707), for extension of Runway 14-32 (Phase I) Part 405 Survey; FAA Reimbursable Agreement as Further Defined in (Contract No. 38-01-C69) at the Jackson County Airport

## **11. MINUTES:**

- A. Minutes of the 5/15/07 Regular Meeting of the Jackson County Board of Commissioners.

*Moved by Videto, supported by Duckham to Approve the Minutes of the 5/15/07 Regular Meeting of the Jackson County Board of Commissioners.* Motion carried unanimously.

## **12. CONSENT AGENDA:**

*Moved by Herl, supported by Brown to Accept the Consent Agenda Items A through E.* Cmr. Brittain asked to have Items 12B3 & 12D10 pulled. Chairman Shotwell moved Item 12B3 to Item 13B, Standing Committees - County Agencies, and Item 12D10 was moved to Item 13D, Standing Committees – Personnel and Finance. Roll Call: (10) Yeas. Motion carried unanimously.

### **A. County Affairs**

1. Jackson County 2007 Millage Rates

### **B. County Agencies**

2. Use of Justice Assistance Grant Funds through the Edward Byrne Memorial Justice Assistance Grant (JAG) through the United States Department of Justice
3. ~~Felony Court Appointed Attorneys~~

### **C. Human Services**

4. Approval of Accreditation Plan of Organization
5. Fiscal Year 2008 Annual Implementation Plan for Older American Act Funded Services
6. Deletion of Two Full-Time Sanitarian Positions in the Health Department

### **D. Personnel & Finance**

7. Resolution (06-07.22) to Allow the Jackson County Land Band Authority to Purchase Two Foreclosed Properties from the County of Jackson
8. Friend of the Court Request for Reorganization Under FOC Strategic Plan to Create and Abolish Positions
9. Resolution (06-07.20) Authorizing Intergovernmental Transfer for Indigent Care Agreement for Jackson County

~~10. Recommendation for Bid Award for Vehicle Maintenance Building at Chanter Road~~

11. Part-Time 4-H Program Assistance Position

12. Budget Adjustments

- a. Treasurer's Office
- b. Health Department
- c. Friend of the Court

**E. Claims**

13. Claims dated 5/1/07-5/31/07 as presented to and approved by the Standing Committees

**13. STANDING COMMITTEES:**

**A. County Affairs – Commissioner Dave Lutchka**

- 1. Appointment to the County Building Authority, one public member, term to 6/2010. The committee recommends Ric Scheele. No other nominations from the floor. Motion carried unanimously.
- 2. Appointment to the Jackson Transportation Authority, one public member, term to 3/1/2008. The committee recommends Philip Moilanen. No other nominations from the floor. Motion carried unanimously.
- 3. Appointment to the Brownfield Redevelopment Authority, three public members, terms to 3/2010. The committee recommends Dale Moretz, Jeanne Laimon and James Glen. No other nominations from the floor. Motion carried unanimously.

4. Grant with MDOT for Runway 14-32 Phase One.

*Moved by Lutchka, supported by Brittain to Approve the Grant with MDOT for Runway 14-32 Phase One.* Motion carried unanimously.

5. Mead and Hunt Construction Administration Contract.

*Moved by Lutchka, supported by Brittain to Approve the Mead and Hunt Construction Administration Contract.* Motion carried unanimously.

6. Resolution (06-07.21) Authorizing the County Board of Commissioners

Chair, James E. Shotwell, Jr., to Sign MDOT Contract #2007-0615 (Federal Project #B-26-0051-1707), for Extension of Runway 14-32 (Phase I) Part 405 Survey; FAA Reimbursable Agreement as Further Defined in (Contract No. 38-01-C69) at the Jackson County Airport.

7. *Moved by Lutchka, supported by Brown to Approve Resolution (06-07.21) Authorizing the County Board of Commissioners Chair, James E. Shotwell, Jr., to Sign MDOT Contract #2007-0615 (Federal Project #B-26-0051-1707), for Extension of Runway 14-32 (Phase I) Part 405 Survey; FAA Reimbursable Agreement as Further Defined in (Contract No. 38-01-C69) at the Jackson County Airport.* Roll Call: (10) Yeas. Motion carried unanimously.

**B. County Agencies – Vice Chairman Commissioner Earl Poleski**

1. Felony Court Appointed Attorneys – *Item 12B3 moved from the Consent Agenda.*

*Moved by Poleski, supported by Lutchka to Approve the Four Category Bid Proposal, for One Year, for Felony Court Appointed Attorneys and to Cancel the Old Contracts.*

Cmr. Brittain would like to see it taken back for another bid so everyone can have an equal chance. He feels that they should go with the flat bid or the 25% reduction from what the cases were last year. He asked that it be tabled to allow for more discussion before they have their final vote.

Cmr. Poleski stated that he thinks everyone agrees that if the existing contract is not changed that it will go over-budget as it has for the past two years. The question is what we should change to. He said the longer we delay making the change, the more likely we are to be over budget. In his view, the vote should be tonight. He also mentioned the two suggestions submitted by the existing contract attorneys outside of the bid process. He thinks both proposals are admirable and that they should be considered, but not right now. The bid request didn't ask for those types of bids, so there was no other firm or group that bid that same way. His point is that if we don't follow our own bid process, anyone who bid in good faith that we would accept the low bids of qualified attorneys would be justifiably angry. If we ask for bids in the future, they may choose not to bid and who could blame them. A new contract will bring in some new attorneys and everyone knows there is going to be some glitches. There are with all new things, but he trusts the judges and local attorneys to work together professionally to overcome the inevitable difficulties. It will only be a one year contract and he knows it won't be perfect. During this year the process will be observed and consider whether this process or some other is best for providing felony defense

**MINUTES**

**JACKSON COUNTY BOARD OF COMMISSIONERS**

**June 19, 2007**

**Page 6 of 9**

services. We have heard a number of excellent suggestions here tonight. He urged the commissioner to vote to adopt the recommendation of County Agencies.

Cmr. Elwell supports the motion that came out of Agencies and he will be voting for it tonight. He thinks that there are a couple of alternate informal proposals that were outside the bid process that may make sense and that is something that we should be looking at eight to ten months from now as the contract is coming up for expiration.

Cmr. Lutchka echoed Cmr. Elwell's statements other than he thinks it should be looked at within two or three months instead of waiting to do it eight to ten months down the road. The quicker we make the change, the quicker the county will start saving some money and we can look at other alternatives later.

Cmr. Brown stated that change is hard to take. He said we are in the 2000's not the 1960's or 1970's and we need to do something. We need to sit down at the round table to get some good ideas to make this county grow.

Cmr. Duckham would like to void out the existing contract and see a 20% reduction in the fees, but he would also like to add other qualified attorneys to the process and try it for a year. He also believes sitting down at the round table is good to come up with some of the best ideas to see what would work best for the county.

Cmr. Brittain will be opposing this contract unless it's tabled for a third bid, or at least another option.

Cmr. Herl is going to support what came out of committee because he thinks that the work has been done. He said a lot of good points have come out during the process, but he would still like to see how this contract works for one year. He also agrees with Cmr. Lutchka that we should start looking at it within the next three months and track it as we go.

