

COUNTY OF JACKSON, MICHIGAN



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

Prepared by:

**Randall Treacher, Interim County
Administrator/Controller
Gerard Cyrocki, CPA, Finance Officer**

INTRODUCTORY SECTION

JACKSON COUNTY, MICHIGAN
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For the Fiscal Year Ended December 31, 2008

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* * * * *



Jackson County

ADMINISTRATOR/CONTROLLER

Randall W. Treacher, Administrator/Controller

Adam J. Brown, Deputy Administrator

June 22, 2009

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

Transmitted herein is Jackson County's Comprehensive Annual Financial Report of the fiscal year ended December 31, 2008. Jackson County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Jackson County issue an annual financial report, and that this report be audited by certified public accountants.

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

Jackson County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A133, *Audits of States, Local Governments and Non-Profit Organizations*.

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

PROFILE OF JACKSON COUNTY GOVERNMENT

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

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

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

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

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

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

The business of the County is carried out on a daily basis by some 535 Full Time Equivalents located at several different locations throughout the County, providing a diverse array of services in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

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

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

In December 2006, the Board of Commissioners entertained a proposal to sell 68 acres of surplus airport property to a national retail developer for the construction of a major shopping center. This development would lead to almost \$100 million in new construction, 1,000 new jobs, and provide some financial security for the operation of the airport by dedicating the proceeds of the sale to that purpose. The sale of the above property is currently in the "due diligence phase" of the process.

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

The tax base (value of taxable property) for Jackson County increased by 1.83%. Property values for the County are estimated at \$11.9 billion based on the 2008 Equalization Report. The value of real property decreased in 2008 by 2%. The estimated "True Cash Value" translates into a State Equalized Value of \$5.9 billion. The total change in the Equalized Value was \$71,013,000 for 2008.

The local economy in Jackson County continued to have some success throughout 2008 even as the local economy continued to be sluggish. Seventeen firms increased their local investment by \$80,000,000. This investment resulted in the retention of 1,960 jobs and the creation of 295 additional jobs. Plans are underway to develop 1,000 acres of previously state owned prison property into a new industrial park. Local Downtown Development Authorities (DDA) and Local Development Financing Authorities (LDFA) continue to receive requests to expand their districts to include new developments.

Long-Term Financial Planning

Unreserved/undesignated fund balance in the general fund (23.8 percent of total general fund expenditures and transfers out) is within policy guidelines set by the Board of Commissioners for budgetary and planning purposes. In 2007, the Board expanded the guideline to 18%-24%, due to uncertain financial conditions with the State of Michigan.

The County continues to adhere to its plan to reduce FTE's in anticipation of State Revenue Sharing elimination that was approximately \$3,000,000 annually. As of December 31, 2008 the County has achieved a net reduction of 43 FTE's since inception of the "reduction plan". This reduction has been achieved via attrition (retirements & terminations) and departmental reorganizations in conjunction with a new compensation plan discussed below.

The Board of Commissioners adopted a 4-year conceptual financial plan in August of 2005 to provide a targeted \$6.0 million financial adjustment to meet major uncertainties in the local, regional, and State economic markets. This financial plan is based on sound management and budget policies for the stewardship of public funds. This concept is defined more narrowly with "budget issues" that the County Board has adopted as integral in achieving this target. In addition to the staffing level mentioned above, some of the other issues that have been addressed since inception of that plan were:

- Compensation Plan
- Fringe Benefits Adjustments

- Implementation of 5 year CIP (capital improvement plan) and CERP (capital equipment replacement plan) plans
- Revenue initiatives
- Health Care Dependent Eligibility Audit

In 2008 the County Board enhanced the above plan by including the following additional issues:

- Medi-Gap Policy Analysis-Because the County is "self-insured", the Board is exploring cost savings opportunities for its retirees who are medicare eligible.
- Analysis of Department Operations - During the upcoming 2009 budget process, County departments will be asked to analyze their operational procedures and benchmark the cost of their operations to private sector providers.
- Health insurance claims audit - is a means making sure that health claims charged to the self insurance fund from our third party administrator are correct and accurate.
- Creation of "Retirement Health Savings Plan"- an employer-sponsored health benefit savings vehicle that allows employees to accumulate assets to pay for medical expenses at retirement.

Cash Management

Jackson County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize the interest earnings. These investments are consistent with State statutes and guidelines adopted by the Board of Commissioners. Investments are generally limited to certificates of deposit, high interest savings accounts and, United States or federal agency obligations. Because only a small portion of the County's portfolio can be covered by the FDIC insurance, it is essential that the County Treasurer continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. In addition, the pension and post employment benefits trust funds may also invest in common and preferred stocks, corporate bonds, and mutual funds in accordance with state statute.

Risk Management

The County is self-insured (up to certain limits) for employees medical expenses and workers' compensation. The County contracts with Blue Cross/Blue Shield and RTW Inc. respectively, to administer these programs for its employees. The County is covered for liability with traditional insurance through the Michigan Municipal Risk Management Authority (MMRMA). The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

Pension and Other Post Employment Benefits

The County maintains two benefits plans that provide pension and post employment healthcare benefits to County retirees. These are a defined benefit pension plan and a retiree healthcare plan. The actuarial valuations applicable to the defined benefit pension plan continue to reflect positive funding ratios. Total assets in the post employment retiree health care fund showed a small increase from prior year as advocated by Board of Commissioners as part of their ongoing effort to fund future retirees' health care costs. In 2007, an actuarial valuation was performed to determine the full extent of the County's obligation to fund Other Post Employment Benefits (OPEB). The Board is currently exploring funding options with respect to that liability.

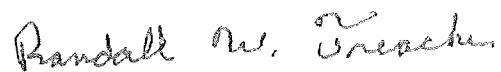
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2007. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County of Jackson. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report and in particular to Finance Officer Gerard Cyrocki. Credit also must be given to the Chairman of the Board and the County Commissioners for their unflinching support for maintaining the highest standards of professionalism in the management of the County of Jackson's finances.

Respectfully submitted,

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

Randall W. Treacher
Administrator/Controller

**2008
COUNTY OF JACKSON**

BOARD OF COMMISSIONERS

District #1	Clifford Herl	Board Member
District #2	David Lutchka	Board Member
District #3	Todd Brittain	Board Member
District #4	Phillip Duckham, III	Board Member
District #5	Earl J. Poleski, Vice-Chairman	Board Member
District #6	James Videto	Board Member
District #7	James Shotwell, Jr., Chairman	Board Member
District #8	Gail Mahoney	Board Member
District #9	Mike Brown	Board Member
District #10	Patricia Smith	Board Member
District #11	Michael Way	Board Member
District #12	David K. Elwell	Board Member

ELECTED OFFICIALS

COUNTY CLERK

Amanda Riska

COUNTY TREASURER

Janet Rochefort

COUNTY SHERIFF

Dan Heyns

DRAIN COMMISSIONER

Geoffrey Snyder

REGISTER OF DEEDS

Mindy Reilly

PROSECUTOR

Hank Zavislak

COUNTY SURVEYOR

Dean R. Gutekunst, R.I.S.

JUDICIARY

**4TH CIRCUIT /FAMILY
COURT JUDGES**

Chad Schmucker, Chief Judge
Edward Grant
John McBain
Thomas Wilson
Diane Rappleye

**12TH DISTRICT
COURT JUDGES**

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

**PROBATE
COURT JUDGES**

Diane Rappleye, Chief Judge
(Also in Family Court)

ADMINISTRATION

ADMINISTRATOR/CONTROLLER

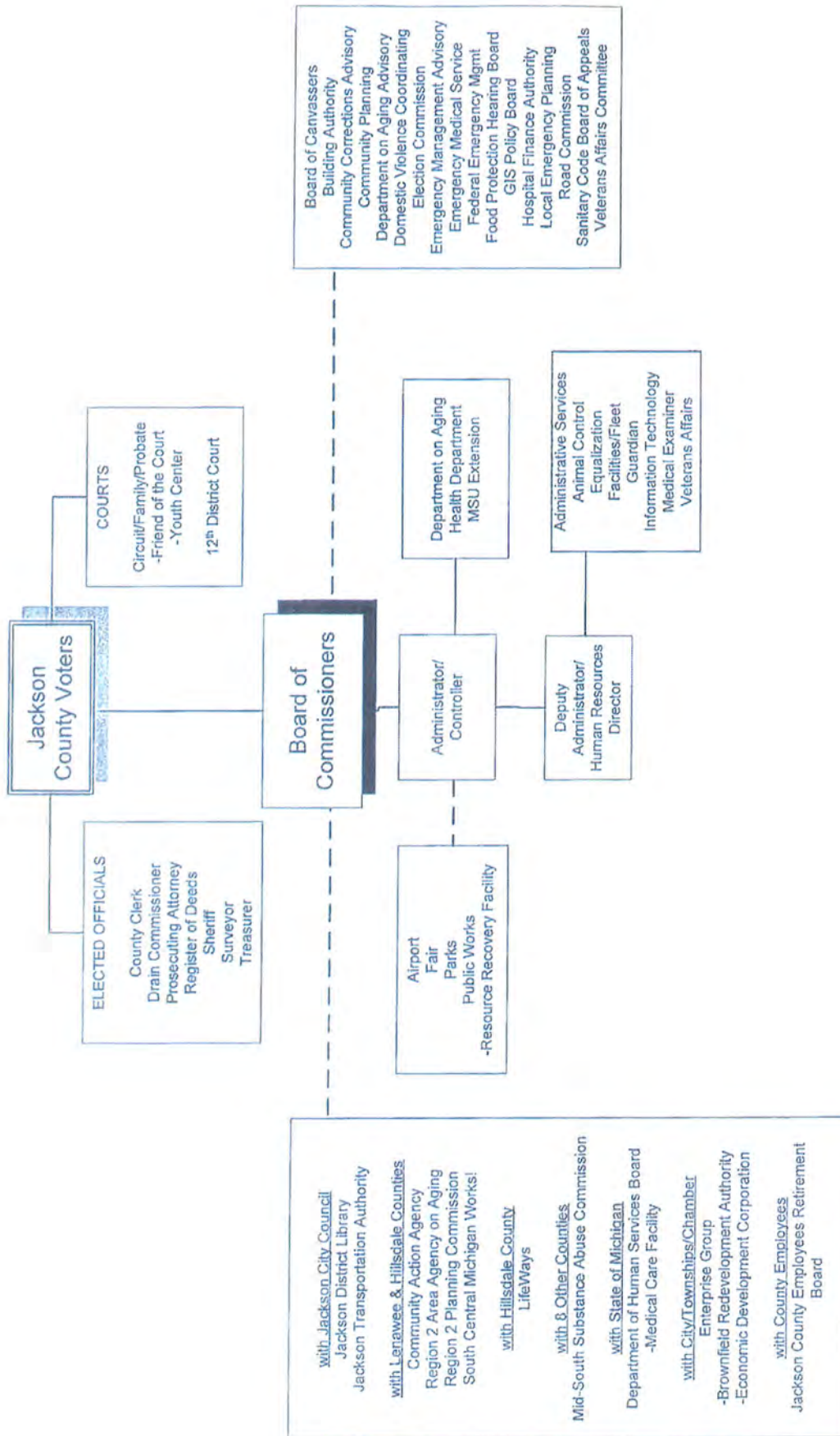
Randall W. Treacher

DEPUTY ADMINISTRATOR

Adam Brown

FINANCE OFFICER

Gerard Cyrocki



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Jackson
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer", written in a cursive style.

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

June 22, 2009

Board of Commissioners
County of Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF JACKSON, MICHIGAN**, as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. In addition, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represent 64%, 92% and 80%, respectively, of the assets, net assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*. 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jackson, Michigan, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009, on our consideration of the **County of Jackson, Michigan's** internal controls 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis and GASB Statements 25 and 45 supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of the County of Jackson, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-ix of this report.

I. FINANCIAL HIGHLIGHTS

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by \$79.9 million (*net assets*). Of this amount, \$49.4 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$28.2 million of the unrestricted net assets. The Delinquent Tax Revolving Fund accounts for 73.5% of the business-type unrestricted net assets.
- The County showed an increase in total net assets of approximately \$874,000 dollars.
- At the close of 2008, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$32.5 million, an increase of approximately \$592,000 in comparison with the prior year. Most of this total is comprised of fund balances created for a specific purpose. The general fund has an *unreserved/undesignated* fund balance of \$10.2 million.
- The general fund had a surplus of \$1,873,999 for 2008. At the end of the year, fund balance for the general fund was 25.9 percent of total general fund expenditures and transfers out.
- Jackson County's total Primary Government net bonded debt decreased by \$2.4 million.

II. OVERVIEW of the FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of Jackson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Jackson County include legislative, judicial, elections, general government, public safety, health & welfare, recreation & cultural, community development, and others. The business-type activities of Jackson County include a Medical Care Facility that provides long-term skilled nursing care, the Delinquent Tax Revolving Fund, and the Resource Recovery Facility, which provides waste to energy production, and landfill monitoring.

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

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

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

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jackson County maintains 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Jail Millage, the Revenue Sharing Reserve Fund, Building Authority Debt Service Fund, and the Maintenance of Effort Fund each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Resource Recovery Facility, Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered major funds of Jackson County. Data from the other four enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Jackson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Jackson County's assets, liabilities, and net assets at December 31, 2008. The schedule shows the County's assets exceeded liabilities by \$79.9 million.

Jackson County's Net Assets

	Governmental activities		Business-type activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$47,556,952	\$47,839,287	\$25,334,147	\$26,213,660	\$72,891,099	\$74,052,947
Capital assets	27,745,741	27,987,254	33,276,378	32,551,810	61,022,119	60,539,064
Total assets	<u>75,302,693</u>	<u>75,826,541</u>	<u>58,610,525</u>	<u>58,765,470</u>	<u>133,913,218</u>	<u>134,592,011</u>
Long-term liabilities outstanding	19,583,335	19,653,338	18,990,900	21,112,505	38,574,235	40,765,843
Other liabilities	8,803,664	8,358,397	6,540,718	6,347,294	15,344,382	14,705,691
Total liabilities	<u>28,386,999</u>	<u>28,011,735</u>	<u>25,531,618</u>	<u>27,459,799</u>	<u>53,918,617</u>	<u>55,471,534</u>
Net assets:						
Invested in capital assets, net of related debt	16,820,741	16,662,254	11,920,478	9,254,305	28,741,219	25,916,559
Restricted	1,851,694	1,999,818	-	-	1,851,694	1,999,818
Unrestricted	<u>28,243,259</u>	<u>29,152,734</u>	<u>21,158,429</u>	<u>22,051,366</u>	<u>49,401,688</u>	<u>51,204,100</u>
Total net assets	<u>\$46,915,694</u>	<u>\$47,814,806</u>	<u>\$33,078,907</u>	<u>\$31,305,671</u>	<u>\$79,994,601</u>	<u>\$79,120,477</u>

Jackson County has a net investment of \$28.7 million in capital assets. This represents 36 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Jackson County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although Jackson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Jackson County's net assets of \$1.8 million (2.3 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$49.4 million, are the largest portion (61.7 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

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

Jackson County's Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue:						
Program revenue:						
Charges for services	\$ 8,139,339	\$ 9,156,733	\$ 30,586,126	\$ 30,063,817	\$ 38,725,465	\$ 39,220,550
Operating grants and contributions	19,534,191	20,002,956	338,959	427,996	19,873,150	20,430,952
General revenues:						
Property taxes	26,301,985	26,632,998	-	-	26,301,985	26,632,998
Other	2,565,809	2,892,825	-	-	2,565,809	2,892,825
Total revenue	56,541,324	58,685,512	30,925,085	30,491,813	87,466,409	89,177,325
Expenses						
Legislative	237,997	240,045	-	-	237,997	240,045
Judicial	10,792,958	11,741,690	-	-	10,792,958	11,741,690
Elections	276,996	130,180	-	-	276,996	130,180
General government	11,293,472	11,665,390	-	-	11,293,472	11,665,390
Public safety	18,171,168	16,944,208	-	-	18,171,168	16,944,208
Health & Welfare	9,254,566	9,878,983	-	-	9,254,566	9,878,983
Recreation and Culture	1,766,639	1,732,731	-	-	1,766,639	1,732,731
Community Development	7,494,081	8,253,892	-	-	7,494,081	8,253,892
Debt service-interest	831,753	856,277	-	-	831,753	856,277
Delinquent tax revolving	-	-	523,433	543,975	523,433	543,975
Foreclosure tax	-	-	301,988	233,853	301,988	233,853
Medical Care Facility	-	-	15,758,850	15,375,425	15,758,850	15,375,425
Fair	-	-	1,168,697	1,127,027	1,168,697	1,127,027
Resource Recovery	-	-	8,640,601	8,602,557	8,640,601	8,602,557
Soil erosion	-	-	65,186	98,247	65,186	98,247
Public works	-	-	66,944	70,351	66,944	70,351
Total expenses	60,119,630	61,443,396	26,525,699	26,051,435	86,645,329	87,494,831
Increase (decrease) in net assets before transfers	(3,578,306)	(2,757,884)	4,399,386	4,440,378	821,080	1,682,494
Transfers	2,679,194	1,574,795	(2,626,150)	(1,565,385)	53,044	9,410
Increase (decrease) in net assets	(899,112)	(1,183,089)	1,773,236	2,874,993	874,124	1,691,904
Net assets - beginning of year	47,814,806	48,997,895	31,305,671	28,430,678	79,120,477	77,428,573
Adjustments	-	-	-	-	-	-
Net assets - end of year	\$ 46,915,694	\$ 47,814,806	\$ 33,078,907	\$ 31,305,671	\$ 79,994,601	\$ 79,120,477

Governmental activities. Jackson County's expenses exceeded revenue by approximately \$3.6 million which combined with the transfers in from business activities of \$2.6 million resulted in a decrease in net assets of \$1.0 million for 2008. Key elements of this change are as follows:

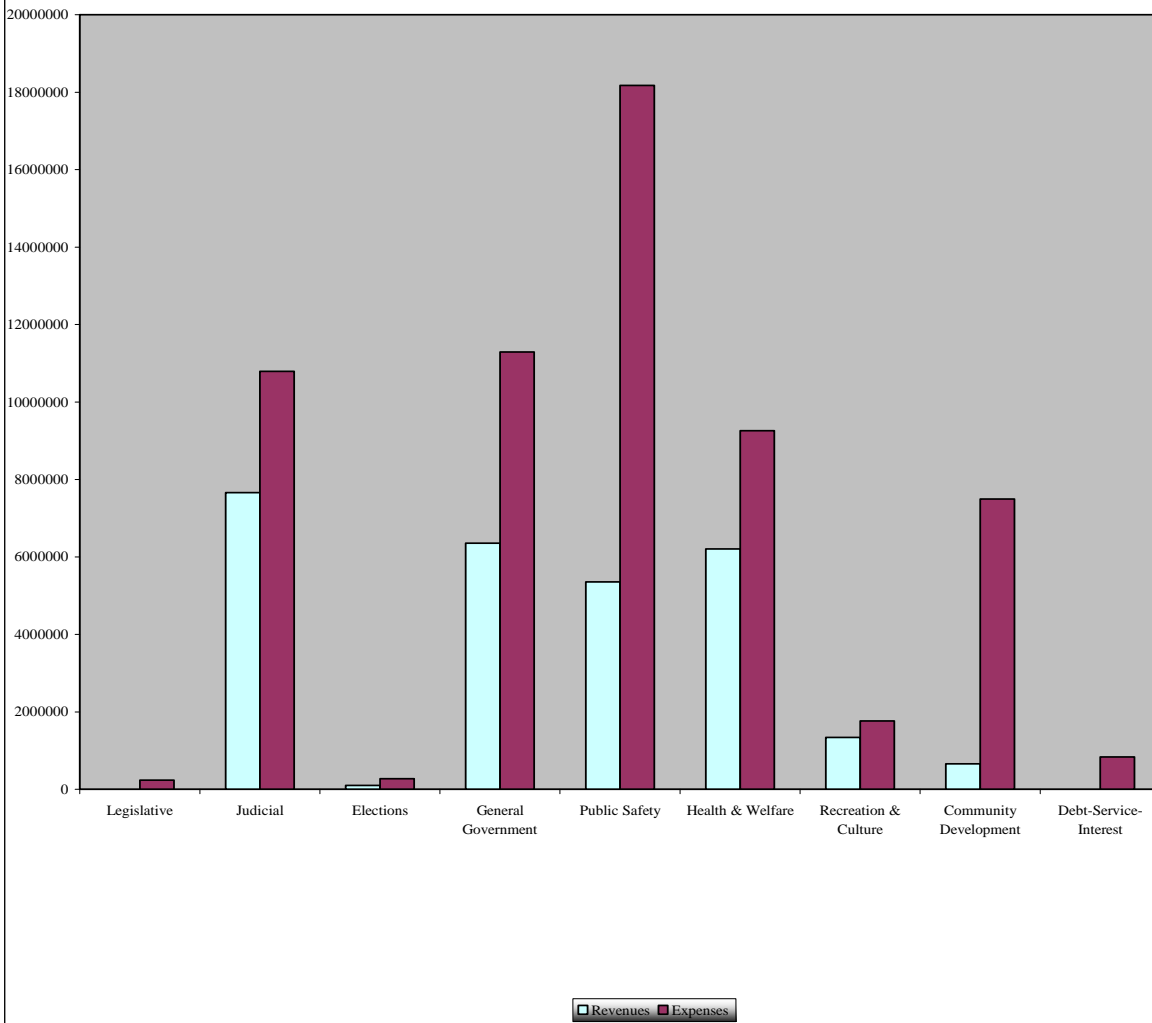
- Charges for services decreased by over \$1 million dollars compared to 2007. Identifiable areas of decrease from the prior year were a) 12 th District court fees \$379,000, b) real estate recordings \$237,000, c) Circuit court fees \$100,000, and d) Guardian fees \$75,000
- The County also experienced a decrease in revenue from the prior year as follows, a) Friend of the Court support incentive \$200,000, b) property tax revenue \$300,000, and c) interest income \$400,000
- Total governmental expenses decreased by \$1.2 million. Most of this decrease was attributed to decreased spending on non-capital asset equipment and building improvements, specifically, a) general government \$490,000, b) community development \$300,000, and c) judicial \$730,000.
- Public safety experienced an increase in expenses of \$1.2 million. The areas of increase were as follows, a) 911 center upgrade of \$400,000, b) retroactive wage settlement in the amount \$300,000, and c) Youth Center operations \$110,000.
- The \$1 million increase from transfers was attributed to a transfer from the Delinquent Tax Fund for capital asset energy upgrades for various buildings throughout the county.