Cmr. Duckham respects the thought process of protecting the integrity of the bid process, however, when he thinks about going back to the people that have elected him to tell them that they left \$150,000 on the table just to protect the integrity of a bid process, he thinks it's his job to do what's right for the people that have elected them.

Roll Call: (8) Yeas. Cmr. Herl, Lutchka, Poleski, Videto, Shotwell, Brown, Smith and Elwell. (2) Nays. Cmr. Brittain and Duckham.  
Motion carried.



**C. Human Services – Commissioner Mike Way**

None.

**D. Personnel and Finance – Commissioner James Videto**

1. Recommendation for Bid Award for Vehicle Maintenance Building at Chanter Road.

*Moved by Videto, supported by Lutchka to Approve the Bid Award for Vehicle Maintenance Building at Chanter Road to the Low Bidder, R.W. Mercer Construction Company.*

Cmr. Brittain stated that he did vote in favor of this in committee but has done some more thinking on this issue. He still feels that the old maintenance building next to the animal shelter will be the perfect building for this type of maintenance. That is why he is going to oppose this vote.

Roll Call: (9) Yeas. Cmr. Herl, Lutchka, Duckham, Poleski, Videto, Shotwell, Brown, Smith and Elwell. (1) Nay. Cmr. Brittain.  
Motion carried.

**14. UNFINISHED BUSINESS:** None.

**15. NEW BUSINESS:**

1. Proposed Contract Settlement with the Attorney, Referee, and Magistrate Association of Jackson County.

*Moved by Herl, supported by Lutchka to Approve the Proposed Contract Settlement with the Attorney, Referee, and Magistrate Association of Jackson.* Roll call: (10) Yeas. Motion carried unanimously.

2. Consider the Jackson Transportation Authority Contract.

*Moved by Poleski, supported by Elwell to Approve the Jackson Transportation Authority Contract.* Roll Call: (10) Yeas. Motion carried unanimously.

**16. PUBLIC COMMENT:** None.

**17. COMMISSIONER COMMENTS:**

Cmr. Poleski asked Randy Treacher whether or not he was able to get the conflict of interest representations as to the Rives Township sewer project. Mr. Treacher stated

that the board approved an amendment to the full faith credit policy. There is a form that is to be filled out by any of the subcontractors on those projects, which would include – as an example - attorneys, financial advisors, engineers, etc. He did provide that form to the Drain Commissioner who is the county agent for those projects. He has followed up with the Drain Commissioner and reminded him that the form had to be filled out. The board approved the Rives project a month ago and the resolution has been prepared and certified by the Clerk. The Chair has not yet signed that until we get the form that is required by the board. He stated that they have had a number of conversations face to face as well as e-mail, etc. and he is very aware of that. The resolution is waiting for that item to be completed.

Cmr. Brittain still feels that the JTA millage should be put on the ballot for August. He understands with the way things are that it probably won't happen, but he still thinks it should be addressed. He also would like to make sure that he gets information about what the towing contractors brought up during public comment.

#### **18. CLOSED SESSION:**

*Moved by Videto, supported by Duckham to Go Into Closed Session.* Motion carried unanimously.

(The Commissioners adjourned to Room 101 at approximately 8:05 p.m.)

#### **19. OPEN SESSION:**

*Moved by Brittain, supported by Poleski to Return to Open Session.* Motion carried unanimously.

(Open session resumed at approximately 9:05 p.m.)

*Moved by Elwell, supported by Duckham to Authorize the Administrator, in Conjunction with the Fair Manager, to Negotiate a One Year Sponsorship Contract for Naming a Fair Building for a Fee. Board Chair Shall be Authorized to Sign, and Legal Counsel Shall be Consulted. No Other Such Contracts Shall be Considered Until a Policy is Established by the Board of Commissioners.* Roll Call: (8) Yeas. Cmr. Herl, Lutchka, Brittain, Duckham, Videto, Brown, Smith and Elwell. (2) Nays. Cmr. Poleski and Shotwell. Motion carried.

#### **19. ADJOURNMENT:**

Chairman Shotwell adjourned the June 19, 2007, meeting of the Jackson County Board of Commissioners at 9:10 p.m.

James E. Shotwell – Chairman, Jackson County Board of Commissioners  
Sandra Crowley – Jackson County Clerk  
Respectfully submitted by Amanda L. Riska – Chief Deputy County Clerk



# J X N

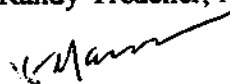
## Jackson County Airport

3606 Wildwood Avenue  
(517) 788-4225

Jackson, Michigan 49202  
FAX (517) 788-4682

June 25, 2007

TO: Jackson County Airport Board Members; Jackson County Board of  
Commissioner Members; and, Randy Treacher, Administrator – Controller

FROM: Kent Maurer, Airport Manager 

RE: Amended MDOT – Aeronautics Sponsor Contract 2003-0137/A3 (Federal  
Project B-26-0051-1201)

I am submitting an amended sponsor contract with MDOT – Aeronautics for additional EA work that occurred in 2004. Specifically, the additional work involved installation of monitoring wells to determine the flow of ground water from the former City of Jackson landfill site.

This sponsor contract is required now because it was somehow missed by the Bureau of Aeronautics in 2004 when the work was completed. It is best summarized as a “house keeping” need to now offer this amended grant for your consideration.

Please place this on the July Board of Commissioners’ Agenda for consideration.

I recommend approval.

**RESOLUTION**  
**AUTHORIZING THE COUNTY BOARD OF COMMISSIONERS**  
**CHAIR, James E. Shotwell Jr. TO SIGN AMENDED MDOT CONTRACT**  
**#2003-013(A3) (FEDERAL PROJECT #B-26-0051-1201),**  
**For Additional Phase II Environmental Assessment of Airport Property**

**AT THE JACKSON COUNTY AIRPORT**

**WHEREAS, The FAA has indicated that Runways at the Jackson County Airport do not have required "safety areas" at their respective ends and approaches; and**

**WHEREAS, continued progress in building these runway safety areas required additional Phase II environmental assessment of Airport Property; and**

**WHEREAS, the firm of DLZ of Lansing, Michigan provided these services in 2004; and**

**WHEREAS, Original Grant funds in the amount of \$171,800 were allocated by the Michigan Bureau of Aeronautics and Freight Services with an original allocation of \$154,620 Federal; \$8,590 State and \$8,590 Local match amounts and were deemed necessary and in the public interest; and,**

**WHEREAS, The original Sponsor contract with MDOT-Bureau of Aeronautics & Freight Services needs to be increased by \$43,204 to cover expenses for additional environmental work necessary to complete the Environmental Assessment; and,**

**WHEREAS, The total amended grant in the amount of \$215,004 this Phase II EA work with an allocation of \$193,503 Federal; \$10,750 State and \$10,751 Local match amounts; and,**

**WHEREAS, The Jackson County Board of Commissioners has legal authority to approve such amended grant and contract; and**

**WHEREAS, James E. Rice is the Chairman of the Jackson County Board of Commissioners and has authority to sign such grant and contract; and**