Business-type activities of Jackson County increased the net assets by \$1.7 million. Key elements of the current year increase are as follows:

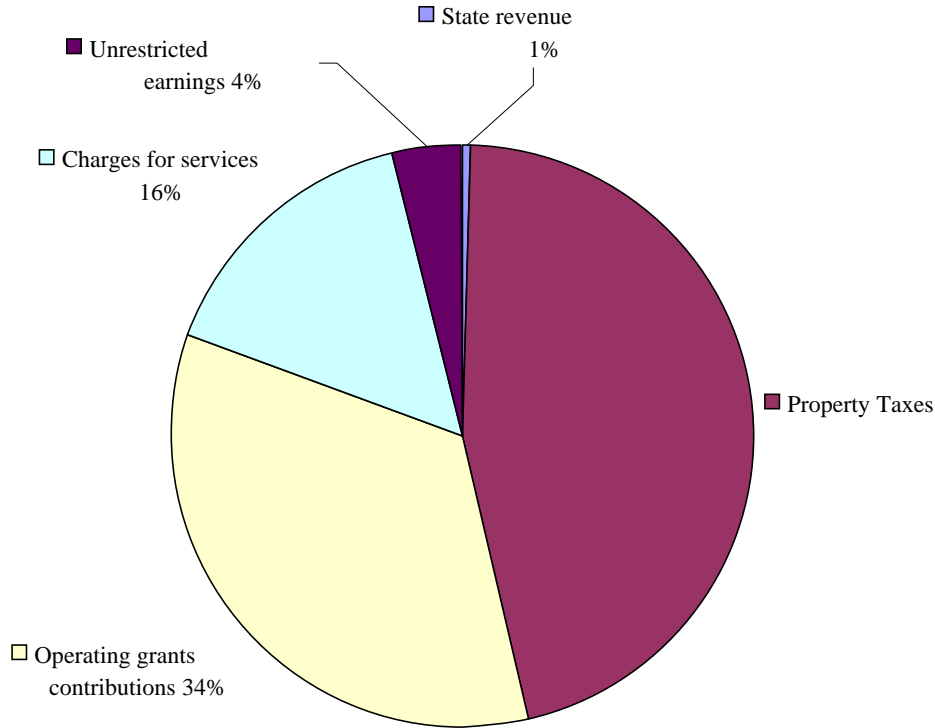
- Increases in net assets before transfers were reported in the Delinquent Tax Fund and Resource Recovery Fund in the amount of \$1.8 and \$3.1 million respectively. The Medical Care Facility reported a loss of \$165,531.
- Business-type expenses increased by over \$500,000 from the prior year which was mostly attributed to wage and fringe benefit increases of \$285,000 and an increase in provider tax incurred in the Medical Care Facility of \$120,000.

Transfers- net transfers of \$2,626,150 from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.

Program Revenues and Expenses-Governmental Activities



Revenues by Source-Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Jackson County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Jackson County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$32.5 million, an increase of nearly \$600,000 in comparison with the prior year. Most of this total amount (more than \$31.5 million) constitutes *unreserved fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) for prepaid items & inventory (\$195,123), and 2) loaned to other funds or component units (\$824,130).

The general fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$10.2 million, while total fund balance approached \$11.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23.8 percent of total general fund expenditures and transfers, while total fund balance represents 25.9 percent of that same amount.

The fund balance of the County's general fund increased by \$1,873,999 during the fiscal year. This was primarily attributed to an increase of transfers-in from other funds and a decrease in transfers-out to other funds. The net effect of these transfers resulted in a \$1.2 million addition to fund balance. The general fund did experience a decrease in property tax revenue due to declining property tax values. This loss in revenue was partially offset by a declining rate of increase in wages and benefits due to the reduction of full time equivalents (staff).

The Jail Millage Fund is a new major fund for 2008. The purpose of this fund is to a) pay down debt issued in 2003 to build a new jail, and b) offset increases in operating costs as a result of building the new jail and retention of old jail. The fund balance as of December 31, 2008 was \$311,452, a decrease of \$27,519 from the prior year, mostly attributed to an increase in transfer-out to other funds.

The revenue sharing reserve fund had a total fund balance \$4,730,699, a decrease of \$3.2 million during 2008. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections to serve as a substitute for state revenue sharing payments. Three annual payments, each equal to 1/3 of the annual property tax levy (2004) were transferred in accordance with state statute. Beginning in late 2004 and continuing until the fund balance is exhausted, the County will be able to draw monies from this fund equal to fiscal 2004 state revenue sharing payments adjusted for inflation. This fund will decline by approximately \$3,000,000 per year and is expected to be exhausted by 2010.

The Medical Care Facility Maintenance of Effort Fund ("MOE Fund") makes payments to the State of Michigan for County residents being treated in the Medical Care Facility, a long term health care facility owned and operated by Jackson County. Revenue for the MOE fund is generated by a county wide millage. The State of Michigan, Department of Community Health, will invoice the county based on a formula of operational costs and Medicaid reimbursement of the medical care facility. Net assets increased by \$451,000 resulting in a fund balance of \$5.6 million.

The Building Authority Debt Service had a fund balance of \$121,553 at the end of the year. This fund accounts for the debt payments of projects constructed thru Jackson County Building authority. In 2006, the Building Authority issued bonds for a local health care organization in the amount of \$7,045,000 which was recorded as a receivable with a corresponding entry for deferred revenue. This is the reason this fund became a "major" fund. The county invoices Lifeways (a mental health agency) annually for principal and interest payments paid by Jackson County.

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

Unrestricted net assets of the delinquent tax, resource recovery, and medical care facility funds were \$15,557,811, \$2,731,352, and \$2,947,003 respectively. The resource recovery fund had an increase in net assets of \$3,100,209. The delinquent tax and medical care facility had decreases of \$436,042 and \$165,531, respectively.

Internal service funds ended the year with net assets of \$999,015, a decrease of \$571,622 from the prior year.

General Fund Budgetary Highlights

General Fund revenue decreased by nearly \$1 million from the original to the final budget. This was primarily attributed to a decrease in property tax revenue as a result of eroding property values in the amount of \$900,000 and, court (fines & charges for services) revenue by nearly \$800,000. These decreases were offset by a favorable adjustment to investment income of \$500,000. The investment income increase was attributed to higher rates on the longer term investments.

Expenditures adjustments were minimal principally as a result of department managers maintaining rigid control of their respective budgets.

Transfers out were adjusted downward by nearly \$500,000 as a result of decreased child care costs which are equally shared by the State of Michigan and Jackson County.

Overall, during the year, the final budget for revenue including transfers-in exceeded actual general fund revenue and transfers by \$299,141. Actual general fund expenditures, including other financing uses were \$557,837 less than final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$1,873,999 which was more than the final amended budget increase of \$1,615,303.

Capital Assets and Debt Administration

Capital assets. Jackson County's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$61 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment.

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

- Near completion of the Falling Water Trail - a 10.5 mile linear non-motorized trail
- Building improvements in energy related projects of over \$1 million
- Resource recovery (waste incinerator) improvements of \$2.5 million

JACKSON COUNTY'S Capital Assets

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$1,396,272	\$1,258,548	\$469,572	\$469,572	\$1,865,844	\$1,728,120
Construction in progress	205,301	1,956,877	-	-	205,301	\$1,956,877
Buildings	23,205,784	21,628,462	26,501,696	25,410,170	49,707,480	47,038,632
Equipment and vehicles	<u>2,938,384</u>	<u>3,143,367</u>	<u>6,305,110</u>	<u>6,672,069</u>	<u>9,243,494</u>	<u>9,815,436</u>
	<u>\$27,745,741</u>	<u>\$27,987,254</u>	<u>\$33,276,378</u>	<u>\$32,551,811</u>	<u>\$61,022,119</u>	<u>\$60,539,065</u>

Additional information on the Jackson County's capital assets can be found in note III-C of this report.

Long-term debt. At the end of the 2008 fiscal year, Jackson County had net outstanding debt of \$32.3 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net assets.

Jackson County's gross outstanding debt decreased by \$2.4 million during the fiscal year.

Jackson County maintains an "A1" rating by Moody's and an "A+" rating by Standard & Poor's for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is \$ 519.5 million, which is significantly in excess of Jackson County's outstanding general obligation debt.

Additional information on the Jackson County's long-term debt can be found in note III-G of this report.

JACKSON COUNTY'S Outstanding Debt

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$10,925,000	\$11,325,000	\$ -	\$ -	\$10,925,000	\$11,325,000
Resource recovery bonds	-	-	7,675,000	9,245,000	7,675,000	9,245,000
Medical care facility bonds	-	-	13,680,900	14,052,505	13,680,900	14,052,505
	<u>\$10,925,000</u>	<u>\$11,325,000</u>	<u>\$21,355,900</u>	<u>\$23,297,505</u>	<u>\$32,280,900</u>	<u>\$34,622,505</u>

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2009 fiscal year:

- The economic downturn from previous years continues to hamper the County's finances. Taxable property values decreases were expected to remain near or slightly decrease from 2008 levels.
- Unemployment in Jackson County at the end of 2008 stood at nearly 8.7%, which is up from 2006 at 7.56%. This rate continued to be above the State and national averages.
- The planned reduction of full time staffing started in 2004 continues for 2009. Projected FTE's are expected to decrease by 15-20 through the end of 2009. This reduction has been accomplished via retirements & terminations.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past three years and is projected to continue into the future, at least until 2010. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2003/04 state revenue sharing payments adjusted for inflation. For Jackson County, this mechanism will last until FY2010. During the next three years, the County intends to implement budgets in anticipation of the elimination of revenue sharing.
- The County has budgeted to increase the General Fund balance by \$1,000,000 in preparation for the total elimination of revenue sharing discussed above.
- Negotiated contracts and planned wage increases of 1% are in place for 2009.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
DECEMBER 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 30,460,758	\$ 10,155,908	\$ 40,616,666	\$ 4,482,282
Receivables, net	16,019,004	12,695,391	28,714,395	41,165,697
Internal balances	66,527	(66,527)	-	-
Prepaid items and other assets	1,010,663	2,549,375	3,560,038	1,492,991
Capital assets not being depreciated	1,601,573	469,572	2,071,145	16,793,165
Capital assets being depreciated, net	26,144,168	32,806,806	58,950,974	57,679,798
Total assets	75,302,693	58,610,525	133,913,218	121,613,933
Liabilities				
Accounts payable and accrued expenses	3,118,811	2,944,272	6,063,083	3,415,418
Unearned revenue	3,789,871	532,275	4,322,146	-
Net other postemployment benefit liability	1,894,982	366,557	2,261,539	-
Long-term liabilities:				
Due within one year	2,088,335	2,697,614	4,785,949	2,650,426
Due in more than one year	17,495,000	18,990,900	36,485,900	34,606,929
Total liabilities	28,386,999	25,531,618	53,918,617	40,672,773
Net assets				
Invested in capital assets, net of related debt	16,820,741	11,920,478	28,741,219	73,925,699
Restricted for:				
Debt service	121,553	-	121,553	-
Capital projects	1,553,155	-	1,553,155	-
Endowments - nonexpendable	176,986	-	176,986	-
Unrestricted	28,243,259	21,158,429	49,401,688	7,015,461
Total net assets	\$ 46,915,694	\$ 33,078,907	\$ 79,994,601	\$ 80,941,160

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

COUNTY OF JACKSON, MICHIGAN
Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 237,997	\$ -	\$ -	\$ -	\$ (237,997)
Judicial	10,792,958	3,014,929	4,645,987	-	(3,132,042)
Elections	276,996	-	96,553	-	(180,443)
General government	11,293,472	1,976,002	4,379,224	-	(4,938,246)
Public safety	18,171,168	1,139,985	4,216,445	-	(12,814,738)
Health and welfare	9,254,566	852,737	5,353,031	-	(3,048,798)
Recreation and cultural	1,766,639	881,788	457,212	-	(427,639)
Community development	7,494,081	273,898	385,739	-	(6,834,444)
Interest on long-term debt	831,753	-	-	-	(831,753)
Total governmental activities	<u>60,119,630</u>	<u>8,139,339</u>	<u>19,534,191</u>	-	<u>(32,446,100)</u>
Business-type activities:					
Delinquent tax collections/forfeitures	523,433	2,283,553	113,810	-	1,873,930
Foreclosure tax	301,988	65,979	-	-	(236,009)
Medical Care Facility	15,758,850	15,523,903	69,416	-	(165,531)
Fair	1,168,697	967,391	75,209	-	(126,097)
Resource recovery	8,640,601	11,662,945	77,865	-	3,100,209
Soil erosion	65,186	35,070	318	-	(29,798)
Public works projects	66,944	47,285	2,341	-	(17,318)
Total business-type activities	<u>26,525,699</u>	<u>30,586,126</u>	<u>338,959</u>	-	<u>4,399,386</u>
Total primary government	<u>\$ 86,645,329</u>	<u>\$ 38,725,465</u>	<u>\$ 19,873,150</u>	<u>\$ -</u>	<u>(28,046,714)</u>
Component units					
County roads	\$ 18,697,099	\$ 2,999,602	\$ 13,408,797	\$ -	\$ (2,288,700)
Economic development	189,559	-	39,828	-	(149,731)
Land bank	25,233	89,404	-	-	64,171
County drains	1,520,103	-	-	1,050,954	(469,149)
Brownfield redevelopment	110,704	-	63,938	-	(46,766)
County board of public works	3,206,804	-	-	3,112,260	(94,544)
Total component units	<u>\$ 23,749,502</u>	<u>\$ 3,089,006</u>	<u>\$ 13,512,563</u>	<u>\$ 4,163,214</u>	<u>\$ (2,984,719)</u>

continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Activities (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (32,446,100)	\$ 4,399,386	\$ (28,046,714)	\$ (2,984,719)
General revenues:				
Property taxes	26,301,985	-	26,301,985	-
State shared revenue - unrestricted	736,391	-	736,391	-
Unrestricted investment earnings	1,829,418	-	1,829,418	98,492
Transfers - internal activities	2,679,194	(2,626,150)	53,044	-
 Total general revenues and transfers	 31,546,988	 (2,626,150)	 28,920,838	 98,492
 Change in net assets	 (899,112)	 1,773,236	 874,124	 (2,886,227)
Net assets, beginning of year	47,814,806	31,305,671	79,120,477	83,827,387
Net assets, end of year	\$ 46,915,694	\$ 33,078,907	\$ 79,994,601	\$ 80,941,160

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

FUND FINANCIAL STATEMENTS

**COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>			<u>Debt</u>	<u>Other</u>	<u>Total</u>
		<u>Jail</u>	<u>Revenue</u>	<u>MCF</u>	<u>Service</u>		
		<u>Millage</u>	<u>Sharing</u>	<u>Maintenance</u>	<u>Building</u>	<u>Governmental</u>	
			<u>Reserve</u>	<u>of Effort</u>	<u>Authority</u>	<u>Funds</u>	
ASSETS							
Pooled cash and cash equivalents	\$ 7,962,557	\$ 343,347	\$ 4,730,699	\$ 5,767,915	\$ 121,553	\$ 10,126,490	\$ 29,052,561
Cash and cash equivalents	23,950	-	-	-	-	57,728	81,678
Receivables:							
Accounts	473,763	-	-	-	-	1,323,886	1,797,649
Taxes	2,003,037	2,074,105	-	596,813	-	1,056,744	5,730,699
Accrued interest	301,760	-	-	-	-	-	301,760
Due from other governmental units	379,686	-	-	-	7,270,000	211,710	7,861,396
Due from other funds	-	-	-	-	-	66,527	66,527
Advances to component units	327,500	-	-	-	-	-	327,500
Advances to other funds	496,630	-	-	-	-	-	496,630
Inventory	-	-	-	-	-	140,427	140,427
Prepaid items	54,696	-	-	-	-	2,100	56,796
<u>TOTAL ASSETS</u>	<u>\$ 12,023,579</u>	<u>\$ 2,417,452</u>	<u>\$ 4,730,699</u>	<u>\$ 6,364,728</u>	<u>\$ 7,391,553</u>	<u>\$ 12,985,612</u>	<u>\$ 45,913,623</u>

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

**COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

<u>LIABILITIES AND FUND BALANCES</u>	General	Special Revenue			Debt Service	Other Governmental Funds	Total
		Jail Millage	Revenue Sharing Reserve	MCF Maintenance of Effort	Building Authority		
LIABILITIES							
Accounts payable	\$ 409,274	\$ -	\$ -	\$ 204,910	\$ -	\$ 298,421	\$ 912,605
Accrued payroll	524,379	-	-	-	-	263,043	787,422
Due to other governmental units	-	-	-	-	-	114,000	114,000
Advances from other funds	-	-	-	-	-	496,630	496,630
Deferred revenue	-	2,106,000	-	606,000	7,270,000	1,077,871	11,059,871
Total liabilities	933,653	2,106,000	-	810,910	7,270,000	2,249,965	13,370,528
FUND BALANCES							
Reserved							
Inventory and							
prepaid items	54,696	-	-	-	-	140,427	195,123
Advances	824,130	-	-	-	-	-	824,130
Unreserved:							
Designated for future							
expenditures	-	-	3,317,901	275,000	-	-	3,592,901
Designated for future							
expenditures, reported							
in nonmajor -							
Special revenue funds	-	-	-	-	-	867,293	867,293
Undesignated	10,211,100	311,452	1,412,798	5,278,818	121,553	-	17,335,721
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	7,997,786	7,997,786
Capital projects funds	-	-	-	-	-	1,553,155	1,553,155
Permanent funds	-	-	-	-	-	176,986	176,986
Total fund balances	11,089,926	311,452	4,730,699	5,553,818	121,553	10,735,647	32,543,095
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$12,023,579</u>	<u>\$ 2,417,452</u>	<u>\$ 4,730,699</u>	<u>\$ 6,364,728</u>	<u>\$ 7,391,553</u>	<u>\$ 12,985,612</u>	<u>\$45,913,623</u>

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

COUNTY OF JACKSON, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2008

Fund balances - total governmental funds	\$32,543,095
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Amounts reported for *governmental activities* in the statement of net assets are different because:

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

Add -capital assets	52,649,642
Subtract - accumulated depreciation	(24,903,901)

Other long-term assets are not available to pay for current-period expenditures and therefore not included in the funds.