**NOW, THEREFORE, BE IT RESOLVED THAT, the Jackson County Board of Commissioners approves of the referenced grant and contract authorizes James E. Shotwell Jr. to sign on behalf of the Jackson County Board of Commissioners.**

**RESOLUTION**  
**AUTHORIZING THE COUNTY BOARD OF COMMISSIONERS**  
**CHAIR, James E. Shotwell Jr. TO SIGN MDOT CONTRACT**  
**#2003-0137 (A3) (FEDERAL PROJECT #B-26-0051-1201),**

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**James E. Shotwell Jr. - County Board Chairman**



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

KIRK T. STEUDLE  
DIRECTOR

June 22, 2007

Kent Maurer, Airport Manager  
Jackson County-Reynolds Field  
3606 Wildwood Avenue  
Jackson, Michigan 49202

Dear Mr. Maurer:

SUBJECT: Jackson County-Reynolds Field  
Jackson, Michigan  
Fed. Proj. No. B-26-0051-1201  
MDOT Contract No. 2003-0137/A3 (Amendment)

Enclosed are the original and one copy of the above described contract amendment between your organization and the Michigan Department of Transportation. Please take time to read and understand this contract. If it meets with your approval, please complete the following checklist:

- \_\_\_\_\_ **PLEASE DO NOT DATE THE CONTRACTS.** MDOT will date the contracts when they are executed. (A contract is not executed unless both parties have signed it.)
- \_\_\_\_\_ Secure the necessary signatures on both contracts.
- \_\_\_\_\_ **Include a certified resolution/authorization that specifically names the official(s) authorized to sign the contract.** You must submit one for each contract even though you may have submitted one to us in the past.
- \_\_\_\_\_ If applicable, please provide any credit documentation to the project manager as soon as possible.
- \_\_\_\_\_ Return both copies of the contract to my attention at the address below for execution by MDOT. In order to meet the scheduled project start date and/or timely processing of project costs, **please return the contract by July 26, 2007.** One original executed contract will be forwarded to you.

If you have any questions, please call me at (517)335-9960.

Sincerely,

Susan Panetta, Contract Administrator  
Bureau of Aeronautics and Freight Services

Enclosures

cc: Molly Lamrouex  
File  
DAB 7-17-07

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**JACKSON COUNTY BOARD OF COMMISSIONERS**  
**AMENDMENT**

THIS AMENDATORY CONTRACT is made and entered into this date of \_\_\_\_\_ by and between the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," and the Jackson County Board of Commissioners, hereinafter referred to as the "SPONSOR," for the purpose of amending Contract No. 2003-0137, dated April 8, 2003, as amended, hereinafter referred to as the "CONTRACT."

WITNESSETH:

WHEREAS, the CONTRACT provides for the performance of an environmental assessment for runway relocation and crosswind runway extension at the Jackson County-Reynolds Field in Jackson, Michigan; and

WHEREAS, the parties desire to amend the CONTRACT to add the installation of monitoring wells to the project and to increase the amount accordingly;

NOW, THEREFORE, the parties agree that the CONTRACT be and that the same is amended as follows:

1. In order to set forth the revised services and the revised amount, Exhibit 1 of the CONTRACT, dated January 23, 2003, as amended, is replaced with Revised Exhibit 1, dated June 14, 2007, attached hereto and made a part hereof, and all references in the CONTRACT to Exhibit 1 will be construed to mean Revised Exhibit 1, dated June 14, 2007.
2. In order to increase the CONTRACT amount by Forty-Three Thousand Two Hundred Four Dollars (\$43,204.00), for a revised total CONTRACT amount of Two Hundred Fifteen Thousand Four Dollars (\$215,004.00), Section 11 of the CONTRACT is amended to read as follows:
  - "11. The PROJECT COST participation is estimated to be as shown below and as in Revised Exhibit 1. The amounts in Revised Exhibit 1 are to be considered estimates. The actual DEPARTMENT, FAA, and SPONSOR shares of the

PROJECT COST will be determined at the time of financial closure of the FAA grant.

Federal Share	\$193,503
Maximum DEPARTMENT Share	\$ 10,750
SPONSOR Share	<u>\$ 10,751</u>
Estimated PROJECT COST	<u>\$215,004"</u>

3. All other provisions of the CONTRACT, except as herein amended, remain in full force and effect as originally set forth.
4. The SPONSOR agrees that the compensation noted above represents payment in full for all services requested by the DEPARTMENT and waives any and all claims it has or may have against the DEPARTMENT that arise out of the need to amend the CONTRACT.
5. This Amendatory Contract will become binding on the parties and of full force and effect upon signing by the duly authorized representatives of the SPONSOR and of the DEPARTMENT and upon adoption of a resolution approving said Amendatory Contract and authorizing the signature(s) thereto of the respective representatives(s) of the SPONSOR, a certified copy of which resolution will be returned to the DEPARTMENT with this Amendatory Contract, as applicable.

IN WITNESS WHEREOF, the parties have caused this Amendatory Contract to be awarded.

JACKSON COUNTY BOARD OF COMMISSIONERS

By: \_\_\_\_\_  
Title:

MICHIGAN DEPARTMENT OF TRANSPORTATION

6/20/17



By: \_\_\_\_\_  
Title: Department Director

## REVISED EXHIBIT 1

### JACKSON COUNTY - REYNOLDS FIELD JACKSON, MICHIGAN

Project No. B-26-0051-1201  
Contract No. FM 38-01-ENV2

June 14, 2007

	Federal	State	Local	Total
ADMINISTRATION	\$187	\$10	\$11	\$208
DEPARTMENT-AERO	\$187	\$10	\$11	\$208
LAND	\$0	\$0	\$0	\$0
ENVIRONMENTAL	\$193,316	\$10,739	\$10,741	\$214,796
Environmental assessment including monitoring well installation				
AERO	\$4,491	\$249	\$250	\$4,990
CONSULTANT	\$188,825	\$10,490	\$10,491	\$209,806
CONSTRUCTION				
CONTINGENCIES				
ORIGINAL PROJECT BUDGET	\$154,620	\$8,590	\$8,590	\$171,800
INCREASE IN BUDGET	\$38,883	\$2,160	\$2,161	\$43,204
TOTAL PROJECT BUDGET	\$193,503	\$10,750	\$10,751	\$215,004



**RESOLUTION (07-07.24)**  
**AUTHORIZING THE COUNTY BOARD OF COMMISSIONERS**  
**CHAIR, James E. Shotwell Jr. TO SIGN AMENDED MDOT CONTRACT**  
**#2003-013(A3) (FEDERAL PROJECT #B-26-0051-1201),**  
**For Additional Phase II Environmental Assessment of Airport Property**  
**AT THE JACKSON COUNTY AIRPORT**

**WHEREAS**, The FAA has indicated that Runways at the Jackson County Airport do not have required “safety areas” at their respective ends and approaches; and

**WHEREAS**, continued progress in building these runway safety areas required additional Phase II environmental assessment of Airport Property; and

**WHEREAS**, the firm of DLZ of Lansing, Michigan provided these services in 2004; and

**WHEREAS**, Original Grant funds in the amount of \$171,800 were allocated by the Michigan Bureau of Aeronautics and Freight Services with an original allocation of \$154,620 Federal; \$8,590 State and \$8,590 Local match amounts and were deemed necessary and in the public interest; and,

**WHEREAS**, The original Sponsor contract with MDOT-Bureau of Aeronautics & Freight Services needs to be increased by \$43,204 to cover expenses for additional environmental work necessary to compete the Environmental Assessment; and,

**WHEREAS**, The total amended grant in the amount of \$215,004 this Phase II EA work with an allocation of \$193,503 Federal; \$10,750 State and \$10,751 Local match amounts; and,

**WHEREAS**, The Jackson County Board of Commissioners has legal authority to approve such amended grant and contract; and

**WHEREAS**, James E. Rice is the Chairman of the Jackson County Board of Commissioners and has authority to sign such grant and contract; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Jackson County Board of Commissioners approves of the referenced grant and contract authorizes James E. Shotwell Jr. to sign on behalf of the Jackson County Board of Commissioners.