Add - long term receivable included in deferred revenues	7,270,000
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in internal service funds	999,015
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract - bonds payable	(18,195,000)
Subtract - compensated absences	(1,388,335)
Subtract - other postemployment benefit obligation	(1,894,982)
Subtract - accrued interest on long-term liabilities	(163,840)

Net assets of governmental activities	<u><u>\$46,915,694</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Special Revenue		Debt Service		Other Governmental Funds	Total
		Jail Millage	Revenue Sharing Reserve	MCF Maintenance of Effort	Building Authority		
REVENUE							
Taxes	\$22,536,049	\$ 2,099,651	\$ -	\$ 599,973	\$ -	\$ 1,066,312	\$ 26,301,985
Licenses and permits	135,192	-	-	-	-	338,877	474,069
Intergovernmental	5,961,239	-	-	-	-	8,136,916	14,098,155
Contributions	-	-	-	-	1,715,365	-	1,715,365
Charges for services	5,338,369	-	-	-	-	1,820,016	7,158,385
Fines and forfeits	749,644	-	-	-	-	250,192	999,836
Interest and rents	1,897,465	-	-	56,810	2,770	432,705	2,389,750
Donations	-	-	-	-	-	59,401	59,401
Other revenue	1,474,543	7,142	-	-	-	1,843,963	3,325,648
Total revenue	38,092,501	2,106,793	-	656,783	1,718,135	13,948,382	56,522,594
EXPENDITURES							
Current:							
Legislative	223,025	-	-	-	-	-	223,025
Judicial	5,934,204	-	-	-	-	4,440,970	10,375,174
Elections	277,010	-	-	-	-	-	277,010
General government	9,858,185	-	-	-	-	329,624	10,187,809
Public safety	12,681,662	-	-	-	-	3,123,703	15,805,365
Health and welfare	3,032,634	-	-	204,910	-	5,466,351	8,703,895
Recreation and cultural	-	-	-	-	-	1,775,068	1,775,068
Community development	-	-	-	-	-	1,090,014	1,090,014
Other functions	5,493,801	-	-	-	1,064,763	5,328	6,563,892
Debt service:							
Principal	-	-	-	-	700,000	-	700,000
Interest	-	-	-	-	836,969	-	836,969
Capital outlay	-	-	-	-	-	2,177,165	2,177,165
Total expenditures	37,500,521	-	-	204,910	2,601,732	18,408,223	58,715,386
Revenue over (under) expenditures	591,980	2,106,793	-	451,873	(883,597)	(4,459,841)	(2,192,792)
OTHER FINANCING SOURCES (USES)							
Transfers in	6,671,943	-	-	-	886,555	7,817,477	15,375,975
Transfers (out)	(5,389,924)	(2,134,312)	(3,161,116)	-	(20,786)	(1,884,955)	(12,591,093)
Total other financing sources (uses)	1,282,019	(2,134,312)	(3,161,116)	-	865,769	5,932,522	2,784,882
Net change in fund balances	1,873,999	(27,519)	(3,161,116)	451,873	(17,828)	1,472,681	592,090
FUND BALANCES, Beginning of year	9,215,927	338,971	7,891,815	5,101,945	139,381	9,262,966	31,951,005
FUND BALANCES, End of year	\$11,089,926	\$ 311,452	\$ 4,730,699	\$ 5,553,818	\$ 121,553	\$ 10,735,647	\$ 32,543,095

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

COUNTY OF JACKSON, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances - total governmental funds \$ 592,090

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation

Add - capital outlay	2,428,642
Subtract - depreciation expense	(2,670,155)

Subtract net effect of principal recognized as revenue at the fund level for long-term receivable collection	(300,000)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the

Add - principal payments on long-term liabilities	700,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add - increase in accrued interest on bonds	5,216
Subtract - increase in other postemployment benefit obligation	(1,153,286)
Add - decrease in the accrual of compensated absences	70,003

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Add - interest revenue from governmental internal service funds	18,730
Subtract - net operating loss from governmental activities accounted for in internal service funds	(484,664)
Subtract - internal activities (transfers) accounted for in internal service funds	<u>(105,688)</u>

Change in net assets of governmental activities	<u><u>\$ (899,112)</u></u>
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The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes	\$ 23,464,194	\$ 22,531,394	\$ 22,536,049	\$ 4,655
Licenses and permits	116,600	133,026	135,192	2,166
Intergovernmental	6,070,777	5,958,350	5,961,239	2,889
Charges for services	6,195,529	5,619,205	5,338,369	(280,836)
Fines and forfeits	1,015,000	784,600	749,644	(34,956)
Interest and rentals	1,312,145	1,872,844	1,897,465	24,621
Other revenue	1,085,856	1,492,223	1,474,543	(17,680)
Total revenue	39,260,101	38,391,642	38,092,501	(299,141)
EXPENDITURES				
Current:				
Legislative	220,612	223,152	223,025	127
Judicial	6,082,600	6,002,682	5,934,204	68,478
Elections	202,059	277,898	277,010	888
General government	10,139,034	10,152,051	9,858,185	293,866
Public safety	12,851,878	12,710,453	12,681,662	28,791
Health and welfare	3,130,176	3,124,598	3,032,634	91,964
Other functions	5,421,731	5,556,988	5,493,801	63,187
Total expenditures	38,048,090	38,047,822	37,500,521	547,301
Revenue over expenditures	1,212,011	343,820	591,980	248,160
OTHER FINANCING SOURCES (USES):				
Transfers in	6,781,832	6,671,943	6,671,943	-
Transfers (out)	(5,992,969)	(5,400,460)	(5,389,924)	10,536
Total other financing (uses)	788,863	1,271,483	1,282,019	10,536
Net change in fund balances	2,000,874	1,615,303	1,873,999	258,696
FUND BALANCE, Beginning of year	9,215,927	9,215,927	9,215,927	-
FUND BALANCE, End of year	\$ 11,216,801	\$ 10,831,230	\$ 11,089,926	\$ 258,696

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

**COUNTY OF JACKSON, MICHIGAN
JAIL MILLAGE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property tax revenue	\$ 2,080,000	\$ 2,081,000	\$ 2,099,651	\$ 18,651
Reimbursements and miscellaneous	-	-	7,142	7,142
Total revenue	2,080,000	2,081,000	2,106,793	25,793
OTHER FINANCING SOURCES				
Transfer (out)	(2,134,243)	(2,135,243)	(2,134,312)	931
Total other financing sources	(2,134,243)	(2,135,243)	(2,134,312)	931
Net change in fund balances	(54,243)	(54,243)	(27,519)	26,724
FUND BALANCE, Beginning of year	338,971	338,971	338,971	-
FUND BALANCE, End of year	\$ 284,728	\$ 284,728	\$ 311,452	\$ 26,724

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

**COUNTY OF JACKSON, MICHIGAN
REVENUE SHARING RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	\$ (3,161,116)	\$ (3,161,116)	\$ (3,161,116)	\$ -
Net change in fund balances	(3,161,116)	(3,161,116)	(3,161,116)	-
FUND BALANCE, Beginning of year	7,891,815	7,891,815	7,891,815	-
FUND BALANCE, End of year	\$ 4,730,699	\$ 4,730,699	\$ 4,730,699	\$ -

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

**COUNTY OF JACKSON, MICHIGAN
MEDICAL CARE FACILITY MAINTENANCE OF EFFORT FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property taxes	\$ 587,000	\$ 587,000	\$ 599,973	\$ 12,973
Interest and rentals	12,000	12,000	56,810	44,810
Total revenue	599,000	599,000	656,783	57,783
EXPENDITURES				
Health and welfare	212,000	212,000	204,910	7,090
Net change in fund balances	387,000	387,000	451,873	64,873
FUND BALANCE, Beginning of year	5,101,945	5,101,945	5,101,945	-
FUND BALANCE, End of year	\$ 5,488,945	\$ 5,488,945	\$ 5,553,818	\$ 64,873

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2008

	Enterprise Funds					Internal Service Funds
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 5,208,915	\$ 401,325	\$ 1,566,767	\$ 219,531	\$ 7,396,538	\$ 1,410,557
Cash and cash equivalents	900	200	81,390	1,024	83,514	-
Receivables:						
Accounts	1,085,000	1,346,504	2,330,399	-	4,761,903	-
Taxes	6,153,311	-	-	-	6,153,311	-
Accrued interest	1,491,851	-	-	-	1,491,851	-
Due from other funds	1,707,709	-	-	-	1,707,709	-
Advances to component units	-	-	-	288,326	288,326	-
Inventory	-	1,821,154	-	-	1,821,154	-
Prepaid items	-	233,066	-	-	233,066	813,440
Total current assets	<u>15,647,686</u>	<u>3,802,249</u>	<u>3,978,556</u>	<u>508,881</u>	<u>23,937,372</u>	<u>2,223,997</u>
Noncurrent assets						
Deferred expenses	-	375,588	119,567	-	495,155	-
Restricted assets -						
Cash and cash equivalents	-	2,009,337	666,519	-	2,675,856	-
Capital assets, net	30,877	16,055,398	16,125,201	1,064,902	33,276,378	-
Total noncurrent assets	<u>30,877</u>	<u>18,440,323</u>	<u>16,911,287</u>	<u>1,064,902</u>	<u>36,447,389</u>	<u>-</u>
Total assets	<u>15,678,563</u>	<u>22,242,572</u>	<u>20,889,843</u>	<u>1,573,783</u>	<u>60,384,761</u>	<u>2,223,997</u>

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

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds (Concluded)
DECEMBER 31, 2008

	<u>Enterprise Funds</u>					<u>Internal Service Funds</u>
	<u>Delinquent Tax Revolving</u>	<u>Resource Recovery</u>	<u>Medical Care Facility</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Liabilities						
Current liabilities						
Accounts payable	\$ 1,336	\$ 638,890	\$ 207,730	\$ 9,579	\$ 857,535	\$ 87,842
Estimated claims payable	-	-	-	-	-	1,137,140
Accrued payroll	5,955	580	250,763	5,554	262,852	-
Accrued compensated absences	16,057	-	309,390	7,167	332,614	-
Accrued interest payable	-	58,035	107,324	-	165,359	-
Due to other governmental units	-	-	-	21,110	21,110	-
Due to other funds	66,527	1,179,067	-	528,642	1,774,236	-
Unearned revenue	-	4,250	-	14,566	18,816	-
Deferred capital lease	-	-	513,459	-	513,459	-
Other liabilities	-	-	62,416	-	62,416	-
Current portion of long-term debt	-	1,900,000	465,000	-	2,365,000	-
Estimated closure and post closure monitoring costs - current	-	205,000	-	-	205,000	-
Total current liabilities	<u>89,875</u>	<u>3,985,822</u>	<u>1,916,082</u>	<u>586,618</u>	<u>6,578,397</u>	<u>1,224,982</u>
Non-current liabilities:						
Net other postemployment benefit liability	-	-	366,557	-	366,557	-
Estimated closure and post closure monitoring costs	-	1,370,000	-	-	1,370,000	-
General obligation bonds payable	-	5,775,000	13,215,900	-	18,990,900	-
Total non-current liabilities	<u>-</u>	<u>7,145,000</u>	<u>13,582,457</u>	<u>-</u>	<u>20,727,457</u>	<u>-</u>
Total liabilities	<u>89,875</u>	<u>11,130,822</u>	<u>15,498,539</u>	<u>586,618</u>	<u>27,305,854</u>	<u>1,224,982</u>
Net assets						
Investment in capital assets, net of related debt	30,877	8,380,398	2,444,301	1,064,902	11,920,478	-
Unrestricted (deficit)	<u>15,557,811</u>	<u>2,731,352</u>	<u>2,947,003</u>	<u>(77,737)</u>	<u>21,158,429</u>	<u>999,015</u>
Total net assets	<u>\$15,588,688</u>	<u>\$11,111,750</u>	<u>\$5,391,304</u>	<u>\$ 987,165</u>	<u>\$33,078,907</u>	<u>\$ 999,015</u>

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds					Internal Service Funds
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	
OPERATING REVENUE						
Charges for services - interest on taxes	\$ 77,702	\$ -	\$ -	\$ 47,285	\$ 124,987	\$ -
Charges for services	2,205,851	11,691,388	15,523,903	1,068,440	30,489,582	10,609,185
Other revenue	-	-	40,225	71,226	111,451	-
Total operating revenue	<u>2,283,553</u>	<u>11,691,388</u>	<u>15,564,128</u>	<u>1,186,951</u>	<u>30,726,020</u>	<u>10,609,185</u>
OPERATING EXPENSES						
Personnel services	344,442	29,874	7,904,195	382,759	8,661,270	-
Cost of services	84,145	5,892,802	6,648,292	748,993	13,374,232	10,658,948
Depreciation	19,421	1,179,818	555,473	78,907	1,833,619	-
Administration and other	75,425	1,101,074	-	378,183	1,554,682	434,901
Total operating expenses	<u>523,433</u>	<u>8,203,568</u>	<u>15,107,960</u>	<u>1,588,842</u>	<u>25,423,803</u>	<u>11,093,849</u>
Operating income (loss)	<u>1,760,120</u>	<u>3,487,820</u>	<u>456,168</u>	<u>(401,891)</u>	<u>5,302,217</u>	<u>(484,664)</u>
NONOPERATING REVENUE (EXPENSES)						
Interest income	113,810	49,422	29,191	6,642	199,065	18,730
Interest expense	-	(437,033)	(650,890)	(13,973)	(1,101,896)	-
Total nonoperating revenue (expenses)	<u>113,810</u>	<u>(387,611)</u>	<u>(621,699)</u>	<u>(7,331)</u>	<u>(902,831)</u>	<u>18,730</u>
Net income (loss) before transfers	<u>1,873,930</u>	<u>3,100,209</u>	<u>(165,531)</u>	<u>(409,222)</u>	<u>4,399,386</u>	<u>(465,934)</u>
TRANSFERS IN (OUT)						
Transfers in	70,066	-	-	48,822	118,888	-
Transfers (out)	(2,380,038)	-	-	(365,000)	(2,745,038)	(105,688)
Total transfers in (out)	<u>(2,309,972)</u>	<u>-</u>	<u>-</u>	<u>(316,178)</u>	<u>(2,626,150)</u>	<u>(105,688)</u>
Change in net assets	(436,042)	3,100,209	(165,531)	(725,400)	1,773,236	(571,622)
NET ASSETS,						
Beginning of year	<u>16,024,730</u>	<u>8,011,541</u>	<u>5,556,835</u>	<u>1,712,565</u>	<u>31,305,671</u>	<u>1,570,637</u>
NET ASSETS,						
End of year	<u>\$ 15,588,688</u>	<u>\$ 11,111,750</u>	<u>\$ 5,391,304</u>	<u>\$ 987,165</u>	<u>\$ 33,078,907</u>	<u>\$ 999,015</u>

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

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

Business-type Activities - Enterprise Funds						
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 658,696	\$ 11,407,021	\$ 14,176,688	\$ 1,150,455	\$ 27,392,860	\$ 10,140,591
Other operating receipts	-	-	40,225	71,226	111,451	-
Cash received from Quality Assurance Supplement Program	-	-	1,669,990	-	1,669,990	-
Cash paid to employees	(342,371)	(29,728)	(7,888,565)	(379,952)	(8,640,616)	(10,818,375)
Cash paid to suppliers	(91,428)	(5,743,209)	(6,422,945)	(1,145,451)	(13,403,033)	-
Payments for interfund services used	-	(1,327,714)	-	(5,217)	(1,332,931)	-
Receipts for interfund services provided	160,500	-	-	-	160,500	-
Net cash provided by (used in) operating activities	385,397	4,306,370	1,575,393	(308,939)	5,958,221	(677,784)
Cash flows from capital and related financing activities						
Principal payments on long-term debt	-	(1,570,000)	(410,000)	-	(1,980,000)	-
Interest payments on long-term debt	-	(437,033)	(615,936)	(13,973)	(1,066,942)	-
Purchase of capital assets	-	(2,437,326)	(113,861)	(7,000)	(2,558,187)	-
Payments for benefit obligation	-	-	(286,299)	-	(286,299)	-
Net cash used in capital and related financing activities	-	(4,444,359)	(1,426,096)	(20,973)	(5,891,428)	-
Cash flows from noncapital financing activities						
Transfers from other funds	70,066	-	-	48,822	118,888	-
Transfers to other funds	(2,380,038)	-	-	(365,000)	(2,745,038)	(105,688)
Net cash used in noncapital financing activities	(2,309,972)	-	-	(316,178)	(2,626,150)	(105,688)
Cash flows from investing activities						
Resident trust deposits	-	-	6,307	-	6,307	-
Interest income received	113,810	49,422	19,093	6,642	188,967	18,730
Net cash provided by investing activities	113,810	49,422	25,400	6,642	195,274	18,730
Net increase (decrease) in cash and cash equivalents	(1,810,765)	(88,567)	174,697	(639,448)	(2,364,083)	(764,742)
Cash and cash equivalents, beginning of year	7,020,580	2,499,429	2,139,979	860,003	12,519,991	2,175,299
Cash and cash equivalents, end of year	\$ 5,209,815	\$ 2,410,862	\$ 2,314,676	\$ 220,555	\$ 10,155,908	\$ 1,410,557

Continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	\$ 5,209,815	\$ 401,525	\$ 1,648,157	\$ 220,555	\$ 7,480,052	\$ 1,410,557
Restricted assets - Cash and cash equivalents	-	2,009,337	666,519	-	2,675,856	-
Total	<u>\$ 5,209,815</u>	<u>\$ 2,410,862</u>	<u>\$ 2,314,676</u>	<u>\$ 220,555</u>	<u>\$ 10,155,908</u>	<u>\$ 1,410,557</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 1,760,120	\$ 3,487,820	\$ 456,168	\$ (401,891)	\$ 5,302,217	\$ (484,664)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Amortization expense - bond issue costs	-	-	5,605	-	5,605	-
Amortization of benefit obligation	-	-	462,875	-	462,875	-
Depreciation	19,421	1,179,818	555,473	78,907	1,833,619	-
Provision for bad debts	-	-	200,161	-	200,161	-
(Increase) decrease in:						
Accounts receivable	(396,545)	(112,293)	119,981	24,093	(364,764)	-
Taxes receivable	(1,228,312)	-	-	-	(1,228,312)	-
Inventory	-	(172,074)	-	-	(172,074)	-
Prepaid items	-	46,615	-	-	46,615	-
Advances to component units	-	-	-	(38,326)	(38,326)	-
Due from other governments	-	-	-	-	-	(468,594)
Due from other funds	169,398	-	-	-	169,398	-
Increase (decrease) in:						
Accounts payable	(7,283)	308,965	(240,500)	(8,208)	52,974	275,474
Accrued wages and benefits	2,071	146	15,630	2,807	20,654	-
Accrued expenses and deposits	-	(10,737)	-	-	(10,737)	-
Performance bonds	-	-	-	(34,200)	(34,200)	-
Unearned revenue	-	(250)	-	(2,090)	(2,340)	-
Estimated closure/monitoring costs	-	(195,000)	-	-	(195,000)	-
Due to other agencies	-	-	-	69,969	69,969	-
Due to other funds	66,527	(226,640)	-	-	(160,113)	-
Net cash provided by (used in) operating activities	<u>\$ 385,397</u>	<u>\$ 4,306,370</u>	<u>\$ 1,575,393</u>	<u>\$ (308,939)</u>	<u>\$ 5,958,221</u>	<u>\$ (677,784)</u>

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

COUNTY OF JACKSON, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
DECEMBER 31, 2008

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 654,653	\$ 4,185,705
Investments, at fair value:		
Money market funds	8,394,687	-
Certificate of deposit	99,775	
U.S. Government Obligations	10,909,299	-
Domestic corporate bonds	20,537,341	-
Corporate mortgage obligations	1,210,644	
Domestic stocks	27,849,563	-
Index stock fund	19,989,848	-
International bonds	830,164	-
International stocks	16,648,969	-
Receivables:		
Accounts	554,317	-
Other	274,125	56,984
Prepaid expenses	626,766	-
	<u>108,580,151</u>	<u>\$ 4,242,689</u>
Liabilities		
Undistributed receipts and payables	-	4,242,689
Accrued expenses	4,849,033	-
	<u>4,849,033</u>	<u>\$ 4,242,689</u>
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 103,731,118</u>	

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

COUNTY OF JACKSON, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employees	\$ 1,880,161
Employer	2,156,285
Other	1,157,820
Total contributions	5,194,266
Investment earnings:	
Interest and dividends	4,821,815
Net depreciation in fair value of investments	(47,563,991)
Less investment expenses	(722,490)
Net investment earnings (loss)	(43,464,666)
Total additions (net of investment losses)	(38,270,400)
Deductions	
Pension benefit payments	9,785,086
Contribution refunds	338,893
Administrative expenses	276,439
Total deductions	10,400,418
Change in net assets	(48,670,818)
Net assets, beginning of year	152,401,936
Net assets, end of year	\$ 103,731,118

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

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNITS
 COMBINING STATEMENT OF NET ASSETS
 DECEMBER 31, 2008**

	Road Commission	Economic Development Corporation	Land Bank Authority	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Totals
ASSETS							
Pooled cash and cash equivalents	\$ 1,762,044	\$ -	\$ 243,371	\$ 1,488,593	\$ -	\$ 637,371	\$ 4,131,379
Cash and cash equivalents	-	282,507	-	-	68,396	-	350,903
Receivables, net	2,710,292	974,866	-	17,576,133	713,631	19,190,775	41,165,697
Prepaid items and other assets	1,492,991	-	-	-	-	-	1,492,991
Capital assets not being depreciated	16,662,753	-	130,412	-	-	-	16,793,165
Capital assets being depreciated, net	53,373,056	-	-	4,306,742	-	-	57,679,798
Total assets	76,001,136	1,257,373	373,783	23,371,468	782,027	19,828,146	121,613,933
LIABILITIES							
Accounts payable and accrued expenses	1,879,951	11,068	288,326	315,643	119,435	800,995	3,415,418
Long-term liabilities:							
Due within one year	97,426	-	-	1,638,000	-	915,000	2,650,426
Due in more than one year	748,797	-	-	15,861,000	-	17,997,132	34,606,929
Total liabilities	2,726,174	11,068	288,326	17,814,643	119,435	19,713,127	40,672,773
NET ASSETS							
Invested in capital assets, net of related debt	69,488,545	-	130,412	4,306,742	-	-	73,925,699
Restricted for construction	-	-	-	1,250,083	-	115,019	1,365,102
Unrestricted	3,786,417	1,246,305	(44,955)	-	662,592	-	5,650,359
Total net assets	\$ 73,274,962	\$ 1,246,305	\$ 85,457	\$ 5,556,825	\$ 662,592	\$ 115,019	\$ 80,941,160

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

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Road Commission					
Governmental Activities:					
Public Works	\$ 18,697,099	\$ 2,999,602	\$ 13,408,797	\$ -	\$ (2,288,700)
Economic Development Corporation					
Governmental Activities:					
Other	189,559	-	39,828	-	(149,731)
Land Bank Authority					
Governmental Activities:					
Other	25,233	89,404	-	-	64,171
Drain Commission					
Governmental Activities:					
Public Works	764,468	-	-	1,050,954	286,486
Interest on long-term debt	755,635	-	-	-	(755,635)
Total Drain Commission	1,520,103	-	-	1,050,954	(469,149)
Brownfield Redevelopment Authority					
Governmental Activities:					
Public Works	110,704	-	63,938	-	(46,766)
Board of Public Works					
Governmental Activities:					
Public Works	2,520,086	-	-	3,112,260	592,174
Interest on long-term debt	686,718	-	-	-	(686,718)
Total Board of Public Works	3,206,804	-	-	3,112,260	(94,544)
Total component units	<u>\$ 23,724,269</u>	<u>\$ 2,999,602</u>	<u>\$ 13,512,563</u>	<u>\$ 4,163,214</u>	<u>\$ (2,984,719)</u>

(continued)

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Component Units						Total
	Road Commission	Economic Development Corporation	Land Bank	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	
Change in net assets net (expense) revenue	\$ (2,288,700)	\$ (149,731)	\$ 64,171	\$ (469,149)	\$ (46,766)	\$ (94,544)	\$ (2,984,719)
General revenues:							
Interest income	-	4,652	-	39,036	7,556	47,248	98,492
Change in net assets	(2,288,700)	(145,079)	64,171	(430,113)	(39,210)	(47,296)	(2,886,227)
Net assets, beginning of year	75,563,662	1,391,384	21,286	5,986,938	701,802	162,315	83,827,387
Net assets, end of year	<u>\$ 73,274,962</u>	<u>\$ 1,246,305</u>	<u>\$ 85,457</u>	<u>\$ 5,556,825</u>	<u>\$ 662,592</u>	<u>\$ 115,019</u>	<u>\$ 80,941,160</u>

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

NOTES to the FINANCIAL STATEMENTS

JACKSON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

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JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

As required by generally accepted accounting principals, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Jackson County Building Authority - The Building Authority is governed by a three-member board appointed by the Jackson County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County's public buildings; therefore, it is reported as if it were part of the primary government.