\_\_\_\_\_  
James E. Shotwell, Jr., Chairman  
July 24, 2007

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STATE OF MICHIGAN            )  
  ) ss.  
COUNTY OF JACKSON        )

I, Amanda Riska, the duly qualified and acting Clerk of the County of Jackson, Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the County Board of Commissioners of the County of Jackson, State of Michigan, at a regular meeting held on July 24, 2007 at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the County. I further certify that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Amanda Riska, County Clerk

Date: \_\_\_\_\_



# J X N

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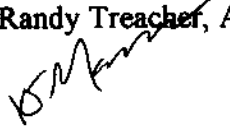
## Jackson County Airport

3606 Wildwood Avenue  
(517) 788-4225

Jackson, Michigan 49202  
FAX (517) 788-4682

June 21, 2007

TO: Jackson County Airport Board Members; Jackson County Board of  
Commissioner Members; and, Randy Treacher, Administrator – Controller

FROM: Kent Maurer, Airport Manager 

RE: Mead and Hunt Contract for 405 Survey for Runway 14-32

I am submitting a contract amendment with Mead and Hunt of Lansing, Michigan for a 405 Survey for Runway 14-32 for your approval. The cost of this amendment will not exceed \$56,610 and will be funded through the MDOT-Aeronautics Federal-State-Local program in the sponsor-contract that was previously approved.

I recommend approval.

# MEAD HUNT

*Designing the future*

June 19, 2007

Mr. Kent Maurer, Airport Manager  
Jackson County Airport  
3606 Wildwood Avenue  
Jackson, MI 49202

Subject: Jackson County Airport  
Jackson, Michigan  
Amendment # 4 Runway 14/32  
405 Approach Survey

Dear Mr. Maurer:

Enclosed are three copies of an amendment for the above-mentioned project. We are sending a copy of this agreement to the MDOT Bureau of Aeronautics and Freight Services (AERO) for their review.

Once you have received approval from AERO, please sign all three copies, retain one copy for your files and return two executed copies to this office. A fully executed copy will be forwarded to AERO.

Also enclosed for your information is a copy of a proposed subcontract for this project with Woolpert Inc.

If you have any questions, please call me.

Sincerely,

MEAD & HUNT, INC.



Robert Leisenring, P.E.  
Project Engineer

cc: Amanda Hopper, AERO

rl/jc

# **Amendment #4**

**Between**

**MEAD & HUNT, INC.**

**and**

**JACKSON COUNTY**

**Approach Surveys for Runway 14/32**

**At the  
Jackson County Airport  
Jackson, Michigan**

**Mead & Hunt Project No.: 10117-00-0700\_**

Original Agreement Dated: November 21, 2005

Original Description: Design, Preliminary Engineering Services for Runway 14/32 and Taxiway D- Rehab  
& Extend

### **Purpose of Amendment**

The purpose of this amendment is to establish a scope and fee for additional services associated with an approach surveys for runway 14/32 at the Jackson County Airport. As a result of the extension and shift of the runway, new approach procedures are required. FAA now requires the airport to provide survey information for the approaches before they will develop the approach procedures. Survey requirements are described in FAA document No. 405, Standards for Aeronautical Surveys and Related Products.

### **Scope of Services**

The CONSULTANT shall coordinate an approach survey for the approach end of runway 14 and runway 32 through a subconsultant. The survey will be completed to meet or exceed FAA document 405 standards. The survey will be done using a combination of aerial photography/photogrammetry combined with ground survey to establish control points. The survey will also utilize proposed contours developed by Mead & Hunt during the design phase. The subconsultant will verify the as built survey for FAA prior to their flightcheck of the approaches.

After a notice to proceed has been issued, Mead & Hunt will coordinate with the survey subconsultant to establish the schedule for the approach survey.

The survey by the subconsultant will include:

- \* Preparations and Communication
- \* Geodetic Control survey
- \* Aerial Obstruction photography control and acquisition
- \* Obstruction survey and analysis
- \* Runway profile survey
- \* Navigational Aid (NAVAID) inventory
- \* Runway Critical point survey (End of runways, stopways, and thresholds)
- \* As Built survey when the construction is complete

**Compensation**

The consultant shall be compensated a lump sum amount for the services identified in the scope of services above. The amount of compensation for the services shall be fifty-six thousand, six hundred ten and 00/100 dollars (\$56,610.00). A detailed breakdown of the costs for the services is included in Attachment A. The CONSULTANT shall bill the SPONSOR in accordance with the terms and condition of the original agreement.

All other terms and conditions of the original base agreement shall remain in full force and effect.

This amendment and its conditions along with the conditions and requirements of the original agreement are hereby accepted by both parties as witnessed by these signatures:

WITNESS:

\_\_\_\_\_

**JACKSON COUNTY AIRPORT**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

WITNESS:

\_\_\_\_\_

**MEAD & HUNT, INC.**

By: \_\_\_\_\_

Title: Vice President

Date: \_\_\_\_\_

**Mead & Hunt**

# DESIGN SERVICES FEE ESTIMATE - ATTACHMENT C

## SUMMARY SHEET

Airport: Jackson County Airport  
 Project Description: Runway 14-32 405 Survey  
 M & H Project No.:10117-0700\_  
 \_\_\_120\_\_\_ Calendar days in contract

COST BY ELEMENT	
ELEMENT 1.11 - PRE DESIGN CONFERENCE	\$2,541.08
ELEMENT 1.12 - ENGINEERING SURVEY	\$1,272.06
ELEMENT 1.13 - DETAILED CONSTRUCTION PLANS AND SPECIFICATIONS	\$0.00
ELEMENT 1.14 - ESTIMATE OF PROBABLE CONSTRUCTION COST	\$0.00
ELEMENT 1.15 - ENGINEERING REPORT	\$959.04
ELEMENT 1.16 - USERS CONFERENCE	\$0.00
ELEMENT 1.18 - CONFERENCES AND MEETINGS	\$10,165.82
M&H PROJECT COSTS*	\$14,938.00

\*excludes sub consultants

COST BREAKDOWN	
LABOR COST	\$4,920.00
OVERHEAD COST @ 1.7	\$8,364.00
DIRECT COSTS	\$180.00
PROFIT @ 11%	\$1,474.00
SUB TOTAL	\$14,938.00
SUB CONSULTANTS Woolpert	\$41,672.00
TOTAL COST THIS PROJECT	\$56,610.00



## DESIGN SERVICES FEE ESTIMATE - ATTACHMENT E

Airport: Jackson County Airport  
 Project Description: Runway 14-32 405 Survey  
 M & H Project No.:10117-0700\_

Employee Classification	PROJECT MANAGER	PROJECT ENGINEER	SENIOR ENG TECH	ENG TECH III	SURVEY TECH	CADD TECH	ADMIN ASSISTANT	AVIATION PLANNER
Hourly Rate	46	38	32	28	19	19	18	38
ELEMENT 1.11 - PRE DESIGN CONFERENCE								
Pre design meeting	4	8					2	8
TOTAL HOURS	4	8	0	0	0	0	2	8
No. of trips at 100 miles/trip		1						
Meals (days)		1						
Nights Lodging								
Total labor and overhead this element	\$2,235.60							
Mileage this element (\$.50/mile)	\$50.00							
Meals this element (\$30/Trip)	\$0.00							
Meals this element (\$10/trip)	\$10.00							
Lodging (\$75/night)	\$0.00							
Phone								
Materials								
Profit this element	\$245.48							
TOTAL COST THIS ELEMENT	\$2,541.08							
ELEMENT 1.12 - ENGINEERING SURVEY								
Topographical survey								
Survey for soil borings								
Coordinate project control		2			16			
TOTAL HOURS	0	2	0	0	16	0	0	0
No. of trips at 100 miles/trip					2			
Meals (days)					2			
Nights Lodging								
Total labor and overhead this element	\$1,026.00							
Mileage this element (\$.50/mile)	\$100.00							
Meals this element (\$30/Trip)	\$0.00							
Meals this element (\$10/trip)	\$20.00							
Lodging (\$75/night)	\$0.00							
Phone								
Materials								
Profit this element	\$126.06							
TOTAL COST THIS ELEMENT	\$1,272.06							

Airport: Jackson County Airport  
 Project Description: Runway 14-32 405 Survey  
 M & H Project No.:10117-0700\_

Employee Classification	PROJECT MANAGER	PROJECT ENGINEER	SENIOR ENG TECH	ENG TECH III	SURVEY TECH	CADD TECH	ADMIN ASSISTANT	AVIATION PLANNER
<b>ELEMENT 1.13 - DETAILED CONSTRUCTION PLANS AND SPECIFICATIONS</b>								
Title sheet, Quantity Sheet and Std Plans								
Safety/Phasing plan								
Typical section								
Supplemental specifications								
Grading sheets								
Profile Sheet								
Drainage sheet								
Electrical Details								
Clearing Sheet								
Cross sections and earthwork summary								
<b>TOTAL HOURS</b>	0	0	0	0	0	0	0	0
Total labor and overhead this element	\$0.00							
Phone								
Printing								
Profit this element	\$0.00							
<b>TOTAL COST THIS ELEMENT</b>	<b>\$0.00</b>							
<b>ELEMENT 1.14 - ESTIMATE OF PROBABLE CONSTRUCTION COST</b>								
Cost estimate Civil								
Cost estimate Electrical								
<b>TOTAL HOURS</b>	0	0	0	0	0	0	0	0
Total labor and overhead this element	\$0.00							
Phone								
Materials								
Profit this element	\$0.00							
<b>TOTAL COST THIS ELEMENT</b>	<b>\$0.00</b>							

Airport: Jackson County Airport  
 Project Description: Runway 14-32 405 Survey  
 M & H Project No.:10117-0700\_

Employee Classification	PROJECT MANAGER	PROJECT ENGINEER	SENIOR ENG TECH	ENG TECH III	SURVEY TECH	CADD TECH	ADMIN ASSISTANT	AVIATION PLANNER
ELEMENT 1.15 - ENGINEERING REPORT								
Review Final 405 Report	2	6						
TOTAL HOURS	2	6	0	0	0	0	0	0
Total labor and overhead this element	\$864.00							
Phone								
Materials								
Profit this element	\$95.04							
TOTAL COST THIS ELEMENT	\$959.04							
ELEMENT 1.16 - USERS CONFERENCE								
TOTAL HOURS	0	0	0	0	0	0	0	0
No. of trips at 100 miles/trip								
Meals (days)								
Nights Lodging								
Total labor and overhead this element	\$0.00							
Mileage this element (\$.50/mile)	\$0.00							
Meals this element (\$30/Trip)	\$0.00							
Meals this element (\$10/trip)	\$0.00							
Lodging (\$75/night)	\$0.00							
Phone								
Materials								
Profit this element	\$0.00							
TOTAL COST THIS ELEMENT	\$0.00							

Airport: Jackson County Airport  
 Project Description: Runway 14-32 405 Survey  
 M & H Project No.:10117-0700\_

Employee Classification	PROJECT MANAGER	PROJECT ENGINEER	SENIOR ENG TECH	ENG TECH III	SURVEY TECH	CADD TECH	ADMIN ASSISTANT	AVIATION PLANNER
<b>ELEMENT 1.18 - CONFERENCES AND MEETINGS</b>								
Coordination with Subconsultant	4	24				16		
Coordination with Sponsor	4	16					4	8
Coordination with AERO	4	4						
Coordination with FAA	4	8						
<b>TOTAL HOURS</b>	<b>16</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>4</b>	<b>8</b>
No. of trips at 100 miles/trip								
Lodging (\$75/night)								
Meals (days)								
Nights Lodging								
Total labor and overhead this element	\$9,158.40							
Mileage this element (\$.50/mile)	\$0.00							
Meals this element (\$30/Trip)	\$0.00							
Meals this element (\$10/trip)	\$0.00							
Lodging (\$75/night)	\$0.00							
Phone								
Materials								
Profit this element	\$1,007.42							
<b>TOTAL COST THIS ELEMENT</b>	<b>\$10,165.82</b>							



# J X N

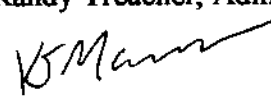
## Jackson County Airport

3606 Wildwood Avenue  
(517) 788-4225

Jackson, Michigan 49202  
FAX (517) 788-4682

June 21, 2007

TO: Jackson County Airport Board Members; Jackson County Board of  
Commissioner Members; and, Randy Treacher, Administrator – Controller

FROM: Kent Maurer, Airport Manager 

RE: Hoffman Brothers Construction Contract

I am submitting a contract with Hoffman Brothers of Battle Creek, Michigan for "Earthwork and electrical upgrades for extended 14-32 phase one" for your approval. The cost of this work (\$964,000) will be funded through the MDOT-Aeronautics Federal-State-Local program in the sponsor-contract that was previously approved.

I recommend approval.