Discretely Presented Component Units

Jackson County Road Commission (the "Road Commission") - The Road Commission maintains local, state and federal trunklines within Jackson County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance and contributions from other local governmental units within the County. The three (3) member Board of Road Commissioners are appointed by the County Board of Commissioners. The Road Commission is financially accountable to the County because all general long-term debt issuances, excluding capital lease purchase agreements, require County authorization.

Jackson County Economic Development Corporation (the "EDC") - The County Economic Development Corporation, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a 9-person Board of Directors appointed by the County Board of Commissioners. The EDC may not issue debt without the County's approval and administers a significant amount of Federal economic development grant money which is received by the County.

Land Bank Authority - The Land Bank Authority is a public corporation, organized pursuant to Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Jackson County Treasurer. The Land Bank Authority is governed by an eleven-member board including the Jackson County Treasurer, who is, by law, its Chairperson, and 10 other members including 4 Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

Jackson County Drain Commission (the "Drain Commission") - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner, an elected position, has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The nature of the Drain Commission's significance of their relationship to the County is such that exclusion as a component unit would cause the County's financial statements to be misleading.

Brownfield Redevelopment Authority of Jackson County - Pursuant to the provisions of Public Act 381 of 1996, the County created a brownfield redevelopment authority (the "Authority") in order to revitalize environmentally distressed areas within a brownfield redevelopment area. The five-member Board is appointed by the Jackson County Board of Commissioners. The Authority budget must be approved by the Jackson County Board of Commissioners.

Jackson County Board of Public Works (the "BPW") - Pursuant to Michigan Compiled Law 123.732, the County entered into a program of water supply and sanitary sewer facility construction. The Board of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works, which includes the County Drain Commissioner. The BPW is governed by a seven-member board with six appointed members and the Drain Commissioner, an elected position. The Board of Public Works is considered a component unit of the County. The Board manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

Complete financial statements of the individual component units, where reports are separately provided, can be obtained from their respective administrative offices or from the County Clerk's Office at the Courthouse.

Administrative Offices

Jackson County Road Commission
2400 North Elm Road
Jackson MI 49201

**Jackson County Economic
Development Corp.**
One Jackson Square, Suite 1100
Jackson MI 49201

Funds With Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2008. The Land Bank Authority Component Unit is also reported on a fiscal year ended September 30, 2008.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers 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 items not properly included among program revenues are reported instead as *general revenues*.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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

The *jail millage fund* accounts for property tax collections used for servicing debt of bonds that were issued to finance new jail facilities.

The *revenue sharing reserve fund* accounts for accelerated property tax collections which are held for the replacement of future State shared revenues.

The *medical care facility maintenance of effort fund* accounts for payments made to the State of Michigan for county residents being treated in the Medical Care Facility, a long term health care facility owned and operated by Jackson County. Revenue is generated by a county wide millage.

The *Building Authority debt service fund* is used to account for the payment of bonds related to construction projects managed by the Building Authority Board. Funding for these payments can come from rents, millages and interfund transfers.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

The government reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *resource recovery facility fund* accounts for the operations of the incinerator and landfills.

The *medical care facility fund* accounts for the long-term care of elderly residents of Jackson County in a medical care unit owned and operated by Jackson County.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* are used to account for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

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

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

The *internal service funds* account for operations that provide services (such as workers compensation, telephone, health insurance, land use planning and graphic information) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. Charges to enterprise funds are equal to each enterprise fund's cost.

Pension and other employee benefit trust funds. These funds account for the activities of the County's pension and postretirement health benefit payments to qualified employees.

The *agency funds* account for assets held for other governments in an agency capacity (such as trust and agency, library fund, district court bond, and others).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

All short-term investments that are highly liquid with an original maturity of three months or less are considered to be cash equivalents, including investments in governmental liquidity funds.

The County maintains pooled and individual fund demand deposit, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate and other investment instruments, subject to certain limitations.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

3. Inventories, Prepaid Items and Other Assets

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items.

Deferred assets represent rent paid in advance, which will benefit future accounting periods.

4. Restricted Assets

In accordance with revenue bond covenants, resources are set aside in the Resource Recovery Facility Enterprise Fund to meet principal and interest repayment requirements and to provide for major repairs and replacements. Resources are also set aside in the Medical Care Facility Enterprise Fund to provide for operations of the facility and for future capital purchases.

5. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the useful life of the assets as follows:

Buildings and improvements	20-40 years
Equipment (computer, office and vehicles)	3-15 years

For the Road Commission component unit, capital assets are depreciated primarily by the straight-line method as follows:

	<u>Useful Life</u>
Buildings	30-40 years
Equipment	5-15 years
Infrastructure	8-50 years

For the Drain Commission component unit, the drain infrastructure is depreciated using the straight-line method over a useful life of 50 years.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

6. *Compensated Absences*

Eligible employees are permitted to accumulate paid time off in varying amounts based on length of service and certain other established criteria. Employees are paid for three-quarters of paid time off days earned and credited at the employee's current rate of pay upon separation of employment. Paid time off is accrued when incurred in proprietary funds and reported as a fund liability. Paid time off that has matured, for example, as a result of employee resignation or retirement, is reported as expenditure and a fund liability of the governmental fund that will pay it.

7. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types generally recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs and immaterial bond discounts, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

9. *Budget Stabilization Fund*

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

10. *Current and Contingent Claims*

The current and contingent claims expense (cost of services) shown in the internal service funds represents the net increase in the accrued liability for known claims and, where applicable, claims incurred but not reported. Claims paid during the fiscal year that were not previously accrued are also included here. See Note #IV A. "Risk Management" for additional detail.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Fund Deficits

At December 31, 2008, there was a deficit in unrestricted net assets in the Fair Enterprise fund in the amount of \$179,572. The County plans on eliminating this deficit through revenue generated in 2009.

At December 31, 2008, there was a deficit in unrestricted net assets in the Self Insured Workers Compensation Internal Service fund in the amount of \$287,916. The County plans on eliminating this deficit through revenue generated in 2009.

At September 30, 2008, there was a deficit in unrestricted net assets in the Land Bank Authority component unit in the amount of \$44,955. Management of the component unit plans on eliminating this deficit as properties are sold.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2008:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and pooled investments	\$ 40,616,666	\$ 4,482,282	\$ 45,098,948
Statement of Fiduciary Net Assets:			
Cash and pooled investments	4,840,358	-	4,840,358
Investments	<u>106,470,290</u>	<u>-</u>	<u>106,470,290</u>
Total	<u>\$ 151,927,314</u>	<u>\$ 4,482,282</u>	<u>\$ 156,409,596</u>

Deposits and Investments:

Bank deposits (checking accounts and certificates of deposit)	\$ 22,699,238
Investments in securities, mutual funds and similar vehicles:	
Treasurer's investment pool	27,663,625
Employee retirement system	102,491,471
Retiree health insurance fund	3,978,819
Cash on hand	29,325
Net effect of funds with different fiscal year ends	<u>(452,882)</u>
Total	<u>\$ 156,409,596</u>

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2008, \$19,703,086 of the County's total bank balance of \$22,388,447 (total book balance was \$22,699,238) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2008:

U.S. agencies	\$ 19,486,250
Money market	<u>8,177,375</u>
Total	<u>\$ 27,663,625</u>

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

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

As of December 31, 2008, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2008, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	15.4%
	Federal Home Loan Mortgage Corporation	35.9%
	Federal National Mortgage Association	48.7%

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

As of December 31, 2008, maturities of the County's debt securities were as follows:

	<u>Investment maturities (fair value by years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-15</u>	<u>More than 15</u>
U.S. Agencies	<u>\$ 19,486,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,261,250</u>	<u>\$ 3,225,000</u>

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2008:

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

Equities domestic:	
Not on securities loan	\$ 19,543,601
On securities loan	7,218,962
Index fund	19,989,848
Equities international	16,648,969
U.S. Treasuries	2,157,010
U.S. Agencies:	
Not on securities loan	7,694,655
On securities loan	92,370
Corporate securities domestic:	
Not on securities loan	18,399,576
On securities loan	339,674
Corporate collateralized mortgage obligations	1,210,644
Corporate securities international	830,164
Money market funds	8,266,223
Certificate of deposit	99,775
	<u>\$ 102,491,471</u>

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

Foreign currency risk. The County has no policy relating to foreign currency risk.

As of December 31, 2008, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 2,405,632
AA-	964,190
A+	1,869,624
A	3,537,745
A-	3,644,590
BBB+	3,680,176
BBB	1,351,685
BBB-	1,530,372
BB+	1,605,325
BB	190,719
Not Rated	99,775

\$ 20,879,833

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

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

At December 31, 2008, the System's investment portfolio is concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. Agencies	Federal Home Loan Mortgage Association	4.5%
	Federal national Mortgage Association	2.4%
U.S. Treasury	TIPS	1.4%

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

As of December 31, 2008, maturities of the System's debt securities were as follows:

	<u>Investment maturities (fair value by years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-15</u>	<u>More than 15</u>
U.S. Treasuries	\$ 2,157,010	\$ -	\$ 679,300	\$ 1,477,710	\$ -
U.S. Agencies	7,787,025	378,570	-	6,096,121	1,312,334
Coporate, domestic & international bonds	19,569,414	100,825	6,234,461	6,475,482	6,758,646
Corporate collateralized mortgage obligations	1,210,644	-	-	-	1,210,644
Certificate of deposit	99,775	-	-	99,775	-
Total debt securities	\$ 30,823,868	\$ 479,395	\$ 6,913,761	\$ 14,149,088	\$ 9,281,624

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

Retiree's Health Insurance Fund

Custodial Credit Risk - The Fund's investments are held in third-party safekeeping by a designated institution and that safekeeping agent follows the procedure of delivery vs. payment. Following is a summary of the Fund's investments as of December 31, 2008:

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

Equities domestic	\$ 1,087,000
U.S. treasuries	74,794
U.S. agencies	890,470
Corporate Bonds	1,798,091
Money Market	<u>128,464</u>

Total investments \$ 3,978,819

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

As of December 31, 2008, the System's investments in securities of U.S. instruments and in corporate securities were rated by Standard and Poor's as follows:

AAA	\$ 1,073,898
A+	428,465
A	332,707
A-	93,547
BBB+	246,468
BBB-	241,510
Not Rated	<u>346,760</u>
	<u><u>\$ 2,763,355</u></u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

Investment Type	Issuer	% of Portfolio
U.S. Agencies	Federal Home Loan Mortgage Corporation	5.7%
	Federal National Mortgage Association	16.7%
Corporate securities	ATT Bond	6.3%
	Dow Chemical Bond	6.1%
	General Electric Cap	8.9%
	Kraft Foods Bond	6.2%
	Walgreen Bonds	6.5%

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

As of December 31, 2008, maturities of the Fund's debt securities were as follows:

	Investment maturities (fair value by years)				
	Fair Value	Less than 1	1-5	6-15	More than 15
U.S. Treasuries	\$ 74,794	\$ -	\$ -	\$ 26,989	\$ 47,805
U.S. Agencies	890,470	-	278,989	341,888	269,593
Corporate domestic bonds	1,798,091	-	938,299	778,468	81,324
Total debt securities	\$ 2,763,355	\$ -	\$ 1,217,288	\$ 1,147,345	\$ 398,722

The County assumes its callable investments will not be called.

B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	<u>\$ 5,730,699</u>
Other:	
Accounts	1,797,649
Interest	301,760
Intergovernmental	8,188,896
	<u>10,288,305</u>
Total	<u>\$ 16,019,004</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Amounts not expected to be collected within one year includes \$7,270,000 of intergovernmental receivables.

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

Delinquent property taxes	<u>\$ 6,153,311</u>
Other:	
Accounts	2,819,830
Interest	1,491,851
Patient	2,330,399
Less: allowance for doubtful accounts	(100,000)
	<u>6,542,080</u>
Total	<u>\$ 12,695,391</u>

Receivables in the component units consist of \$38,960,588, or 95% as due from other governmental units. The balance, or \$2,205,109, consists of trade and other receivables.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
Medical Care Facility - Maintenance of Effort Fund	\$ -	\$ 606,000
Jail Millage Fund	-	2,106,000
Department on Aging Fund	-	1,073,000
Long-term receivable - Building Authority Debt Service	7,270,000	-
Grant revenues received in advance of being earned	-	4,871
	<u>\$ 7,270,000</u>	<u>\$ 3,789,871</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,258,548	\$ 137,724	\$ -	\$ 1,396,272
Construction in progress	1,956,877	367,427	2,119,003	205,301
Total capital assets, not being depreciated	<u>3,215,425</u>	<u>505,151</u>	<u>2,119,003</u>	<u>1,601,573</u>
Capital assets, being depreciated:				
Buildings and improvements	36,028,908	3,129,557	-	39,158,465
Equipment and furniture	9,181,086	674,790	-	9,855,876
Vehicles	2,034,451	238,147	238,870	2,033,728
Total capital assets, being depreciated	<u>47,244,445</u>	<u>4,042,494</u>	<u>238,870</u>	<u>51,048,069</u>
Less accumulated depreciation for:				
Buildings and improvements	14,400,446	1,552,235	-	15,952,681
Equipment and furniture	6,334,562	839,658	-	7,174,220
Vehicles	1,737,608	278,262	238,870	1,777,000
Total accumulated depreciation	<u>22,472,616</u>	<u>2,670,155</u>	<u>238,870</u>	<u>24,903,901</u>
Total capital assets, being depreciated, net	<u>24,771,829</u>	<u>1,372,339</u>	<u>-</u>	<u>26,144,168</u>
Governmental activities capital assets, net	<u>\$ 27,987,254</u>	<u>\$ 1,877,490</u>	<u>\$ 2,119,003</u>	<u>\$ 27,745,741</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 469,572	\$ -	\$ -	\$ 469,572
Capital assets, being depreciated:				
Land improvements	65,192	-	-	65,192
Buildings and improvements	38,824,525	2,502,212	-	41,326,737
Equipment and furniture	14,427,743	55,973	3,817	14,479,899
Vehicles	25,845	-	-	25,845
Total capital assets, being depreciated	<u>53,343,305</u>	<u>2,558,185</u>	<u>3,817</u>	<u>55,897,673</u>
Less accumulated depreciation for:				
Land improvements	65,192	-	-	65,192
Buildings and improvements	13,414,354	1,410,687	-	14,825,041
Equipment and furniture	7,755,674	422,932	3,817	8,174,789
Vehicles	25,845	-	-	25,845
Total accumulated depreciation	<u>21,261,065</u>	<u>1,833,619</u>	<u>3,817</u>	<u>23,090,867</u>
Total capital assets, being depreciated, net	<u>32,082,240</u>	<u>724,566</u>	<u>-</u>	<u>32,806,806</u>
Business-type activities capital assets, net	<u>\$ 32,551,812</u>	<u>\$ 724,566</u>	<u>\$ -</u>	<u>\$ 33,276,378</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

Governmental Activities:	
General government	\$ 449,096
Public Safety	1,035,674
Judicial	132,711
Health and welfare	469,138
Recreation & Culture	244,873
Other	338,663
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 2,670,155</u>
Business-type activities:	
Resource Recovery Facility	\$ 1,179,818
Medical Care Facility	555,473
Fair	78,293
Delinquent Tax Fund	19,421
Personal Property Tax Fund	614
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 1,833,619</u>

Discretely Presented Component Units

Drain Commission. Activity for the Drain Commission for the year ended December 31, 2008 was as follows.

	Beginning			Ending
	Balance	Increases	Decreases	Balance
<hr/>				
Governmental Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 12,242,656	\$ -	\$ -	\$ 12,242,656
<hr/>				
Less accumulated depreciation for:				
Infrastructure	7,754,589	181,325	-	7,935,914
<hr/>				
Total capital assets, being depreciated, net	\$ 4,488,067	\$ (181,325)	\$ -	\$ 4,306,742
<hr/>				

Depreciation expense was charged to the Public Works function in the year 2008.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Road Commission. Activity for the Road Commission for the year ended December 31, 2008 was as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 948,392	\$ 81,442	\$ -	\$ 1,029,834
Infrastructure land and land improvements	15,556,341	76,578	-	15,632,919
Subtotal	<u>16,504,733</u>	<u>158,020</u>	<u>-</u>	<u>16,662,753</u>
Capital assets, being depreciated:				
Buildings and improvements	6,048,281	39,518	-	6,087,799
Road equipment	12,843,031	1,020,461	(389,693)	13,473,799
Other equipment	1,706,843	31,306	(33,160)	1,704,989
Gravel pits	548,074	-	-	548,074
Infrastructure	81,777,193	3,963,149	(4,676,745)	81,063,597
Subtotal	<u>102,923,422</u>	<u>5,054,434</u>	<u>(5,099,598)</u>	<u>102,878,258</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,294,559)	(245,332)	-	(4,539,891)
Road equipment	(10,355,186)	(1,064,705)	284,498	(11,135,393)
Other equipment	(1,451,776)	(88,140)	33,160	(1,506,756)
Gravel pits	(147,019)	-	4,676,745	4,529,726
Infrastructure	(32,975,568)	(3,877,320)	-	(36,852,888)
Subtotal	<u>(49,224,108)</u>	<u>(5,275,497)</u>	<u>4,994,403</u>	<u>(49,505,202)</u>
Net capital assets being depreciated	<u>53,699,314</u>	<u>(221,063)</u>	<u>(105,195)</u>	<u>53,373,056</u>
Net capital assets	<u>\$ 70,204,047</u>	<u>\$ (63,043)</u>	<u>\$ (105,195)</u>	<u>\$ 70,035,809</u>

Depreciation expense was charged to the Public Works function in the year 2008.

Land Bank Authority. Activity for the Land Bank Authority for the year ended September 30, 2008 was as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	\$ 82,719	\$ 67,833	\$ 20,140	\$ 130,412

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

D. Interfund Receivables, Payables and Transfers

At December 31, 2008, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Other Governmental Funds	\$ 66,527	\$ -
Delinquent Tax Revolving	1,707,709	66,527
Resource Recovery	-	1,179,067
Other Enterprise Funds	-	528,642
Total	\$ 1,774,236	\$ 1,774,236

At December 31, 2008, interfund advances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund Friend of the Court</u>
General	\$ 496,630

The general fund has made long-term advances to the Drain Commission and Brownfield Redevelopment Authority component units in the amounts of \$210,000 and \$117,500, respectively.

The County has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the General Fund to the Friend of the Court Fund is used to provide cash flow to that fund until reimbursements from the State of Michigan are collected.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

For the year then ended, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 6,671,943	\$ 5,389,924
Jail Millage	-	2,134,312
Revenue Sharing Reserve	-	3,161,116
Building Authority Reserve	886,555	20,786
Delinquent Tax Revolving	70,066	2,380,038
Nonmajor Governmental Funds	7,817,477	1,884,955
Nonmajor Proprietary Funds	48,822	365,000
Internal Service Funds	-	105,688
	<u>15,494,863</u>	<u>15,441,819</u>
Adjustments for different fiscal year end:		
Health Department FYE 9/30/08	-	28,800
Friend of the Court FYE 9/30/08	-	24,244
		<u>53,044</u>
Total	<u>\$ 15,494,863</u>	<u>\$ 15,494,863</u>

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

E. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 916,409
Claims	1,137,140
Wages, fringe benefits and other accrued liabilities	787,422
Intergovernmental	114,000
Accrued interest	163,840
	<u>3,118,811</u>
Total	<u>\$ 3,118,811</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Accounts payable and accrued liabilities in the business-type activities are as follows:

Trade accounts payable	\$	857,535
Accrued interest		165,359
Wages, fringe benefits and other accrued liabilities		325,268
Estimated closure post-closure monitoring costs		1,575,000
Intergovernmental		<u>21,110</u>
Total	\$	<u>2,944,272</u>

F. Property Taxes

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

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also required that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation. For the year ended December 31, 2008, the County recognized the July 1, 2008 tax levy.

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

The taxable value of real and personal property for the July 1, 2008 levy was \$4.53 billion. The general operating tax rate for this levy was at the maximum rate of 5.1187 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of .2473 mills for the Department on Aging, .4851 mills for the new County Jail Facility and .1398 mills for the Medical Care Facility.

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

G. Long-Term Debt

PRIMARY GOVERNMENT

Governmental Activities. Long-term liability activity for governmental activities for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority:					
General obligation bonds, Series 1999A	\$ 725,000	\$ -	\$ 50,000	\$ 675,000	\$ 50,000
General obligation bonds, Series 2002	11,325,000	-	400,000	10,925,000	400,000
General obligation bonds, Series 2006	6,845,000	-	250,000	6,595,000	250,000
Compensated absences (Primarily accrued sick and vacation pay)	1,458,338	3,036,345	3,106,348	1,388,335	1,388,335
	\$ 20,353,338	\$ 3,036,345	\$ 3,806,348	\$ 19,583,335	\$ 2,088,335

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	Balance December 31, 2008
\$950,000 1999A Jackson County Building Authority serial bonds, due in annual installments of \$50,000 to \$75,000 through 2019; interest at 5.3% to 6.0% Purpose – financing general county buildings	\$ 675,000
\$12,750,000 2002 Jackson County Building Authority serial bonds, due in annual installments of \$400,000 to \$1,175,000 through 2022; interest at 3.250% to 4.625%. Purpose – financing county jail buildings	10,925,000
\$7,045,000 2006 Jackson County Building Authority serial bonds, due in annual installments of \$250,000 to \$520,000 through 2026; interest at 4.75% to 5.00% Purpose – financing Lifeways building	<u>6,595,000</u>
Total General Obligation Bonds	<u>\$ 18,195,000</u>

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

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 700,000	\$ 814,580
2010	775,000	786,456
2011	775,000	754,495
2012	825,000	722,368
2013	975,000	687,757
2014-2018	6,250,000	2,739,558
2019-2023	6,400,000	1,193,475
2024-2026	1,495,000	151,750
	\$ 18,195,000	\$ 7,850,439

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Compensated absences have typically been liquidated by the General and Health Funds in prior years.

Business-type Activities. Long-term liability activity for the business-type activities for the year ended December 31, 2008 was as follows:

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2008</u>	<u>Due Within One Year</u>
<u>Bonds Payable</u>					
\$6,300,000 Resource and Energy 2005 Revenue Refunding Bonds - maturing serially to 2013 in annual amounts ranging from \$370,000 to \$950,000 at interest rates ranging from 2.75% to 3.75%	\$ 4,045,000	\$ -	\$ 570,000	\$ 3,475,000	\$ 950,000
Unlimited Tax General Obligation Refunding Bonds - \$10,850,000 Resource Recovery and Energy 2005 - maturing serially to 2013 in annual amounts ranging from \$495,000 to \$1,000,000 at interest rates ranging from 3.25% to 3.875%	5,200,000	-	1,000,000	4,200,000	950,000
Through the Jackson County Building Authority - \$14,000,000 Refunding Bonds, Series 2005, interest rates ranging from 3.250% to 5.125% maturing serially in annual amounts ranging from \$85,000 to \$885,000 to May 1, 2030. This debt is being serviced by the Medical Care Facility	13,835,000	-	85,000	13,750,000	90,000
Through the Jackson County Building Authority - \$15,500,000 (partial refunding in 2005) Limited Tax General Obligation Bonds, Series 2000 interest rate of 5.5% maturing serially in annual amounts ranging from \$325,000 to \$375,000 to May 1, 2010. This debt is being serviced by the Medical Care Facility	1,075,000	-	325,000	750,000	375,000
Less deferred amount on refinancing	(857,495)	-	(38,395)	(819,100)	-
TOTAL ENTERPRISE FUNDS BONDS PAYABLE	23,297,505	-	1,941,605	21,355,900	2,365,000
Compensated absences	320,286	71,684	59,356	332,614	332,614
TOTAL ENTERPRISE FUNDS	\$ 23,617,791	\$ 71,684	\$ 2,000,961	\$ 21,688,514	\$ 2,697,614

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

On January 1, 2003, the County issued \$10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund \$10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$4,345,000 at December 31, 2008.

Also, on March 1, 2003, the County issued \$6,300,000 in Revenue Refunding Bonds with an average rate of 3.23% to advance refund \$6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was \$4,010,000 at December 31, 2008.

Also on May 1, 2005, the County issued \$14,000,000 in Revenue Funding Bonds with interest rates ranging from 3.150% to 5.125% to advance refund \$12,900,000 of outstanding 2000 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$12,900,000 at December 31, 2008.

Annual debt service requirements to maturity for business-type activities are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,365,000	\$ 872,697
2010	1,800,000	794,546
2011	2,270,000	718,079
2012	2,305,000	634,223
2013	1,460,000	563,415
2014-2018	2,995,000	2,386,534
2019-2023	3,460,000	1,711,249
2024-2028	3,790,000	909,156
2029-2030	1,730,000	88,154
	<u>\$ 22,175,000</u>	<u>\$ 8,678,053</u>

Activity for the estimated closure and post closure monitoring costs for the year ended December 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Estimated closure and postclosure monitoring costs	\$ 1,770,000	\$ -	\$ 195,000	\$ 1,575,000	\$ 205,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

ROAD COMMISSION

Changes in Long-Term Liabilities. Long-term liability activity for the governmental activities for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Honeywell - Capital lease - Building improvements, \$266,372, maturing serially in quarterly amounts of \$9,489.50 including interest at a rate of 7.84%	\$ 233,746	\$ -	\$ 20,198	\$ 213,548	\$ 37,959
Honeywell - Capital lease - Building improvements, \$39,518, maturing serially in quarterly amounts of \$1,463 including interest at a rate of 4.25%	-	39,518	2,098	37,420	5,852
Caterpillar Financial - Road equipment - Three installment purchase agreements - monthly payments of \$2,205 including interest at a rate of 4.85%	55,740	-	51,344	4,396	4,396
Kansas State Bank - Road equipment, \$291,900, maturing serially in annual payments of \$49,219 with a \$137,665 balloon payment due in 2013, including interest at 4.2880%.	-	291,900	-	291,900	49,219
Compensated absences (Primarily accrued sick and vacation pay)	262,766	37,600	1,407	298,959	-
	\$ 552,252	\$ 369,018	\$ 75,047	\$ 846,223	\$ 97,426

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

DRAIN COMMISSION

Changes in Long-Term Liabilities. During the year ended December 31, 2008, the long-term liability activity for governmental activities of the Drain Commission was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
1994 Clark Lake	\$ 305,000	\$ -	\$ -	\$ 305,000	\$ -
1993 Village of Grass Lake	1,065,000	-	145,000	920,000	145,000
2002 Clark Lake Refunding	1,995,000	-	505,000	1,490,000	495,000
1990 Village of Springport	50,000	-	25,000	25,000	25,000
1997 Village of Brooklyn	1,050,000	-	75,000	975,000	100,000
2000 Wolf Lake	775,000	-	250,000	525,000	250,000
2001 Napoleon Township	900,000	-	50,000	850,000	50,000
2004 Lake Columbia	10,000,000	-	500,000	9,500,000	500,000
2005 Spring Arbor Township	455,000	-	25,000	430,000	25,000
2006 Wolf Lake Refunding	2,335,000	-	-	2,335,000	-
Total general obligation bonds	18,930,000	-	1,575,000	17,355,000	1,590,000
Notes payable:					
Otter Creek and East Branch Intercounty Drain	192,000	-	48,000	144,000	48,000
Shoemaker Woods Lateral	41,622	-	41,622	-	-
Total notes payable	233,622	-	89,622	144,000	48,000
Total Drain Commission	\$ 19,163,622	\$ -	\$ 1,664,622	\$ 17,499,000	\$ 1,638,000

Special Assessment Debt. Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Jackson County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Jackson. Special assessment debts currently outstanding are as follows at December 31, 2008:

Bonds payable:

Clark Lake 1994 Waste Water Disposal System DPW Bonds – \$7,875,000 (Partial refunding in 2002) maturing in annual amounts of \$155,000 and \$150,000 in 2012 & 2013 at 3% interest	\$ 305,000
Village of Grass Lake 1993 Sanitary Sewage Disposal System DPW Bonds - \$2,700,000 maturing serially in annual amounts ranging from \$145,000 to \$160,000 through 2014 at an interest rate of 2%	920,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Clark Lake 2002 Refunding Bonds - \$4,300,000 maturing serially in annual amounts ranging from \$490,000 to \$505,000 through 2011 at an interest rate ranging from 4.00% to 4.25%	\$ 1,490,000
Village of Springport 1990 Waste Water Disposal Facility DPW Bonds - \$300,000 maturing serially in annual amounts of \$25,000 through 2009 at an interest rate of 7.15%	25,000
Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$1,550,000 maturing serially in annual amounts ranging from \$75,000 to \$150,000 through 2016 at an interest rate ranging from 4.25% to 5.00%	975,000
Wolf Lake 2000 Waste Water Disposal System Limited Tax General Obligation Bonds - \$4,900,000 (partial refunding in 2006) maturing serially in annual amounts ranging from \$250,000 to \$275,000 through 2019 at an interest rate ranging from 5.45% to 5.60%	525,000
Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds - \$1,125,000 maturing serially in annual amounts ranging from \$50,000 to \$75,000 through 2020 at an interest rate ranging from 4.0% to 5.0%	850,000
Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$11,000,000 maturing serially in annual amounts ranging from \$500,000 to \$700,000 through 2024 at an interest rate ranging from 3.375% to 4.750%	9,500,000
Spring Arbor Township 2005 Water Supply Facilities General Obligation Limited Tax Bonds - \$480,000 maturing serially in annual amounts ranging from \$25,000 to \$30,000 through 2025 at an interest rate ranging from 3.50% to 4.75%	430,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Wolf Lake 2006 Waste Water Disposal System Refunding Bonds – \$2,335,000 maturing serially in annual amounts ranging from \$250,000 to \$270,000 through 2019 at an interest rate ranging from 3.75% to 4.00%	<u>\$ 2,335,000</u>
Total Drain Commission - Special Assessment Bonds Payable	<u>\$ 17,355,000</u>

Notes Payable:

Otter Creek and East Branch Intercounty Drain Notes - \$240,000 maturing Serially in annual amounts of \$48,000 At an interest rate of 4.98%	<u>\$ 144,000</u>
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Total Drain Commission Bonds and Notes **\$ 17,499,000**

During 2006, the Drain Commission issued \$2,335,000 of Wolf Lake 2006 Refunding Bonds with interest rates ranging from 3.75% to 4.00% to advance refund \$2,575,000 of outstanding Wolf Lake 2000 Waste Water Disposal System Bonds . The balance of the defeased bonds outstanding was \$2,300,000 at December 31, 2008.

Annual debt service requirements to maturity for Drain Commission special assessment debt and notes payable are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,638,000	\$ 689,139
2010	1,638,000	622,343
2011	1,723,000	552,735
2012	1,350,000	500,901
2013	1,345,000	453,344
2014-2018	5,275,000	1,581,544
2019-2023	3,775,000	591,894
2024-2025	755,000	19,355
	<u>\$ 17,499,000</u>	<u>\$ 5,011,255</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

BOARD OF PUBLIC WORKS

Changes in Long-Term Liabilities. During the year ended December 31, 2008, the long-term liability activity for governmental activities of the Board of Public Works was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Board of Public Works:					
General obligation bonds:					
2002 Village of Parma	\$ 1,600,000	\$ -	\$ 75,000	\$ 1,525,000	\$ 75,000
Revolving Loan Funds - Village of Parma	880,000	-	50,000	830,000	50,000
2003 Vineyard Lake Section	5,350,000	-	250,000	5,100,000	300,000
2002B Grass Lake Section	455,000	-	25,000	430,000	25,000
Revolving Loan Funds - Village of Grass Lake	1,885,000	-	95,000	1,790,000	100,000
2005 Round/Farewell Lakes Section	3,400,000	-	250,000	3,150,000	225,000
2005 Southern Regional Interceptor Section	4,600,000	-	-	4,600,000	125,000
2008 Rives Sanitary Sewer	-	1,075,000	-	1,075,000	15,000
2008 Village of Parma Section	-	412,132	-	412,132	-
Total general obligation bonds	18,170,000	1,487,132	745,000	18,912,132	915,000
Notes payable -					
Rives Township Section	308,000	-	308,000	-	-
Total Board of Public Works	\$ 18,478,000	\$ 1,487,132	\$ 1,053,000	\$ 18,912,132	\$ 915,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

	Balance December 31, <u>2008</u>
Bonds payable:	
Village of Parma 2002 Water Supply Facilities Bonds - \$1,800,000 maturing in annual amounts ranging from \$25,000 to \$150,000 through 2021 at an interest rate ranging from 2.75% to 5.50%	\$ 1,525,000
State Drinking Water Revolving Loan Funds – Village of Parma maturing in annual amounts ranging from \$45,000 to \$70,000 through 2022 at an interest rate of 2.5%	830,000
Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 maturing in annual amounts ranging from \$250,000 to \$375,000 through 2023 at an interest rate ranging from 2.5% to 4.5%	5,100,000
Jackson County Water Supply Facility Grass Lake Area Section Series 2002B maturing in annual amounts ranging from \$10,000 to \$50,000 through 2022 at an interest rate ranging from 3.4% to 6.00%	430,000
State Drinking Water Revolving Loan Funds – Village of Grass Lake maturing in annual amounts ranging from \$90,000 to \$140,000 through 2023 at an annual interest rate of 2.5%	1,790,000
Jackson County Wastewater Disposal Facility Round/Farwell Lakes Area Section, Series 2005 maturing in annual amounts ranging from \$225,000 to \$250,000 through 2022 at an interest rate ranging from 3% to 4%	3,150,000
Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section, Series 2005 maturing in annual amounts ranging from \$125,000 to \$425,000 through 2025 at an interest rate ranging from 4.125% to 4.500%	4,600,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Jackson County Wastewater Disposal Rives Township Sewer System Section, Series 2008 maturing in annual amounts ranging from \$15,000 to \$40,000 through 2047 at an interest rate of 4.125%	<u>\$ 1,075,000</u>
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Total BPW Special Assessment Bonds Payable	<u>\$ 18,500,000</u>
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Annual debt service requirements to maturity for Board of Public Works special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 915,000	\$ 695,594
2010	940,000	666,385
2011	975,000	635,315
2012	1,000,000	602,533
2013	1,030,000	567,658
2014-2018	5,915,000	2,206,356
2019-2023	6,110,000	984,862
2024-2028	955,000	206,197
2029-2033	150,000	120,656
2034-2038	165,000	88,791
2039-2043	185,000	52,697
2044-2047	160,000	13,200
	<u>\$ 18,500,000</u>	<u>\$ 6,840,244</u>

The County was awarded rural development revenue bonds for which the County had drawn down \$412,132. The repayment of these loans is dependent on the drawdowns. Accordingly, these amounts have been excluded from the previous schedule of annual debt service requirements.

IV. OTHER INFORMATION

A. Risk Management / Self-Insurance Programs

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

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2008, the balance of the County's member retention fund was \$125,346.

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

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$100,000
Motor vehicle physical damage	\$15,000 per vehicle \$30,000 per occurrence
Property damage	\$1,000 per occurrence, 10% of remaining up to \$100,000 of a loss

County of Jackson Self-Funded Managed Care Insurance

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

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2008 were based upon the cost of obtaining traditional health insurance. These contributions are expensed by the members when made, and recognized as revenue by the Insurance Fund upon receipt.

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

Claims payable, including incurred but not reported amounts, which are estimated by management based on projected experience, are reported as liabilities in the Internal Service Fund at December 31, 2008. The change in the claims liability for 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Claims liability at beginning of period	\$ 871,293	\$ 812,700
Claims and changes in estimates	9,745,467	9,394,515
Claims payments	<u>(9,715,998)</u>	<u>(9,335,922)</u>
Claims liability at end of fiscal year	<u>\$ 900,762</u>	<u>\$ 871,293</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

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

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 73,790	\$ 102,413
Incurred claims (including IBNR's)	550,363	52,570
Claim payments	<u>(387,775)</u>	<u>(81,193)</u>
Unpaid claims, end of year	<u>\$ 236,378</u>	<u>\$ 73,790</u>

Jackson County Road Commission

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

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

B. Commitments and Contingencies

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

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

Jackson County Landfill

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Grant Agreements

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

Resource and Energy Conversion System

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

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

C. Other Post-Employment Benefits and Employee Retirement System and Plan

Other Post-Employment Benefits

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

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

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

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Plan Membership. Plan membership consisted of the following at December 31, 2006 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	319
Terminated employees entitled to but not yet receiving benefits	-
Active participants	491

Funding Policy. The County is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 23.25% of annual covered payroll.

The County has set aside \$3,972,343 as of December 31, 2008 in an effort to pre-fund this liability. The Board of Commissioners are exploring funding options as it relates to *Postemployment Benefits*.

Annual OPEB Cost and Net OPEB Obligation. For 2008, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 5,415,518
Interest on net OPEB obligation	59,336
Adjustment to annual required contribution	<u>(36,625)</u>
Annual OPEB cost (expense)	5,438,229
Contributions made	<u>(4,284,943)</u>
Increase in net OPEB obligation (asset)	1,153,286
Net OPEB obligation (asset), beginning of year	<u>741,696</u>
Net OPEB obligation (asset), end of year	<u>\$ 1,894,982</u>

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

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/07	\$5,133,001	\$4,391,305	85.5%	\$ 741,696
12/31/08	5,415,518	4,284,943	79.1	1,968,231

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2006, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 70,170,573
Actuarial value of plan assets	<u>4,256,725</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 65,913,848</u>
Funded ratio	6.1%
Covered payroll (active plan members)	\$ 22,842,590
UAAL as a percentage of covered payroll	327.0%

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

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/07	\$5,133,001	\$4,391,305	85.6%	\$ 741,696
12/31/08	5,415,518	4,284,943	79.1%	1,968,231

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

Actuarial valuation date	12/31/06	Amortization method	Level percent of payroll
Actuarial cost method	Entry age	Remaining amortization period	30 years, on an open basis

Actuarial assumptions:

Investment rate of return	8.0%	Healthcare inflation rate	5.0%
Projected salary increases	5.0%		

Employee Retirement System and Plan

General

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

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

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

Membership in the Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	611
Terminated plan members entitled to, but not yet receiving benefits	80
Active plan members	<u>846</u>
Total	<u>1,537</u>

Employee Contributions

Eligible employees are required to contribute 2.50% to 7.85% of their annual compensation to the Plan. Such aggregate contributions amounted to \$1,880,861 for the year ended December 31, 2008.

Employer Contributions

The County made \$2,156,285 in contributions to the Plan during 2008, as determined by actuarial valuation.

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution/pension cost	\$ 2,156,285
Contribution made	<u>2,156,285</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

Schedule of Funding Progress

The funded status of the Plan as of December 31, 2007, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued (AAL) - Entry Age</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/07	\$137,122	\$135,894	(\$1,228)	100.9%	\$ 30,779	- %

The annual required contribution for the current year was determined as part of a December 31, 2006 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 8% investment rate of return on the investments, compounded annually and projected salary increases of 5% per year compounded annually, attributable to inflation, and additional projected salary increases ranging from 0 to 3.8% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. Assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 10 years on an open basis.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$2,047,588	100%	\$ -
12/31/07	2,324,801	100%	-
12/31/08	2,156,285	100%	-

Stand along financial reports have not been issued for the Pension nor the Retiree Health Plan. A summary of the financial results for these Plans is as follows:

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

	Pension Retirement	Retiree Health	Total
ASSETS			
Pooled cash and cash equivalents	\$ 74,112	\$ -	\$ 74,112
Cash and cash equivalents	380,386	200,155	580,541
Investments, at fair value:			
Money market funds	8,266,222	128,465	8,394,687
Certificate of deposit	99,775	-	99,775
U.S. Government Obligations	9,944,035	965,264	10,909,299
Domestic corporate bonds	18,739,250	1,798,091	20,537,341
Corporate mortgage obligations	1,210,644	-	1,210,644
Domestic stocks	26,762,563	1,087,000	27,849,563
Index stock fund	19,989,848	-	19,989,848
International bonds	830,164	-	830,164
International stocks	16,648,969	-	16,648,969
Accounts receivable	554,317	-	554,317
Accrued interest	274,125	-	274,125
Prepaid expenses	626,766	-	626,766
Total assets	104,401,176	4,178,975	108,580,151
LIABILITIES			
Accounts payable	4,634,115	206,732	4,840,847
Accrued compensated absences	8,186	-	8,186
	4,642,301	206,732	4,849,033
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 99,758,875	\$ 3,972,243	\$ 103,731,118

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Continued

	<u>Pension</u>	<u>Retiree Health</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employee Contributions	\$ 1,880,161	\$ -	\$ 1,880,161
Employer Contributions	2,156,285	-	2,156,285
Other	-	1,157,820	1,157,820
Total contributions	<u>4,036,446</u>	<u>1,157,820</u>	<u>5,194,266</u>
Investment income			
Net appreciation in fair value of investments	(46,450,559)	(1,113,432)	(47,563,991)
Interest and dividends	4,693,342	128,473	4,821,815
Total investment income	<u>(41,757,217)</u>	<u>(984,959)</u>	<u>(42,742,176)</u>
Less investment expense	<u>(722,490)</u>	<u>-</u>	<u>(722,490)</u>
Net investment income	<u>(42,479,707)</u>	<u>(984,959)</u>	<u>(43,464,666)</u>
Total additions (net)	<u>(38,443,261)</u>	<u>172,861</u>	<u>(38,270,400)</u>
DEDUCTIONS			
Benefits	8,286,236	1,498,850	9,785,086
Refunds of contributions	338,893	-	338,893
Administrative expense	245,036	31,403	276,439
Total deductions	<u>8,870,165</u>	<u>1,530,253</u>	<u>10,400,418</u>
Net increase	(47,313,426)	(1,357,392)	(48,670,818)
NET ASSETS, held in trust for pension and retiree healthcare benefits			
Beginning of year	<u>147,072,301</u>	<u>5,329,635</u>	<u>152,401,936</u>
End of year	<u>\$ 99,758,875</u>	<u>\$ 3,972,243</u>	<u>\$ 103,731,118</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2008

Concluded

Defined contribution plan – New plan effective January 1, 2008

Effective January 1, 2008, the County has established a new defined contribution plan with the Municipal Employees' Retirement System ("MERS") for substantially all new full time employees with employees fully vested after 5 years of service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employer contributions are a minimum of 1% of eligible compensation and a potential matching of 5% of the employee's contribution. The employees are required to contribute a minimum of 1% of eligible compensation up to a maximum of 12%. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. For the year ended December 31, 2008, the County and employees contributed \$23,695 and \$33,212, respectively, to this Plan.

D. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The \$1,575,000 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2008 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. Included are estimated costs for groundwater monitoring, leachate hauling and disposal, and final cover monitoring in accordance with laws of the State of Michigan Department of Environmental Quality. The County has closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

* * * * *

**GASB STATEMENT 25 REQUIRED
SUPPLEMENTARY INFORMATION**

GASB 25 AND 27 REQUIRED SUPPLEMENTARY INFORMATION
Employee Retirement System

SCHEDULE OF FUNDING PROGRESS (IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of of Covered Payroll
1998	\$ 100,030	\$ 68,577	145.9	\$ (31,453)	\$ 24,209	-%
1999	112,224	77,492	144.8	(34,732)	26,781	-
2000	120,724	84,373	143.1	(36,351)	27,224	-
2001	124,551	92,102	135.2	(32,449)	29,687	-
2002	120,693	104,222	115.8	(16,471)	29,763	-
2003	118,340	112,314	105.4	(6,026)	29,566	-
2004	121,005	121,440	99.6	435	31,519	-
2005	125,487	128,872	97.4	3,385	31,441	10.8%
2006	137,122	135,894	100.9	(1,228)	30,779	-
2007	144,465	140,898	102.5	(3,567)	32,298	-

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended 12/31	Computed as Percents of Valuation Payroll*	Computed Dollar Contributions Based on Projected Payroll#	Annual Required Contributions on Actual Payroll	Percentage Contributed
1999	0.22%	\$ 55,039	\$ 59,036	100%
2000	0.00	-	-	100
2001	0.00	-	-	100
2002	0.00	-	-	100
2003	0.00	-	-	100
2004	4.33	1,477,934	1,477,934	100
2005	6.90	2,110,032	2,110,032	100
2006	6.96	2,047,588	2,047,588	100
2007	7.57	2,324,801	2,324,801	100
2008	6.68	2,156,285	2,156,285	100

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION
Employee Retirement System

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

Valuation date:	December 31, 2007
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of payroll
Remaining amortization period	Overfunded: 10 years (open) Underfunded: 30 year (open)
Asset valuation method:	4 years smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0% - 8.8%
Includes inflation at	5.00%
Cost-of-living adjustments	none

The following members were included in the December 31, 2007 actuarial valuation:

Retirees and Beneficiaries receiving benefits and DROP members	611
Terminated plan members entitled to but not yet receiving benefits	80
Active plan members	<u>846</u>
Total	<u><u>1,537</u></u>

GASB 45 REQUIRED SUPPLEMENTARY INFORMATION
Retiree Health Plan

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of of Covered Payroll</u>
12/31/06	\$ 4,256,725	\$ 70,170,573	6.1%	\$ 65,913,848	\$ 20,158,277	327.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/07	\$ 5,133,001	\$ 4,391,305	85.6%	\$ 741,696
12/31/08	5,415,518	4,284,943	79.1%	1,968,231

**COMBINING and INDIVIDUAL FUND FINANCIAL
STATEMENTS and SCHEDULES**

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
DECEMBER 31, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 8,385,862	\$ 1,565,972	\$ 174,656	\$ 10,126,490
Cash and cash equivalents	54,652	-	3,076	57,728
Accounts receivable	1,323,886	-	-	1,323,886
Taxes receivable	1,056,744	-	-	1,056,744
Due from other governmental units	211,710	-	-	211,710
Due from other funds	-	66,527	-	66,527
Prepaid items	2,100	-	-	2,100
Inventory, at cost	140,427	-	-	140,427
	<u>TOTAL ASSETS</u>	<u>\$ 1,632,499</u>	<u>\$ 177,732</u>	<u>\$ 12,985,612</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 218,331	\$ 79,344	\$ 746	\$ 298,421
Accrued payroll	263,043	-	-	263,043
Advance from other funds	496,630	-	-	496,630
Due to other governmental units	114,000	-	-	114,000
Deferred revenue	1,077,871	-	-	1,077,871
	Total liabilities	79,344	746	2,249,965
FUND BALANCES				
Reserved for inventories	140,427	-	-	140,427
Unreserved:				
Designated for future expenditures	867,293	-	-	867,293
Undesignated	7,997,786	1,553,155	176,986	9,727,927
	Total fund balances	1,553,155	176,986	10,735,647
	<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,632,499</u>	<u>\$ 177,732</u>	<u>\$ 12,985,612</u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUE				
Licenses, fees, taxes and permits	\$ 338,877	\$ -	\$ -	\$ 338,877
Property taxes	1,066,312	-	-	1,066,312
Intergovernmental	7,998,829	138,087	-	8,136,916
Charges for services	1,820,016	-	-	1,820,016
Fines and forfeitures	250,192	-	-	250,192
Interest and rentals	430,059	-	2,646	432,705
Donations	29,678	-	29,723	59,401
Other revenue	945,055	898,908	-	1,843,963
Total revenue	12,879,018	1,036,995	32,369	13,948,382
EXPENDITURES				
Current:				
General government	329,624	-	-	329,624
Judicial	4,440,970	-	-	4,440,970
Public safety	3,123,703	-	-	3,123,703
Health and welfare	5,466,351	-	-	5,466,351
Recreation and cultural	1,775,068	-	-	1,775,068
Community development	1,090,014	-	-	1,090,014
Other functions	-	-	5,328	5,328
Capital outlay	-	2,177,165	-	2,177,165
Total expenditures	16,225,730	2,177,165	5,328	18,408,223
Revenue over (under) expenditures	(3,346,712)	(1,140,170)	27,041	(4,459,841)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,216,275	1,601,202	-	7,817,477
Transfers (out)	(1,266,586)	(618,369)	-	(1,884,955)
Total other financing sources (uses)	4,949,689	982,833	-	5,932,522
Net change in fund balances	1,602,977	(157,337)	27,041	1,472,681
FUND BALANCE , Beginning of year	7,402,529	1,710,492	149,945	9,262,966
FUND BALANCE, End of year	\$ 9,005,506	\$ 1,553,155	\$ 176,986	\$ 10,735,647

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
DECEMBER 31, 2008

	Parks Commission	Friend of the Court	Public Improvement and Building
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 57,693	\$ 289,367	\$ 1,220,739
Cash and cash equivalents	225	-	-
Accounts receivable	-	434,782	-
Taxes receivable	-	-	-
Due from other governmental units	-	7,241	-
Prepaid items	-	-	-
Inventory, at cost	77,869	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 135,787	\$ 731,390	\$ 1,220,739
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 4,901	\$ 12,437	\$ 6,804
Accrued payroll	12,850	72,619	-
Advance from other funds	-	496,630	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	17,751	581,686	6,804
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Reserved for inventories	77,869	-	-
Unreserved:			
Designated for future expenditures	-	144,709	79,090
Undesignated	40,167	4,995	1,134,845
	<hr/>	<hr/>	<hr/>
Total fund balances	118,036	149,704	1,213,935
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 135,787	\$ 731,390	\$ 1,220,739
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library
\$ 1,447,924	\$ 83	\$ 77,672	\$ 60,987	\$ 5,293
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 1,447,924	\$ 83	\$ 77,672	\$ 60,987	\$ 5,293
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,447,924	83	77,672	60,987	5,293
1,447,924	83	77,672	60,987	5,293
\$ 1,447,924	\$ 83	\$ 77,672	\$ 60,987	\$ 5,293

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
DECEMBER 31, 2008

	Michigan Justice Training	Social Services	Veteran's Trust
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 78,280	\$ 159,442	\$ 4,203
Cash and cash equivalents	-	50,677	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	-	-
Prepaid items	2,100	-	-
Inventory, at cost	-	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 80,380	\$ 210,119	\$ 4,203
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 12,211	\$ 1,532
Accrued payroll	-	-	-
Advance from other funds	-	-	-
Due to other governmental units	-	114,000	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	126,211	1,532
FUND BALANCES			
Reserved for inventories	-	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Undesignated	80,380	83,908	2,671
	<hr/>	<hr/>	<hr/>
Total fund balances	80,380	83,908	2,671
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 80,380	\$ 210,119	\$ 4,203

Airport	Joint Narcotics	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ 11,971	\$ 254,841	\$ 43,045	\$ 399,292	\$ 472,012
100	-	-	-	-
6,285	-	-	-	-
-	-	-	-	-
-	-	18,793	-	-
-	-	-	-	-
-	-	-	-	-
\$ 18,356	\$ 254,841	\$ 61,838	\$ 399,292	\$ 472,012
\$ 2,281	\$ 6,258	\$ 61,838	\$ 78	\$ -
5,259	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,540	6,258	61,838	78	-
-	-	-	-	-
-	-	-	399,214	-
10,816	248,583	-	-	472,012
10,816	248,583	-	399,214	472,012
\$ 18,356	\$ 254,841	\$ 61,838	\$ 399,292	\$ 472,012

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
DECEMBER 31, 2008

	Child Care	Golf Courses	Health Department
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 1,363,951	\$ 6,046	\$ 1,808,169
Cash and cash equivalents	900	1,000	1,750
Accounts receivable	286	-	882,533
Taxes receivable	-	-	-
Due from other governmental units	185,676	-	-
Prepaid items	-	-	-
Inventory, at cost	-	62,558	-
<u>TOTAL ASSETS</u>	\$ 1,550,813	\$ 69,604	\$ 2,692,452
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 69,621	\$ 237	\$ 30,665
Accrued payroll	58,140	3,148	111,027
Advance from other funds	-	-	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	4,871
Total liabilities	127,761	3,385	146,563
FUND BALANCES			
Reserved for inventories	-	62,558	-
Unreserved:			
Designated for future expenditures	244,280	-	-
Undesignated	1,178,772	3,661	2,545,889
Total fund balances	1,423,052	66,219	2,545,889
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 1,550,813	\$ 69,604	\$ 2,692,452

Department on Aging Millage	Falling Waters Trail	Total
\$ 410,228	\$ 214,624	\$ 8,385,862
-	-	54,652
-	-	1,323,886
1,056,744	-	1,056,744
-	-	211,710
-	-	2,100
-	-	140,427
\$ 1,466,972	\$ 214,624	\$ 11,175,381

\$ -	\$ 9,468	\$ 218,331
-	-	263,043
-	-	496,630
-	-	114,000
1,073,000	-	1,077,871
1,073,000	9,468	2,169,875
-	-	140,427
-	-	867,293
393,972	205,156	7,997,786
393,972	205,156	9,005,506
\$ 1,466,972	\$ 214,624	\$ 11,175,381

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Parks Commission	Friend of the Court	Public Improvement and Building
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	-	2,393,650	-
Charges for services	279,641	319,929	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	10,966
Donations	-	-	350
Other revenue	-	-	58,560
Total revenue	279,641	2,713,579	69,876
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	2,773,682	33,925
Public safety	-	-	-
Health and welfare	-	-	-
Recreation and cultural	937,128	-	11,902
Community development	-	-	312,723
Total expenditures	937,128	2,773,682	358,550
Revenue over (under) expenditures	(657,487)	(60,103)	(288,674)
OTHER FINANCING SOURCES (USES)			
Transfers in	727,109	7,727	813,100
Transfers (out)	(42,176)	-	(77,890)
Total other financing sources (uses)	684,933	7,727	735,210
Net change in fund balances	27,446	(52,376)	446,536
FUND BALANCE , Beginning of year	90,590	202,080	767,399
FUND BALANCE, End of year	\$ 118,036	\$ 149,704	\$ 1,213,935

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	13	4,441	39,714	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,532
-	13	4,441	39,714	6,532
-	-	-	-	-
-	-	8,240	-	6,532
-	-	-	75,932	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	8,240	75,932	6,532
-	13	(3,799)	(36,218)	-
500,000	-	-	-	-
-	-	-	-	-
500,000	-	-	-	-
500,000	13	(3,799)	(36,218)	-
947,924	70	81,471	97,205	5,293
\$ 1,447,924	\$ 83	\$ 77,672	\$ 60,987	\$ 5,293

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Michigan Justice Training	Social Services	Veteran's Trust
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	23,675	461,210	52,469
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	-
Donations	-	-	-
Other revenue	60,200	-	-
Total revenue	83,875	461,210	52,469
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	-	-
Public safety	143,851	-	-
Health and welfare	-	526,548	50,176
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	143,851	526,548	50,176
Revenue over (under) expenditures	(59,976)	(65,338)	2,293
OTHER FINANCING SOURCES (USES)			
Transfers in	-	29,000	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	29,000	-
Net change in fund balances	(59,976)	(36,338)	2,293
FUND BALANCE , Beginning of year	140,356	120,246	378
FUND BALANCE, End of year	\$ 80,380	\$ 83,908	\$ 2,671

Airport	Joint Narcotics	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ 13,013	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	139,338	-	155,000
11,049	-	-	142,917	-
-	206,024	-	-	-
249,836	6,326	-	12,206	-
-	-	-	-	-
32,841	-	-	-	-
306,739	212,350	139,338	155,123	155,000
-	-	-	329,624	-
-	155,429	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
516,392	-	139,338	-	121,561
516,392	155,429	139,338	329,624	121,561
(209,653)	56,921	-	(174,501)	33,439
179,423	-	-	-	75,000
-	(58,670)	-	-	-
179,423	(58,670)	-	-	75,000
(30,230)	(1,749)	-	(174,501)	108,439
41,046	250,332	-	573,715	363,573
\$ 10,816	\$ 248,583	\$ -	\$ 399,214	\$ 472,012

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Concluded)
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Child Care	Golf Courses	Health Department
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ 325,864
Property taxes	-	-	-
Intergovernmental	2,066,442	-	2,279,511
Charges for services	48,011	602,147	416,322
Fines and forfeitures	-	-	-
Interest and rentals	150,725	-	-
Donations	-	-	-
Other revenue	4,788	-	774,421
Total revenue	2,269,966	602,147	3,796,118
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	1,463,162	-	-
Public safety	2,903,920	-	-
Health and welfare	996,622	-	3,893,005
Recreation and cultural	-	521,876	-
Community development	-	-	-
Total expenditures	5,363,704	521,876	3,893,005
Revenue over (under) expenditures	(3,093,738)	80,271	(96,887)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,203,906	-	681,010
Transfers (out)	-	(83,493)	-
Total other financing sources (uses)	3,203,906	(83,493)	681,010
Net change in fund balances	110,168	(3,222)	584,123
FUND BALANCE , Beginning of year	1,312,884	69,441	1,961,766
FUND BALANCE, End of year	\$ 1,423,052	\$ 66,219	\$ 2,545,889

Department on Aging Millage	Falling Waters Trail	Total
\$ -	\$ -	\$ 338,877
1,066,312	-	1,066,312
-	427,534	7,998,829
-	-	1,820,016
-	-	250,192
-	-	430,059
-	29,328	29,678
7,713	-	945,055
1,074,025	456,862	12,879,018
-	-	329,624
-	-	4,440,970
-	-	3,123,703
-	-	5,466,351
-	304,162	1,775,068
-	-	1,090,014
-	304,162	16,225,730
1,074,025	152,700	(3,346,712)
-	-	6,216,275
(1,004,357)	-	(1,266,586)
(1,004,357)	-	4,949,689
69,668	152,700	1,602,977
324,304	52,456	7,402,529
\$ 393,972	\$ 205,156	\$ 9,005,506

**COUNTY OF JACKSON, MICHIGAN
PARKS COMMISSION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Falls	\$ 121,098	\$ 121,096	\$ (2)
Parks	153,423	158,545	5,122
Total revenue	<u>274,521</u>	<u>279,641</u>	<u>5,120</u>
EXPENDITURES			
Recreation and cultural:			
Administration	282,104	281,205	899
Cascades Falls	83,004	79,021	3,983
Parks	198,001	195,759	2,242
Equipment and Shop	320,927	309,940	10,987
Out-County parks	72,063	71,203	860
Total expenditures	<u>956,099</u>	<u>937,128</u>	<u>18,971</u>
Revenue over (under) expenditures	<u>(681,578)</u>	<u>(657,487)</u>	<u>24,091</u>
OTHER FINANCING SOURCES (USES)			
County appropriation	561,645	561,645	-
Transfers in	165,464	165,464	-
Transfers (out)	(45,531)	(42,176)	3,355
Total other financing sources	<u>681,578</u>	<u>684,933</u>	<u>3,355</u>
Net change in fund balances	-	27,446	27,446
FUND BALANCE, Beginning of year	<u>90,590</u>	<u>90,590</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 90,590</u>	<u>\$ 118,036</u>	<u>\$ 27,446</u>

**COUNTY OF JACKSON, MICHIGAN
 FRIEND OF THE COURT FUND
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,270,701	\$ 2,393,650	\$ 122,949
Charges for services - fees	336,487	319,929	(16,558)
	<hr/>		
Total revenue	2,607,188	2,713,579	106,391
<hr/>			
EXPENDITURES			
Judicial:			
Personnel services	2,907,397	2,773,682	133,715
	<hr/>		
Revenue under expenditures	(300,209)	(60,103)	(27,324)
<hr/>			
OTHER FINANCING SOURCES			
Transfers in	300,209	7,727	(292,482)
	<hr/>		
Net change in fund balances	-	(52,376)	(52,376)
<hr/>			
FUND BALANCE, Beginning of year	202,080	202,080	-
	<hr/>		
FUND BALANCE, End of year	\$ 202,080	\$ 149,704	\$ (52,376)
	<hr/> <hr/>		

**COUNTY OF JACKSON, MICHIGAN
PUBLIC IMPROVEMENT AND BUILDING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Interest - General	\$ 10,900	\$ 10,966	\$ 66
Donations	-	350	350
Miscellaneous revenue	58,500	58,560	60
Total revenue	69,400	69,876	476
EXPENDITURES			
Repairs and maintenance:			
Judicial - Juvenile	41,100	10,801	30,299
Judicial - Courthouse	74,000	23,124	50,876
Parks	71,776	11,902	59,874
Other - General	823,944	278,334	545,610
Capital outlay	1,000	34,389	(33,389)
Total expenditures	1,011,820	358,550	653,270
Revenue over (under) expenditures	(942,420)	(288,674)	653,746
OTHER FINANCING SOURCES			
Transfers in	813,100	813,100	-
Transfers (out)	(77,890)	(77,890)	-
Total other financing sources	735,210	735,210	-
Net change in fund balances	(207,210)	446,536	653,746
FUND BALANCE, Beginning of year	767,399	767,399	-
FUND BALANCE, End of year	\$ 560,189	\$ 1,213,935	\$ 653,746

**COUNTY OF JACKSON, MICHIGAN
 BUDGET STABILIZATION FUND
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING (USES)			
Transfers in	\$ 500,000	\$ 500,000	\$ -
FUND BALANCE, Beginning of year	947,924	947,924	-
FUND BALANCE, End of year	\$ 1,447,924	\$ 1,447,924	\$ -

**COUNTY OF JACKSON, MICHIGAN
 OMNIBUS FORFEITURES FUND
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 2,500	\$ 13	\$ (2,487)
 EXPENDITURES			
Judicial costs	2,500	-	2,500
Net change in fund balances	-	13	13
FUND BALANCE, Beginning of year	70	70	-
FUND BALANCE, End of year	\$ 70	\$ 83	\$ 13

**COUNTY OF JACKSON, MICHIGAN
PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 10,000	\$ 4,441	\$ (5,559)
EXPENDITURES			
Judicial - Personnel costs	10,000	8,240	1,760
Net change in fund balances	-	(3,799)	(3,799)
FUND BALANCE, Beginning of year	81,471	81,471	-
FUND BALANCE, End of year	\$ 81,471	\$ 77,672	\$ (3,799)

**COUNTY OF JACKSON, MICHIGAN
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 45,000	\$ 39,714	\$ (5,286)
EXPENDITURES			
Public safety	85,000	75,932	9,068
Net change in fund balances	(40,000)	(36,218)	3,782
FUND BALANCE, Beginning of year	97,205	97,205	-
FUND BALANCE, End of year	\$ 57,205	\$ 60,987	\$ 3,782

**COUNTY OF JACKSON, MICHIGAN
COUNTY LAW LIBRARY FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 6,532	\$ 6,532	\$ -
EXPENDITURES			
Judicial	6,532	6,532	-
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	5,293	5,293	-
FUND BALANCE, End of year	\$ 5,293	\$ 5,293	-