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

KIRK T. STEUDLE  
DIRECTOR

June 20, 2007

Kent Maurer, Airport Manager  
Jackson County-Reynolds Field  
3606 Wildwood Ave.  
Jackson, MI 49202  
UPS: 1Z 256-3XX 22 1001 008 4

Dear Mr. Maurer:

Subject: Jackson County-Reynolds Field  
Jackson, Michigan  
Project No. B-26-0051-1707  
Contract ID: 38169-100037  
Construction Contract

Enclosed for your review and approval are three (3) copies of Construction Contract No. FM 38-1-C69 (Hoffman Bros., Inc.) to do Runway 14/32 earthwork at Jackson County-Reynolds Field.

Please arrange for the authorized local official to sign each copy of the construction contract; however, do not date them at this time. Return all three copies to this office for further processing. MDOT-Aeronautics will forward dated copies for your records upon formal contract award by the State.

Be advised that no construction work shall commence until the official "Notice to Proceed" is issued by this office.

Sincerely,

Roxanne Burnham, Department Tech  
Airports Division

Enclosures

cc: Amanda Hopper, Project Manager  
file

C:\DATA\WPFILES\CONTRACT TO SPONSOR\JACKSON C69.DOC

AERONAUTICS BUILDING · 2700 E. AIRPORT SERVICE DR. · LANSING, MICHIGAN 48906

[www.michigan.gov](http://www.michigan.gov) (517) 335-9282

MICHIGAN DEPARTMENT OF TRANSPORTATION

In accordance with Act 327 of 1945

MICHIGAN AERONAUTICS COMMISSION

AIRPORT PROGRAM

## CONTRACT

Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract Payment Express website ([www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)).

---

CONTRACT ID:	FM	38169	100037A	ITEM NO:
38169-100037		Federal Project No.:	B-26-0051-1707	0706 049
		Federal Item No.:	AG0297	

Runway 14/32 earthwork at Jackson County-Reynolds Field, city of Jackson, Jackson county.

This AGREEMENT, Made this \_\_\_\_\_ day of \_\_\_\_\_ A.D., 20\_\_\_\_\_, by and between the \_\_\_\_\_ County of Jackson \_\_\_\_\_, party of the first part, and Hoffman Bros., Inc. \_\_\_\_\_ a Michigan Corporation 8574 Verona Road \_\_\_\_\_, of Battle Creek MI \_\_\_\_\_ 49014 \_\_\_\_\_, party of the second part.

WITNESSETH, That the party of the second part, for and in consideration of the payment or payments hereinafter specified, hereby agrees to furnish all necessary machinery, tools, apparatus and other means of construction, do all the work, furnish all the materials except as herein otherwise specified, and to complete, in strict accordance with the plans, specifications and proposal therefor, and to the satisfaction of the said party of the first part, the work described herein, it being understood and agreed that said plans, specifications and proposal and all addenda thereto are to be considered as a part hereof.

Said party of the first part further agrees to pay the said party of the second part for such extra work as may be ordered by the party of the first part or his authorized representative, prices for which are not included in the above items, the price or on the basis agreed upon before such extra work is begun.

It is further understood and agreed that time is of the essence of this contract, and that the work shall be so conducted and supervised by the party of the second part as to insure its completion in accordance with the following schedule, each item of work to be completed on or before the date named thereafter:

Start work within ten (10) days of the date specified in the written notice to proceed.

The entire contract shall be completed in/by \_\_\_\_\_ ninety-one (91) \_\_\_\_\_ calendar days.

Liquidated damages will be assessed at the rate of \_\_\_\_\_ \$1,000.00 \_\_\_\_\_ per calendar day for failure to complete the contract within the specified time limits.

Neither the contractor nor his subcontractors shall discriminate against any employee or applicant for employment to be employed in the performance of this contract, with respect to his hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment because of his age, except where based on a bona fide occupational qualification, or his race, color, religion, national origin, or ancestry; and they will require a similar covenant on the part of any contractor or subcontractor employed in the performance of this contract. The parties further covenant that they will comply with the Civil Rights Act of 1964, (78 Stat. 252) and the Regulations of the United States Department of Transportation (49 C.F.R. Part 21) issued pursuant to said Act and will require a similar covenant on the part of any contractor or subcontractor employed in the performance of this contract.

IN WITNESS WHEREOF, The parties hereto have set their hands the day and year first above written.

County of Jackson

Hoffman Bros., Inc.

Contractor, a Michigan Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Item: 0706 049

Edward E. Davis, Sec.

This Contract shall not be valid, effective or binding until fully executed by both the Contractor and the Sponsor.



This information required by  
Act 327 of 1945 in order  
to obtain surety guarantee.

1383 (12/96)

MICHIGAN DEPARTMENT OF TRANSPORTATION

MICHIGAN AERONAUTICS COMMISSION

AIRPORT PROGRAM

BONDS

ITEM # 0706 049

(Airport Name)

(State Contract ID)

Bond No. 354-021-557

## PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, That We, Hoffman Bros., Inc.  
a Michigan Corporation as principal, and Liberty Mutual Insurance Company  
as surety, are held and firmly bound unto the County of Jackson and the State of  
Michigan, Michigan Department of Transportation, Aeronautics Commission, as agent, in the penal sum of  
**NINE HUNDRED SIXTY FOUR THOUSAND, THREE HUNDRED SIXTY SEVEN**

dollars, lawful money of the United States, to be paid to the said County of Jackson

and the State of Michigan, Michigan Department of Transportation, Aeronautics Commission, for the agent or to  
their certain attorney or assigns, to which payment, well and truly to be made, we bind ourselves, our heirs,  
executors, administrators and assigns, jointly and severally, firmly by these presents.

Sealed with our seals and dated this 11th day of June, A.D. 20 07.

The condition of this obligation is such that if the above named principal shall and will, well and faithfully, and fully,  
do, execute and perform the contract to which this bond is attached, according to the terms and conditions thereof,  
including extensions of time, (notice of which is hereby waived by the surety), then this obligation is to be void,  
otherwise to remain in full force and effect.

Hoffman Bros., Inc.a Michigan Corporation PrincipalBy [Signature]By [Signature]

By \_\_\_\_\_

Liberty Mutual Insurance Company

Surety

By [Signature]Cynthia Register, Attorney-in-Fact

NOTE: If the principal is a co-partnership, each member must sign these bonds. If the principal is a corporation,  
evidence of the authority of officer signing must be attached or be on file with the Michigan Department of  
Transportation. The Surety Company shall attach a valid Power of Attorney of person or persons executing bond for  
the company.

Commission Received by: Kevin Taylor

(Airport Name)

(State Contract ID)

Bond No. 354-021-557

## LIEN BOND

KNOW ALL MEN BY THESE PRESENTS, That We, Hoffman Bros., Inc.  
a Michigan Corporation as principal, and Liberty Mutual Insurance Company  
as surety, are held and firmly bound unto the State of Michigan, Michigan Department of Transportation,  
Aeronautics Commission, and County of Jackson  
Michigan, as obligee, in the sum of

**NINE HUNDRED SIXTY FOUR THOUSAND, THREE HUNDRED SIXTY SEVEN**


dollars, lawful money of the United States, to be paid to the said State of Michigan, Michigan Department of Transportation, Aeronautics Commission, or to its assigns, or to any person, firm or corporation who may furnish labor, materials, supplies for equipment, for camp or construction, and equipment on a rental basis, on account of and actually used in the performance of the contract hereinafter mentioned, to which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators and assigns, and each and every one of them firmly by these presents.