**COUNTY OF JACKSON, MICHIGAN
MICHIGAN JUSTICE TRAINING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 24,600	\$ 23,675	\$ (925)
Other revenue	60,200	60,200	-
Total revenue	84,800	83,875	(925)
EXPENDITURES			
Public Safety - Employee training	156,900	143,851	13,049
Net change in fund balances	(72,100)	(59,976)	12,124
FUND BALANCE, Beginning of year	140,356	140,356	-
FUND BALANCE, End of year	\$ 68,256	\$ 80,380	\$ 12,124

**COUNTY OF JACKSON, MICHIGAN
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 871,000	\$ 461,210	\$ (409,790)
EXPENDITURES			
Health and welfare	900,000	526,548	373,452
Revenue under expenditures	(29,000)	(65,338)	(36,338)
OTHER FINANCING SOURCES			
Transfers in	29,000	29,000	-
Net change in fund balances	-	(36,338)	(36,338)
FUND BALANCE, Beginning of year	120,246	120,246	-
FUND BALANCE, End of year	\$ 120,246	\$ 83,908	\$ (36,338)

**COUNTY OF JACKSON, MICHIGAN
VETERAN'S TRUST FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 55,000	\$ 52,469	\$ (2,531)
EXPENDITURES			
Health and welfare	55,000	50,176	4,824
Net change in fund balances	-	2,293	2,293
FUND BALANCE, Beginning of year	378	378	-
FUND BALANCE, End of year	\$ 378	\$ 2,671	\$ 2,293

COUNTY OF JACKSON, MICHIGAN
AIRPORT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Licenses and permits - Commercial operating agreements	\$ 12,630	\$ 13,013	\$ 383
Charges for services:			
Landing fees	11,900	11,014	(886)
Aircraft parking	40	35	(5)
Interest and rentals:			
Ground leases	82,200	81,181	(1,019)
Other leases	-	-	-
Air traffic control tower rental	49,692	49,696	4
Restaurant lease	13,460	13,906	446
Other rentals	104,675	105,053	378
Other:			
Advertising	5,900	4,932	(968)
Utilities reimbursements	11,500	12,111	611
Aviation fuel flow charges	11,000	12,157	1,157
Other	8,000	3,641	(4,359)
Total revenue	310,997	306,739	(4,258)
EXPENDITURES			
Community development:			
Personnel services	266,910	262,467	4,443
Office and administration	3,800	3,762	38
Operating expenses	177,574	175,739	1,835
Repairs and maintenance	68,400	72,058	(3,658)
Utilities	2,500	2,366	134
Total expenditures	519,184	516,392	2,792
Revenue under expenditures	(208,187)	(209,653)	(1,466)
OTHER FINANCING SOURCES (USES)			
Transfers in	179,423	179,423	-
Net change in fund balances	(28,764)	(30,230)	(1,466)
FUND BALANCE, Beginning of year	41,046	41,046	-
FUND BALANCE, End of year	\$ 12,282	\$ 10,816	\$ (1,466)

**COUNTY OF JACKSON, MICHIGAN
JOINT NARCOTICS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 265,000	\$ 206,024	\$ (58,976)
Interest revenue	10,000	6,326	(3,674)
Total revenue	275,000	212,350	(62,650)
EXPENDITURES			
Judicial	216,330	155,429	60,901
Revenue over expenditures	58,670	56,921	(1,749)
OTHER FINANCING (USES)			
Transfers (out)	(58,670)	(58,670)	-
Net change in fund balances	-	(1,749)	(1,749)
FUND BALANCE, Beginning of year	250,332	250,332	-
FUND BALANCE, End of year	\$ 250,332	\$ 248,583	\$ (1,749)

**COUNTY OF JACKSON, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 300,000	\$ 139,338	\$ (160,662)
EXPENDITURES			
Community development	300,000	139,338	160,662
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -

**COUNTY OF JACKSON, MICHIGAN
REGISTER OF DEEDS AUTOMATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services	\$ 156,000	\$ 142,917	\$ (13,083)
Interest revenue	-	12,206	12,206
Total revenue	156,000	155,123	(877)
EXPENDITURES			
General government	630,000	329,624	300,376
Net change in fund balances	(474,000)	(174,501)	299,499
FUND BALANCE, Beginning of year	573,715	573,715	-
FUND BALANCE, End of year	\$ 99,715	\$ 399,214	\$ 299,499

**COUNTY OF JACKSON, MICHIGAN
 AIRPORT RUNWAY PROJECT
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 155,000	\$ 155,000	\$ -
EXPENDITURES			
Community development	230,000	121,561	108,439
Revenue over (under) expenditures	(75,000)	33,439	108,439
OTHER FINANCING SOURCES			
Transfers in	75,000	75,000	-
Net change in fund balances	-	108,439	108,439
FUND BALANCE, Beginning of year	363,573	363,573	-
FUND BALANCE, End of year	\$ 363,573	\$ 472,012	\$ 108,439

**COUNTY OF JACKSON, MICHIGAN
CHILD CARE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,345,870	\$ 2,066,442	\$ (279,428)
Charges for services - FIA	30,000	48,011	18,011
Other: Rentals - Youth Home	12,480	150,725	138,245
Other	-	4,788	4,788
Total revenue	2,388,350	2,269,966	(118,384)
EXPENDITURES			
Judicial - Probate Court - Child Care	2,027,000	1,463,162	563,838
Public Safety: Youth Center:			
General	1,308,386	1,307,900	486
Cooks	124,566	122,995	1,571
Building maintenance	182,482	184,925	(2,443)
Supervision	515,779	510,886	4,893
Administration	778,123	777,214	909
Total public safety	2,909,336	2,903,920	5,416
Health and Welfare:			
In Home Detention	79,184	75,729	3,455
Intensive Probation	43,667	40,582	3,085
Child Care	1,080,000	671,392	408,608
JCCP	215,286	208,919	6,367
Total health and welfare	1,418,137	996,622	421,515
Total expenditures	6,354,473	5,363,704	990,769
Revenue over (under) expenditures	(3,966,123)	(3,093,738)	872,385
OTHER FINANCING SOURCES			
Transfers in	3,203,906	3,203,906	-
Net change in fund balances	(762,217)	110,168	872,385
FUND BALANCE, Beginning of year	1,312,884	1,312,884	-
FUND BALANCE, End of year	\$ 550,667	\$ 1,423,052	\$ 872,385

**COUNTY OF JACKSON, MICHIGAN
GOLF COURSES
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Golf Course	\$ 525,812	\$ 521,888	\$ (3,924)
Cascades Short Course	80,062	80,259	197
	<hr/>		
Total revenue	605,874	602,147	(3,727)
	<hr/>		
EXPENDITURES			
Recreation and cultural:			
Cascades Golf Course	490,620	490,164	456
Cascades Short Course	31,761	31,712	49
	<hr/>		
Total expenditures	522,381	521,876	505
	<hr/>		
Revenue over (under) expenditures	83,493	80,271	(3,222)
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(83,493)	(83,493)	-
	<hr/>		
Total other financing uses	(83,493)	(83,493)	-
	<hr/>		
Net change in fund balances	-	(3,222)	(3,222)
	<hr/>		
FUND BALANCE, Beginning of year	69,441	69,441	-
	<hr/>		
FUND BALANCE, End of year	\$ 69,441	\$ 66,219	\$ (3,222)
	<hr/> <hr/>		

**COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Licenses and permits	\$ 309,721	\$ 325,864	\$ 16,143
Intergovernmental	2,297,153	2,279,511	(17,642)
Charges for services	357,967	416,322	58,355
Reimbursements and miscellaneous	265,337	774,421	509,084
Total revenue	<u>3,230,178</u>	<u>3,796,118</u>	<u>565,940</u>
EXPENDITURES			
Health and welfare (see detail in Combining and Individual Fund Financial Statements and Schedules)	4,041,586	3,861,421	180,165
Capital outlay	57,626	31,584	26,042
Total expenditures	<u>4,099,212</u>	<u>3,893,005</u>	<u>206,207</u>
Revenue over (under) expenditures	(869,034)	(96,887)	772,147
OTHER FINANCING SOURCES (USES)			
Transfers in	656,830	681,010	24,180
Total other financing sources	<u>656,830</u>	<u>681,010</u>	<u>24,180</u>
Net change in fund balances	(212,204)	584,123	796,327
FUND BALANCE, Beginning of year	<u>1,961,766</u>	<u>1,961,766</u>	-
FUND BALANCE, End of year	<u>\$ 1,749,562</u>	<u>\$ 2,545,889</u>	<u>\$ 796,327</u>

**COUNTY OF JACKSON, MICHIGAN
DEPARTMENT ON AGING MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property tax revenue	\$ 1,053,000	\$ 1,066,312	\$ 13,312
Other revenue	-	7,713	7,713
Total revenue	1,053,000	1,074,025	21,025
OTHER FINANCING (USES)			
Transfers (out)	(1,004,357)	(1,004,357)	-
Net change in fund balances	48,643	69,668	21,025
FUND BALANCE, Beginning of year	324,304	324,304	-
FUND BALANCE, End of year	\$ 372,947	\$ 393,972	\$ 21,025

**COUNTY OF JACKSON, MICHIGAN
FALLING WATERS TRAIL
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 500,000	\$ 427,534	\$ (72,466)
Donations	-	29,328	29,328
	500,000	456,862	(43,138)
EXPENDITURES			
Recreation and culture	1,046,350	304,162	742,188
Net change in fund balances	(546,350)	152,700	699,050
FUND BALANCE, Beginning of year	52,456	52,456	-
FUND BALANCE (DEFICIT), End of year	\$ (493,894)	\$ 205,156	\$ 699,050

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008**

<u>ASSETS</u>	Equipment/ Replacement	Sheriff Department Equipment	Building Authority	Justice Center	Total
ASSETS					
Pooled cash and cash equivalents	\$ 391,305	\$ 430,872	\$ -	\$ 743,795	\$ 1,565,972
Due from other funds	-	-	66,527	-	66,527
<u>TOTAL ASSETS</u>	\$ 391,305	\$ 430,872	\$ 66,527	\$ 743,795	\$ 1,632,499
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 12,817	\$ -	\$ 66,527	\$ -	\$ 79,344
FUND BALANCES					
Unreserved:					
Undesignated	378,488	430,872	-	743,795	1,553,155
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 391,305	\$ 430,872	\$ 66,527	\$ 743,795	\$ 1,632,499

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Equipment/ Replacement	Sheriff Department Equipment	Building Authority	Justice Center	Total
REVENUE					
Intergovernmental	\$ 66,563	\$ 71,524	\$ -	\$ -	\$ 138,087
Other	4,825	894,083	-	-	898,908
Total revenue	71,388	965,607	-	-	1,036,995
EXPENDITURES					
Current operations:					
Capital outlay	437,372	720,255	1,019,538	-	2,177,165
Revenue over (under) expenditures	(365,984)	245,352	(1,019,538)	-	(1,140,170)
OTHER FINANCING SOURCES (USES)					
Transfers in	432,200	-	1,019,538	149,464	1,601,202
Transfers (out)	(8,000)	(610,369)	-	-	(618,369)
Total other financing sources (uses)	424,200	(610,369)	1,019,538	149,464	982,833
Net change in fund balances	58,216	(365,017)	-	149,464	(157,337)
FUND BALANCE, Beginning of year	320,272	795,889	-	594,331	1,710,492
FUND BALANCE, End of year	\$ 378,488	\$ 430,872	\$ -	\$ 743,795	\$ 1,553,155

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008**

<u>ASSETS</u>	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
ASSETS				
Pooled cash and cash equivalents	\$ 59,853	\$ 114,803	\$ -	\$ 174,656
Cash and cash equivalents	-	-	3,076	3,076
<u>TOTAL ASSETS</u>	<u>\$ 59,853</u>	<u>\$ 114,803</u>	<u>\$ 3,076</u>	<u>\$ 177,732</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 746	\$ -	\$ -	\$ 746
FUND EQUITY				
Unreserved	59,107	114,803	3,076	176,986
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 59,853</u>	<u>\$ 114,803</u>	<u>\$ 3,076</u>	<u>\$ 177,732</u>

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
OPERATING REVENUE				
Interest	\$ -	\$ 2,626	\$ 20	\$ 2,646
Other revenue - Donations	29,723	-	-	29,723
Total operating revenue	29,723	2,626	20	32,369
OPERATING EXPENSES				
Cost of services	4,828	500	-	5,328
Net change in fund balances	24,895	2,126	20	27,041
FUND BALANCE, Beginning of year	34,212	112,677	3,056	149,945
FUND BALANCE, End of year	\$ 59,107	\$ 114,803	\$ 3,076	\$ 176,986

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
DECEMBER 31, 2008

<u>ASSETS</u>	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
ASSETS					
Current assets:					
Pooled cash and cash equivalents	\$ 74,253	\$ 115,451	\$ -	\$ 29,827	\$ 219,531
Cash and cash equivalents	1,024	-	-	-	1,024
Advances to component units	-	288,326	-	-	288,326
Total current assets	<u>75,277</u>	<u>403,777</u>	<u>-</u>	<u>29,827</u>	<u>508,881</u>
Capital assets, net	<u>1,063,673</u>	<u>-</u>	<u>-</u>	<u>1,229</u>	<u>1,064,902</u>
<u>TOTAL ASSETS</u>	<u>1,138,950</u>	<u>403,777</u>	<u>-</u>	<u>31,056</u>	<u>1,573,783</u>
LIABILITIES					
Accounts payable	7,674	1,905	-	-	9,579
Accrued payroll	4,254	-	-	1,300	5,554
Due to other governmental units	-	-	-	21,110	21,110
Due to other funds	226,653	301,989	-	-	528,642
Unearned revenue	14,566	-	-	-	14,566
Compensated absences payable	<u>1,702</u>	<u>-</u>	<u>-</u>	<u>5,465</u>	<u>7,167</u>
Total liabilities (all current)	<u>254,849</u>	<u>303,894</u>	<u>-</u>	<u>27,875</u>	<u>586,618</u>
Net assets					
Invested in capital assets	1,063,673	-	-	1,229	1,064,902
Unrestricted (deficit)	<u>(179,572)</u>	<u>99,883</u>	<u>-</u>	<u>1,952</u>	<u>(77,737)</u>
Total Net assets	<u>\$ 884,101</u>	<u>\$ 99,883</u>	<u>\$ -</u>	<u>\$ 3,181</u>	<u>\$ 987,165</u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
OPERATING REVENUE					
Charges for services - interest on taxes	\$ -	\$ -	\$ -	\$ 47,285	\$ 47,285
Charges for services	967,391	65,979	35,070	-	1,068,440
Other revenue	71,226	-	-	-	71,226
Total operating revenue	1,038,617	65,979	35,070	47,285	1,186,951
OPERATING EXPENSES					
Personnel services	318,696	-	-	64,063	382,759
Cost of services	733,602	-	15,391	-	748,993
Depreciation	78,293	-	-	614	78,907
Administration and other	24,133	301,988	49,795	2,267	378,183
Total operating expenses	1,154,724	301,988	65,186	66,944	1,588,842
Operating loss	(116,107)	(236,009)	(30,116)	(19,659)	(401,891)
NONOPERATING REVENUE (EXPENSES)					
Interest income	3,983	-	318	2,341	6,642
Interest expense	(13,973)	-	-	-	(13,973)
Total nonoperating revenue (expenses)	(9,990)	-	318	2,341	(7,331)
Net income (loss) before transfers	(126,097)	(236,009)	(29,798)	(17,318)	(409,222)
TRANSFERS IN (OUT)					
Transfers in	-	-	48,822	-	48,822
Transfers (out)	-	-	-	(365,000)	(365,000)
Total transfers in (out)	-	-	48,822	(365,000)	(316,178)
Change in net assets	(126,097)	(236,009)	19,024	(382,318)	(725,400)
Net assets (deficit), beginning of year	1,010,198	335,892	(19,024)	385,499	1,712,565
Net assets, end of year	\$ 884,101	\$ 99,883	\$ -	\$ 3,181	\$ 987,165

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
Cash flows from operating activities					
Cash received from customers, residents and users	\$ 989,394	\$ 65,979	\$ 35,070	\$ 60,012	\$ 1,150,455
Other operating receipts	71,226	-	-	-	71,226
Cash paid to employees	(317,277)	-	-	(62,675)	(379,952)
Cash paid to suppliers	(731,284)	(300,083)	(111,817)	(2,267)	(1,145,451)
Receipts (payments) for interfund services provided	(35,528)	30,311	-	-	(5,217)
Net cash used in operating activities	(23,469)	(203,793)	(76,747)	(4,930)	(308,939)
Cash flows from capital and related financing activities					
Interest payments on long-term debt	(13,973)	-	-	-	(13,973)
Purchase of capital assets	(7,000)	-	-	-	(7,000)
Net cash (used in) capital and related financing activities	(20,973)	-	-	-	(20,973)
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	48,822	-	48,822
Transfers to other funds	-	-	-	(365,000)	(365,000)
Net cash provided by (used in) noncapital financing activities	-	-	48,822	(365,000)	(316,178)
Cash flows from investing activities					
Interest income received	3,983	-	318	2,341	6,642
Net decrease in cash and cash equivalents	(40,459)	(203,793)	(27,607)	(367,589)	(639,448)
Cash and cash equivalents, beginning of year	115,736	319,244	27,607	397,416	860,003
Cash and cash equivalents, end of year	<u>\$ 75,277</u>	<u>\$ 115,451</u>	<u>\$ -</u>	<u>\$ 29,827</u>	<u>\$ 220,555</u>

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COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
Statement of Net Assets Classification of Cash					
Current assets - Cash and cash equivalents	\$ 75,277	\$ 115,451	\$ -	\$ 29,827	\$ 220,555
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating loss	\$ (116,107)	\$ (236,009)	\$ (30,116)	\$ (19,659)	\$ (401,891)
Depreciation	78,293	-	-	614	78,907
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Increase) decrease in:					
Accounts receivable	24,093	-	-	-	24,093
Prepaid items	-	-	-	-	-
Advances to component units	-	(38,326)	-	-	(38,326)
Increase (decrease) in:					
Accounts payable	2,318	1,905	(12,431)	-	(8,208)
Accrued wages and benefits	1,419	-	-	1,388	2,807
Performance bonds	-	-	(34,200)	-	(34,200)
Unearned revenue	(2,090)	-	-	-	(2,090)
Due to other agencies	(11,395)	68,637	-	12,727	69,969
Net cash used in operating activities	<u>\$ (23,469)</u>	<u>\$ (203,793)</u>	<u>\$ (76,747)</u>	<u>\$ (4,930)</u>	<u>\$ (308,939)</u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
DECEMBER 31, 2008

<u>ASSETS</u>	Self-Insured Workers Compensation	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
CURRENT ASSETS					
Pooled cash and cash equivalents	\$ -	\$ 1,383,125	\$ 23,661	\$ 3,771	\$ 1,410,557
Prepaid expenses	32,500	780,940	-	-	813,440
Total assets (all current)	32,500	2,164,065	23,661	3,771	2,223,997
LIABILITIES					
Estimated claims payable	236,378	900,762	-	-	1,137,140
Accounts payable	84,038	3,804	-	-	87,842
Total liabilities, (all current)	320,416	904,566	-	-	1,224,982
NET ASSETS					
Unrestricted	\$ (287,916)	\$ 1,259,499	\$ 23,661	\$ 3,771	\$ 999,015

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Self-Insured Workers Compensation	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
OPERATING REVENUE					
Charges for services	\$ 132,172	\$ 10,477,013	\$ -	\$ -	\$ 10,609,185
OPERATING EXPENSES					
Cost of services	387,775	10,271,173	-	-	10,658,948
General and administrative	34,234	400,667	-	-	434,901
Total operating expenses	422,009	10,671,840	-	-	11,093,849
Operating loss	(289,837)	(194,827)	-	-	(484,664)
NON-OPERATING REVENUE					
Interest revenue	341	18,389	-	-	18,730
Net loss before transfers	(289,496)	(176,438)	-	-	(465,934)
TRANSFERS					
Transfers (out)	-	(105,688)	-	-	(105,688)
Change in net assets	(289,496)	(282,126)	-	-	(571,622)
Net assets, beginning of year	1,580	1,541,625	23,661	3,771	1,570,637
Net assets (deficit), end of year	\$ (287,916)	\$ 1,259,499	\$ 23,661	\$ 3,771	\$ 999,015

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2008

	Self-Insured Workers Compensation	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Cash flows from operating activities					
Cash received from customers, residents and users	\$ 132,172	\$ 10,008,419	\$ -	\$ -	\$ 10,140,591
Cash paid to employees, suppliers and claimants	(176,404)	(10,641,971)	-	-	(10,818,375)
Net cash provided by (used in) operating activities	(44,232)	(633,552)	-	-	(677,784)
Cash flows from noncapital financing activities					
Transfers to other funds	-	(105,688)	-	-	(105,688)
Cash flows from investing activities					
Interest income received	341	18,389	-	-	18,730
Net decrease in cash and cash equivalents	(43,891)	(720,851)	-	-	(764,742)
Cash and cash equivalents, beginning of year	43,891	2,103,976	23,661	3,771	2,175,299
Cash and cash equivalents, end of year	\$ -	\$ 1,383,125	\$ 23,661	\$ 3,771	\$ 1,410,557
Statement of Net Assets Classification of Cash					
Current assets - Cash and cash equivalents	\$ -	\$ 1,383,125	\$ 23,661	\$ 3,771	\$ 1,410,557
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (289,837)	\$ (194,827)	\$ -	\$ -	\$ (484,664)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) decrease in:					
Prepaid items	-	(468,594)	-	-	(468,594)
Increase (decrease) in:					
Accounts payable	245,605	29,869	-	-	275,474
Net cash used in operating activities	\$ (44,232)	\$ (633,552)	\$ -	\$ -	\$ (677,784)