Sealed with our seals and dated this 11th day of June, A.D. 20 07

The condition of this obligation is such that if there shall be paid, as the same may become due and payable, all indebtedness which may arise from said principal to a sub-contractor or to any person, firm or corporation on account of any labor, material, supplies for equipment, for camp or construction, and rental of equipment, furnished and actually used in the performance of the contract to which this bond is attached, including extensions of time, (notice of which is hereby waived by the surety), then this obligation is to be void, otherwise to remain in full force and effect.


Hoffman Bros., Inc.

By  a Michigan Corporation Principal

By 

By \_\_\_\_\_

Liberty Mutual Insurance Company

By  Surety  
Cynthia Register, Attorney-in-Fact

---

ENDORSEMENT

The provisions of the foregoing lien bond shall also apply to indebtedness described therein in the case of a subcontractor in which notice of the reliance of the security of the bond is not furnished within the time period provided in Act 213 of 1963, as amended, provided such notice is furnished within 60 days after final acceptance of the above described project by the owner or its authorized representative. Nothing in this endorsement shall be construed so as to limit the coverage provided for in said lien bond.

---

Hoffman Bros., Inc.

a Michigan Corporation Principal

By Edward E. RegisterBy Edward E. Register, Secy

By \_\_\_\_\_

Liberty Mutual Insurance Company

Surety

By Cynthia Register

Cynthia Register, Attorney-in-Fact

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY  
BOSTON, MASSACHUSETTS  
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint

**CYNTHIA REGISTER, MARSHA TOMAN, ALL OF THE CITY OF GRAND RAPIDS, STATE OF MICHIGAN** .....

.....  
.....  
each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100\*\*\*\*\* DOLLARS (\$ 50,000,000.00\*\*\*\*\*)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 6th day of September, 2006.

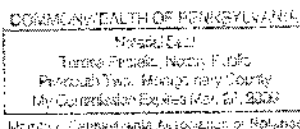
LIBERTY MUTUAL INSURANCE COMPANY

By Garnet W. Elliott  
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss  
COUNTY OF MONTGOMERY

On this 6th day of September, 2006, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



By Teresa Pastella  
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 11th day of June, 2007.

By David M. Carey  
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-800-841-2222 between 9:00 am and 4:30 pm EST on any business day.

# JACKSON COUNTY PARKS

## Memorandum

**To:** Randy Treacher, Acting County Administrator  
**From:** Jim Guerriero, Parks Director  
**Date:** Wednesday, May 30, 2007  
**Re:** County Affairs Committee Meeting of July 9, 2007

---

### 1. **Proposed County Parks Metal Detector Use Policy** (Attachment).

**Background:**

The County of Jackson has a legal ordinance covering rules and regulations for the County Parks. It is County Ordinance #7 and was adopted by the County Board of Commissioner and published in the Citizen Patriot on June 20, 2000.

The parks have received numerous requests regarding the use of metal detectors and requests the County to add the proposed language to the existing ordinance.

Attachments

C: Sue Schweizer

# **Jackson County Parks and Recreation Commission**

## **Proposed Metal Detector Policy**

Metal detectors will be allowed in general public areas with permission from the Parks Supervisor.

No person shall destroy or remove any historical or pre-historical ruin or parts thereof, or any object of antiquity without the permission of the Parks Director.

Metal Detectors are **NOT** allowed in the following areas at any time:

- Camping areas;
- Golf courses and driving range areas;
- Cascades Manor House grounds; and,
- Cascades Falls fenced in area.

Further, metal detectors are **NOT** allowed at any time during the staging time of any special events in any County Park.

The use of metal detectors in the water is under the direction of the Michigan Department of Natural Resources.

## **Enforcement and Fines**

A person violating any provision of the above terms shall be guilty of a misdemeanor upon issue of a ticket, and shall be subject to immediate expulsion from Commission property, and shall be banned from entrance upon Commission property for a period of time not to exceed one (1) year, at the discretion of the Parks Director.

**Resolution (07-07.25) Opt-Out Tax Exempt Resolution**

**WHEREAS**, Leoni Township desires to expand its Downtown Development Authority boundaries in accordance with the provisions of the Michigan Downtown Development Act, Public Act 197 of the Public Acts of 1975, as amended; MCL 125.1651, et seq (hereafter “Downtown Development Act”);

~~**WHEREAS**, the County of Jackson owns real property within the proposed expanded boundaries of Leoni Township’s Downtown Development Authority;~~

**WHEREAS**, Jackson County has reviewed the proposed expansion of Leoni Township’s Downtown Development Authority;

**WHEREAS**, the proposed expansion of Leoni Township’s Downtown Development Authority may or will prevent the County from levying and collecting ad valorem property taxes or that said taxes will be subject to capture by Leoni Township in accordance with the provisions of the Downtown Development Act, *supra*;

**WHEREAS**, the County of Jackson desires to exempt from capture said taxes otherwise subject to levy in accordance with Section 3 of the Downtown Development Act, *supra*, MCL 125.1653(3);

**WHEREAS**, the County of Jackson otherwise notes that the proposed expansion of the boundaries of the Leoni ~~Charter~~ Township Downtown Development Authority fails to provide a clear and concise Development Plan as required by the relevant provisions of the Downtown Development Act, *supra*;



**WHEREAS**, Jackson County further does not desire to surrender to or to allow Leoni Township to capture the ad valorem tax revenues otherwise payable to the County of Jackson and that said loss could amount to a substantial loss to the County;

**WHEREAS**, the County of Jackson further objects to the proposed expansion of the boundaries of the Leoni Township Downtown Development Authority based on ~~the failure and/or refusal of Leoni Township~~ **not to allowing meaningful** membership on the Downtown Development Board by representatives of the County of Jackson;

~~**WHEREAS**, the County of Jackson further notes the proposed expansion of the boundaries of the Leoni Township Downtown Development Authority fails to provide for a land use plan as required by the terms of the Downtown Development Act, *supra*;~~

**NOW, THEREFORE, BE IT RESOLVED** that Jackson County does and hereby exempts its current and any future levy of ad valorem property taxes on the land ~~owned by Jackson County~~ in the proposed expansion of the boundaries of the Leoni Township Downtown Development Authority in accordance with MCL 125.1653.

**BE IT FURTHER RESOLVED** that to the extent provided by MCL 126.1653(6), Jackson County declines and otherwise opts out of the proposed expansion of the Leoni Township Downtown Development Authority as well as any discussions concerning the formulation and execution of an agreement with Leoni Township with respect to the proposed expansion of the boundaries of the Leoni Township Downtown Development Authority until and unless an interlocal agreement is executed between the parties in accordance with the Urban Cooperation Act of 1967, MCL 124.501, *et seq.*

**BE IT FURTHER RESOLVED** that a copy of this Resolution shall be served upon the Clerk of Leoni Township prior to August 1, 2007.

Said Resolution was offered at a regular meeting of the Jackson County Board of Commissioners held at the Jackson County Tower Building on the 24<sup>th</sup> day of July, 2007.

---

James E. Shotwell, Jr., Chairman  
Jackson County Board of Commissioners  
July 24, 2007

RESOLUTION (07-07.27) AUTHORIZING BORROWING  
FROM THE DELINQUENT TAX REVOLVING FUND  
FOR THE GENERAL FUND

WHEREAS, the County of Jackson realizes it has incurred a temporary cash flow problem as a result of PA 357 of 2004 for the current fiscal year; and

WHEREAS, the County has monies in the Delinquent Tax Revolving Fund available for short term borrowing.

NOW, THEREFORE, BE IT RESOLVED, that the Jackson County Board of Commissioners hereby authorizes that, if needed, the General Fund may borrow temporary funds from the Delinquent Tax Revolving Fund.

---

James E. Shotwell, Jr., Chairman  
Jackson County Board of Commissioners  
July 24, 2007

# JACKSON COUNTY PARKS

## Memorandum

MEMORANDUM FOR THE BOARD

**To:** Randy Treacher, Acting County Administrator  
**From:** Jim Guerriero, Parks Director  
**Date:** Wednesday, May 30, 2007  
**Re:** Personal & Finance Committee Meeting

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### 1. Proposed Budget Adjustment Cascades Golf Course (Attachment).

**Background:**

Now that Cascades Golf Course no longer has a PGA Golf Professional on staff, the pro shop does not have a Merchandising License Agreement. Therefore, the amount of revenue and expense needs to be more reflective of actual revenue and expense for 2007.

Attachment

C: Sue Schweizer

[illegible]

Now that we no longer have a PGA Golf Professional on staff, the pro shop does not have a Merchandising License Agreement. Therefore, the amount of revenue and expense needs to be more reflective of actual revenue and expense for 2007.

ADMINISTRATOR/date

# STATE OF MICHIGAN 12TH JUDICIAL DISTRICT COURT

*Michael J. Dillon, Court Administrator*  
*312 South Jackson Street - Jackson, Michigan 49201*  
*517-768-6802 - Fax 517-788-4262*  
**www.d12.com**  
*mdillon@co.jackson.mi.us*

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## MEMORANDUM

TO: Randy Treacher

SUBJECT: Financial Management

RE: Drunk Driving Assistance Funds (MCL 257.625h)  
Drug Case Information Management Funds (MCL 257.323d)

DATE: June 8, 2007

Attached please find a copy of the State of Michigan Remittance Advice for the Drunk Driving Case Reimbursement Fund (MCL 257.625h) and the Drug Case Reimbursement Fund (257.323d).

The 12<sup>th</sup> District Court has received a total of \$77,267.32:

Drunk Driving Assistance	\$74,907.53
Drug Case Management	\$2,359.79

The 4<sup>th</sup> Circuit Court has received a total of \$1,204.35.

Please increase 12th District Court expense line-item 402-978-978.915 (Drunk Driving Assistance) by \$77,267.32

According to our records, after the adjustment, the 2007 budgeted amount should reflect a total of \$163,250

Please advise me when the adjustment has been made.

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PAGE 1 OF 1

## STATE OF MICHIGAN REMITTANCE ADVICE

INVOICE NUMBER	INVOICE DATE	INVOICE DESCRIPTION	REF. DOC.	CURRENT DOC.	AMOUNT
05A 950 JUDICIARY-DIANE GIGANTI 517-373-5540					
FY 2006	06/04/07	DRUG CASE MGMT FUND	PT000753	VZ827351	\$ 2,359.79

WARRANT AMOUNT \$ 2,359.79

#402978-555.600

DETACH HERE - RETAIN STUB FOR YOUR RECORDS - DETACH HERE

## STATE OF MICHIGAN REMITTANCE ADVICE

INVOICE NUMBER	INVOICE DATE	INVOICE DESCRIPTION	REF. DOC.	CURRENT DOC.	AMOUNT
05A 950 JUDICIARY-DIANE GIGANTI 517-373-5540					
FY 2006	05/31/07	DRUNK DRIVING CASEFLOW	PT000755	VZ827113	\$ 74,907.63
FY 2006	06/01/07	DRUG CASE MGMT FUND	PT000753	VZ827261	1,204.35

WARRANT AMOUNT \$ 76,111.88

10/13/ - 555 080

402-978-555.600

DETACH HERE - RETAIN STUB FOR YOUR RECORDS - DETACH HERE



COMMISSIONER BOARD APPOINTMENTS – JULY 2007

<u>BOARD</u>	<u>NEW TERM EXPIRES</u>	<u>CURRENT MEMBER</u>	<u>APPLICANTS</u>	<u>COMMITTEE RECOMMENDED APPOINTMENTS</u>
<u>Jackson District Library</u> 1) Public Member	12/2009	vacant	Nicholas LeFevre Ted Kolman	Nicholas LeFevre
<u>Mid-South Substance Abuse Commission</u> 1) Public or Commissioner Member	12/2007	vacant	Commissioner Cliff Herl	Commissioner Cliff Herl

Suggested insertion as letter K to Full Faith and Credit Policy:

K. The County Administrator/Controller shall, in advance of a Board vote upon whether to pledge the County's Full Faith and Credit for a project, obtain the following representations from all parties (including County employees, County and local unit elected officials, and professional consultants) acting on behalf of the County and the local unit with respect to the project, and shall provide such representations to the Board:

1. Representation by County elected officials, County employees and project professional consultants of full compliance with Board Policy 2070, dealing with Conflicts of Interest.
2. Representation by County elected officials, County Employees and project professional consultants that the party has not received, and shall not receive, compensation, gifts (except for (a) tickets to sporting or recreational events, which do not in the aggregate exceed the indexed limitations on gifts for public officials as provided in the Michigan Lobby Registration Act (MCL 4.411 et seq.) (currently \$53 per month), (b) food and beverage for immediate consumption, such as a breakfast, lunch, dinner or other refreshment, which do not in the aggregate exceed the indexed limitations on food and beverages purchased for public officials as provided in the Michigan Lobby Registration Act (currently \$53 per month and \$325 per year), and (c) transportation to and from project related meetings), gratuities, fees, or other consideration from any person, firm, or entity other than the County in connection with the project.
3. Representation by local unit elected officials that the party has not received, and shall not receive, compensation, gifts (except for (a) tickets to sporting or recreational events, which do not in the aggregate exceed the indexed limitations on gifts for public officials as provided in the Michigan Lobby Registration Act (MCL 4.411 et seq.) (currently \$53 per month), (b) food and beverage for immediate consumption, such as a breakfast, lunch, dinner or other refreshment, which do not in the aggregate exceed the indexed limitations on food and beverages purchased for public officials as provided in the Michigan Lobby Registration Act (currently \$53 per month and \$325 per year), and (c) transportation to and from project related meetings), gratuities, fees, or other consideration from any person, firm, or entity other than the local unit in connection with the project.
4. Representation that the party has used his or her best efforts on behalf of the citizens of the County; and
5. Representation that the party is unaware of any failure by a County elected official, County employee or project professional consultant to comply with the Board Policy No. 2070, dealing with conflicts of interest.

A party that is unable to make any of the representations referred to above shall describe the nature of the inability.