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008**

<u>ASSETS</u>	<u>Trust and Agency</u>	<u>Library</u>	<u>District Court Bonds</u>	<u>Circuit Court Trust</u>	<u>Delinquent Tax/Incinerator Contingency</u>	<u>Region II Planning Commission</u>	<u>Lifeways</u>	<u>Total</u>
ASSETS								
Pooled cash and cash equivalents	\$ 1,886,351	\$ 15,215	\$ -	\$ 128,369	\$ 1,085,000	\$ -	\$ 788,270	\$ 3,903,205
Cash and cash equivalents	-	-	113,229	169,271	-	-	-	282,500
Accounts receivable	56,984	-	-	-	-	-	-	56,984
<u>TOTAL ASSETS</u>	<u>\$ 1,943,335</u>	<u>\$ 15,215</u>	<u>\$ 113,229</u>	<u>\$ 297,640</u>	<u>\$ 1,085,000</u>	<u>\$ -</u>	<u>\$ 788,270</u>	<u>\$ 4,242,689</u>
LIABILITIES								
LIABILITIES								
Undistributed fees/collections	\$ 1,424,587	\$ -	\$ -	\$ 90,092	\$ 1,085,000	\$ -	\$ -	\$ 2,599,679
Due to other governments	480,497	15,215	-	-	-	-	788,270	1,283,982
Escrow payable	-	-	87,685	195,192	-	-	-	282,877
Bonds payable	38,251	-	25,544	12,356	-	-	-	76,151
<u>TOTAL LIABILITIES</u>	<u>\$ 1,943,335</u>	<u>\$ 15,215</u>	<u>\$ 113,229</u>	<u>\$ 297,640</u>	<u>\$ 1,085,000</u>	<u>\$ -</u>	<u>\$ 788,270</u>	<u>\$ 4,242,689</u>

**COUNTY OF JACKSON, MICHIGAN
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
<u>TRUST AND AGENCY FUND:</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 2,303,227	\$ 67,636,047	\$ 68,052,923	\$ 1,886,351
Accounts receivable	1,093,866	679,334	1,716,216	56,984
	<u>\$ 3,397,093</u>	<u>\$ 68,315,381</u>	<u>\$ 69,769,139</u>	<u>\$ 1,943,335</u>
LIABILITIES				
Undistributed fees/collections	\$ 2,944,416	\$ 21,039,051	\$ 22,558,880	\$ 1,424,587
Due to other governments	417,926	47,251,580	47,189,009	480,497
Bonds payable	34,751	24,750	21,250	38,251
	<u>\$ 3,397,093</u>	<u>\$ 68,315,381</u>	<u>\$ 69,769,139</u>	<u>\$ 1,943,335</u>
<u>LIBRARY FUND:</u>				
ASSETS				
Pooled cash and cash equivalents	<u>\$ 58,406</u>	<u>\$ 356,184</u>	<u>\$ 399,375</u>	<u>\$ 15,215</u>
LIABILITIES				
Due to other governments	<u>\$ 58,406</u>	<u>\$ 356,184</u>	<u>\$ 399,375</u>	<u>\$ 15,215</u>

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
<u>DISTRICT COURT BONDS:</u>				
ASSETS				
Cash	\$ 149,722	\$ 622,461	\$ 658,954	\$ 113,229
LIABILITIES				
Bonds payable	\$ 134,015	\$ 491,977	\$ 538,307	\$ 87,685
Escrow payable	15,707	130,484	120,647	25,544
Total liabilities	\$ 149,722	\$ 622,461	\$ 658,954	\$ 113,229
<u>CIRCUIT COURT TRUST FUND:</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 161,876	\$ 664,438	\$ 697,945	\$ 128,369
Cash and cash equivalents	104,208	65,063	-	169,271
Total assets	\$ 266,084	\$ 729,501	\$ 697,945	\$ 297,640
LIABILITIES				
Undistributed fees/collections	\$ 119,762	\$ 537,752	\$ 567,422	\$ 90,092
Escrow payable	130,129	65,063	-	195,192
Bonds payable	16,193	126,686	130,523	12,356
Total liabilities	\$ 266,084	\$ 729,501	\$ 697,945	\$ 297,640

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
<u>DELINQUENT TAX/ INCINERATOR CONTINGENCY:</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 1,085,000	\$ -	\$ -	\$ 1,085,000
LIABILITIES				
Undistributed fees/collections	\$ 1,085,000	\$ -	\$ -	\$ 1,085,000
<u>LIFEWAYS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 1,714,850	\$ 48,034,462	\$ 48,961,042	\$ 788,270
LIABILITIES				
Due to other governments	\$ 1,714,850	\$ 48,034,462	\$ 48,961,042	\$ 788,270
<u>TOTALS-ALL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 5,323,359	\$ 116,691,131	\$ 118,111,285	\$ 3,903,205
Cash and cash equivalents	253,930	687,524	658,954	282,500
Accounts receivable	1,093,866	679,334	1,716,216	56,984
Total assets	\$ 6,671,155	\$ 118,057,989	\$ 120,486,455	\$ 4,242,689
LIABILITIES				
Undistributed fees/collections	\$ 4,149,178	\$ 21,576,803	\$ 23,126,302	\$ 2,599,679
Due to other governments	2,191,182	95,642,226	96,549,426	1,283,982
Escrow payable	264,144	557,040	538,307	282,877
Bonds payable	66,651	281,920	272,420	76,151
Total liabilities	\$ 6,671,155	\$ 118,057,989	\$ 120,486,455	\$ 4,242,689

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes:				
Current real property taxes	\$ 22,837,194	\$ 22,078,894	\$ 22,098,424	\$ 19,530
Delinquent Personal Property Taxes	200,000	155,500	144,099	(11,401)
Industrial/Commercial Facilities Tax	344,000	214,000	207,060	(6,940)
Trailer tax	23,000	23,000	23,313	313
Payment in lieu of taxes	60,000	60,000	63,153	3,153
Total Taxes	<u>23,464,194</u>	<u>22,531,394</u>	<u>22,536,049</u>	<u>4,655</u>
Licenses and Permits:				
Dog licenses	100,000	103,026	104,573	1,547
Marriage Licenses	4,400	5,900	5,435	(465)
Gun Permits	12,200	24,100	25,184	1,084
Total Licenses and Permits	<u>116,600</u>	<u>133,026</u>	<u>135,192</u>	<u>2,166</u>
Intergovernmental:				
Cigarette Tax	21,308	21,308	16,019	(5,289)
Liquor Tax	655,252	711,152	711,144	(8)
Liquor License	9,000	9,000	9,228	228
State court funding distribution	1,110,000	1,110,000	1,101,568	(8,432)
Child abuse and neglect	50,808	34,000	34,097	97
Crime Victim's Rights	101,300	101,300	101,533	233
Remonumentation	134,432	98,838	98,819	(19)
Judges Supplement	615,354	693,408	714,185	20,777
Road Patrol	265,788	238,088	229,533	(8,555)
Marine Safety	49,259	57,430	57,430	-
Community Corrections Board	454,688	157,088	194,007	36,919
Senior Citizens Programs	267,320	274,120	279,421	5,301
Senior Citizens - Home Delivered Meals	381,000	396,000	405,966	9,966
Senior Citizens - Congregate Meals	158,000	159,800	165,122	5,322
Medicaid Waiver	264,780	285,230	284,143	(1,087)
Circuit Court Reimbursement	12,000	12,000	5,380	(6,620)
District Court Reimbursement	211,140	184,940	169,359	(15,581)
Parole Violators - County Jail	180,000	128,000	128,310	310
Diverted Felons - County Jail	72,000	108,000	114,884	6,884

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Continued)				
Intergovernmental: (Concluded)				
Cooperative Reimbursement -				
Prosecuting Attorney	\$ 184,048	\$ 194,048	\$ 194,389	\$ 341
LAWNET Narcotics	53,505	53,505	55,960	2,455
Emergency Management	25,290	25,290	23,289	(2,001)
Grandparents Initiative	60,000	-	-	-
Police Service Contracts	502,379	500,879	501,837	958
Non Profit Organizations - Sheriff	91,056	91,056	92,458	1,402
Emergency Dispatch	86,970	86,970	85,091	(1,879)
Gun Grant	-	85,000	64,985	(20,015)
Other Grants	54,100	141,900	123,082	(18,818)
Total Intergovernmental Revenue	<u>6,070,777</u>	<u>5,958,350</u>	<u>5,961,239</u>	<u>2,889</u>
Charges for Services:				
12th District Court Costs	2,060,000	1,867,900	1,748,445	(119,455)
12th District Court - Other	1,581,068	1,434,668	1,410,097	(24,571)
Prosecuting Attorney	850	850	520	(330)
Probate Court	151,000	151,000	124,911	(26,089)
County Clerk - Court Costs	175,000	129,000	123,483	(5,517)
County Clerk - Other	412,703	345,003	333,689	(11,314)
Printing	105,000	105,000	61,151	(43,849)
Equalization Dept. - Tax Roll Prep,				
Map Project	20,000	27,100	27,117	17
Geographic Information Systems	110,000	110,000	106,882	(3,118)
Property Tax Services	-	-	2,268	2,268
Register of Deeds - Real Estate				
Transfer Tax	385,000	364,000	350,986	(13,014)
Register of Deeds - Recording Charges	673,050	575,695	540,747	(34,948)
Treasurer	11,000	11,000	11,078	78
Sheriff's Department	79,708	89,908	90,766	858
County Jail	346,000	296,000	294,418	(1,582)
Community Corrections Fees	6,000	6,000	7,587	1,587
Animal Shelter	33,150	44,081	41,684	(2,397)
Medical Examiner	46,000	62,000	62,540	540
Total Charges for Services	<u>6,195,529</u>	<u>5,619,205</u>	<u>5,338,369</u>	<u>(280,836)</u>

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Concluded)				
Fines and Forfeitures:				
Ordinance Fines	\$ 1,000,000	\$ 771,000	\$ 736,077	\$ (34,923)
Bonds Forfeited	15,000	13,600	13,567	(33)
Total Fines and Forfeitures	<u>1,015,000</u>	<u>784,600</u>	<u>749,644</u>	<u>(34,956)</u>
Interest and Rentals:				
Interest	1,100,000	1,680,000	1,706,735	26,735
Rentals - General	212,145	192,844	190,730	(2,114)
Total Interest and Rentals	<u>1,312,145</u>	<u>1,872,844</u>	<u>1,897,465</u>	<u>24,621</u>
Other Revenue:				
Administrative Reimbursements	520,400	622,203	631,167	8,964
Reimbursements - Insurance	-	-	241	241
Reimbursements - Election	36,940	96,040	96,372	332
Reimbursements - Prosecuting Attorney	15,000	15,000	4,194	(10,806)
Contributions	130,000	130,000	130,000	-
Donations - Senior Programs	5,100	6,000	6,459	459
Donations - Senior Home Delivered Meals	120,000	138,000	131,573	(6,427)
Donations - Seniors Congregate Meals	65,000	71,500	71,640	140
Other - Animal Shelter	2,200	3,089	7,194	4,105
Other - Clerk	22,866	14,466	14,191	(275)
Other - Treasurer	37,000	48,500	45,527	(2,973)
Other - Sheriff	5,500	16,030	15,221	(809)
Other - Senior Programs	74,650	79,295	80,198	903
Other - Senior Home Delivered Meals	3,000	3,000	2,160	(840)
Other - Senior Congregate Meals	7,000	7,000	6,223	(777)
Other - Other	41,200	242,100	232,183	(9,917)
Total Other Revenue	<u>1,085,856</u>	<u>1,492,223</u>	<u>1,474,543</u>	<u>(17,680)</u>
Total Revenue	<u>39,260,101</u>	<u>38,391,642</u>	<u>38,092,501</u>	<u>(299,141)</u>

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES				
Legislative -				
Board of Commissioners	\$ 220,612	\$ 223,152	\$ 223,025	\$ 127
Judicial:				
Circuit Court	2,267,477	2,297,747	2,284,186	13,561
Jury Commission	232,086	224,027	221,224	2,803
12th District Court	3,564,522	3,458,593	3,406,725	51,868
County Guardian	-	7,000	6,993	7
Adult Probation - Circuit Court	18,515	15,315	15,076	239
Total Judicial	<u>6,082,600</u>	<u>6,002,682</u>	<u>5,934,204</u>	<u>68,478</u>
Elections -				
Public Elections	<u>202,059</u>	<u>277,898</u>	<u>277,010</u>	<u>888</u>
General Government:				
County Administrator	191,114	254,513	248,354	6,159
County Clerk	973,136	921,604	920,988	616
County Controller	262,816	289,974	289,030	944
Equalization	521,119	521,213	520,491	722
Geographic information systems	254,023	244,301	239,214	5,087
Printing	123,860	75,360	67,567	7,793
Personnel	264,049	265,501	264,617	884
Prosecuting Attorney	1,792,334	1,727,594	1,717,073	10,521
Prosecuting Attorney - Social Services	278,563	265,818	256,056	9,762
Prosecuting Attorney - Victim/Witness Program	201,062	280,571	240,288	40,283
Public Defender	1,304,458	1,304,458	1,184,847	119,611
Register of Deeds	326,369	304,726	304,294	432
Remonumentation	134,432	98,838	98,819	19
County Treasurer	135,624	146,252	139,723	6,529
Co-Operative Extension	349,402	345,254	334,813	10,441
Information Technology	834,716	824,519	823,761	758
Courthouse & Grounds	564,321	615,727	615,638	89
Northlawn Building	253,976	245,124	244,387	737
Tower Building	780,357	816,787	794,850	21,937
Woolworth Building	12,840	12,840	6,711	6,129
Human Services Building	380,509	348,511	331,990	16,521
Drain Commissioner	185,763	183,225	168,965	14,260
Tutor	-	39,000	26,012	12,988
Airport Maintenance	14,191	20,341	19,697	644
Total General Government	<u>10,139,034</u>	<u>10,152,051</u>	<u>9,858,185</u>	<u>293,866</u>

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**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Continued)				
Public Safety:				
District Court Intense Probation	\$ 192,363	\$ 181,906	\$ 178,676	\$ 3,230
County Sheriff	4,251,642	4,142,779	4,140,962	1,817
Road Patrol	267,809	241,312	235,740	5,572
LAWNET Narcotics Grant	212,905	213,474	212,487	987
Marine Law Enforcement	74,156	96,950	93,873	3,077
Truancy grant	151,797	170,393	167,832	2,561
911 Communications Center	1,364,707	1,265,773	1,265,388	385
County Jail	5,353,668	5,628,330	5,626,831	1,499
Community Corrections Board	519,296	284,571	283,548	1,023
Animal Shelter	463,535	484,965	476,325	8,640
Total Public Safety	<u>12,851,878</u>	<u>12,710,453</u>	<u>12,681,662</u>	<u>28,791</u>
Health and Welfare:				
Medical Examiners	300,445	305,776	304,521	1,255
Senior Citizens Program	1,248,481	1,229,363	1,200,395	28,968
Home Delivery Meals - Seniors	962,063	1,030,622	999,131	31,491
Congregate Meals - Seniors	330,081	332,813	312,899	19,914
Grandparents Initiative	135,110	72,705	71,605	1,100
Veteran's Burial Claims	40,740	40,740	32,984	7,756
Veteran's Affairs Office	113,256	112,579	111,099	1,480
Total Health and Welfare	<u>3,130,176</u>	<u>3,124,598</u>	<u>3,032,634</u>	<u>91,964</u>
Other:				
Appropriations:				
General Government:				
Regional Planning	55,340	55,340	55,340	-
Soil Conservation	20,000	20,000	20,000	-
Total General Government Appropriations	<u>75,340</u>	<u>75,340</u>	<u>75,340</u>	<u>-</u>

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Concluded)				
Other: (Concluded)				
Public Safety:				
Emergency Measures	\$ 150,791	\$ 140,998	\$ 140,775	\$ 223
Jackson Traffic Safety Program	157,500	157,500	131,220	26,280
Guardian	35,000	35,000	35,000	-
Total Public Safety Appropriations	<u>343,291</u>	<u>333,498</u>	<u>306,995</u>	<u>26,503</u>
Public Works -				
Transportation System	107,100	129,800	129,800	-
Health & Welfare:				
Retired Senior Citizen Volunteer Program	15,000	15,000	15,000	-
Region II Aging Commission	26,814	26,814	26,814	-
Substance Abuse - Liquor Tax	327,626	355,576	355,572	4
Enterprise Group	80,000	105,000	130,000	(25,000)
Transfer to Other Governmental Units - LifeWays	70,779	70,779	70,779	-
Total Health and Welfare	<u>520,219</u>	<u>573,169</u>	<u>598,165</u>	<u>(24,996)</u>
Total Appropriations	<u>1,045,950</u>	<u>1,111,807</u>	<u>1,110,300</u>	<u>1,507</u>
Other:				
Retirees Benefit	2,297,640	2,241,640	2,241,492	148
Accrued Sick and Vacation Payoff	50,000	136,000	124,030	11,970
Professional Services	151,500	174,800	197,716	(22,916)
Insurance and Bonds	765,000	765,000	664,367	100,633
Retiree Health	957,820	957,820	957,820	-
Miscellaneous	153,821	169,921	198,076	(28,155)
Subtotal - Other	<u>4,375,781</u>	<u>4,445,181</u>	<u>4,383,501</u>	<u>61,680</u>
Total Other	<u>5,421,731</u>	<u>5,556,988</u>	<u>5,493,801</u>	<u>63,187</u>
Total Expenditures	<u>38,048,090</u>	<u>38,047,822</u>	<u>37,500,521</u>	<u>547,301</u>
Revenue Over Expenditures	<u>1,212,011</u>	<u>343,820</u>	<u>591,980</u>	<u>248,160</u>

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers In:				
General Government:				
Personal Property/Admin. Fund	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Other:				
JNET	58,670	58,670	58,670	-
Jail Millage	1,268,543	1,268,543	1,268,543	-
Delinquent Tax Revolving	450,000	440,000	440,000	-
Revenue sharing reserve	3,161,116	3,161,116	3,161,116	-
Department on aging	944,557	944,557	944,557	-
Worker's Compensation	73,902	-	-	-
Sheriff Equipment	260,369	260,369	260,369	-
Health Insurance	139,675	105,688	105,688	-
911	350,000	350,000	350,000	-
Equipment	-	8,000	8,000	-
Total Transfers In	<u>6,781,832</u>	<u>6,671,943</u>	<u>6,671,943</u>	<u>-</u>
Transfers Out:				
Judicial:				
Friend of the Court	161,000	7,405	7,405	-
Child Care Welfare	510,000	510,000	510,000	-
Justice Center	160,000	160,000	149,464	10,536
Health and Welfare:				
Health Department	647,155	643,355	643,355	-
Youth Home	3,142,570	2,693,906	2,693,906	-
Social Services	29,000	29,000	29,000	-
Parks	654,066	643,616	643,616	-
Other:				
Airport	180,323	179,423	179,423	-
Jackson Traffic Safety Program	8,855	8,855	8,855	-
Budget stabilization	500,000	500,000	500,000	-
Soil erosion	-	24,900	24,900	-
Total Transfers Out	<u>5,992,969</u>	<u>5,400,460</u>	<u>5,389,924</u>	<u>10,536</u>
Total Other Financing Sources (Uses)	<u>788,863</u>	<u>1,271,483</u>	<u>1,282,019</u>	<u>10,536</u>
Net change in fund balances	2,000,874	1,615,303	1,873,999	258,696
FUND BALANCE, Beginning of year	<u>9,215,927</u>	<u>9,215,927</u>	<u>9,215,927</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 11,216,801</u>	<u>\$ 10,831,230</u>	<u>\$ 11,089,926</u>	<u>\$ 258,696</u>

**COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Health and Welfare:				
Administration	\$ 419,248	\$ 427,614	\$ 407,123	\$ 20,491
Health Education	235,700	274,563	261,529	13,034
Emergency Preparedness	190,256	195,478	182,321	13,157
Environmental	703,734	674,004	637,092	36,912
Nursing	219,727	206,265	178,773	27,492
MSS/ISS	335,145	334,486	310,685	23,801
Immunizations	307,647	387,918	368,368	19,550
Early On	169,957	151,651	149,087	2,564
Sexually Transmitted Diseases	121,680	170,319	166,529	3,790
Infant Mortality and Prevention	66,721	81,258	80,453	805
CSHCS Outreach and Advocacy	78,918	75,222	72,358	2,864
Hearing and Vision	79,605	86,439	84,724	1,715
Family Planning	25,461	155,053	154,915	138
Women, Infants and Children	564,693	509,964	508,152	1,812
AIDS Counseling and Testing	17,706	18,269	11,749	6,520
Tobacco Reduction Coalition	15,303	17,273	16,416	857
Immunization Action Plan	83,474	72,738	70,970	1,768
Car Seat Rental Program	67,139	71,913	69,455	2,458
Abstinence Program	26,127	131,159	130,722	437
Total Health and Welfare expenditures	\$3,728,241	\$4,041,586	\$3,861,421	\$ 180,165

COUNTY OF JACKSON, JACKSON
COMPONENT UNIT - LAND BANK AUTHORITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	<u>Land Bank Authority</u>
ASSETS	
Current assets:	
Pooled cash and cash equivalents	\$ 243,371
Total current assets	<u>243,371</u>
Capital assets, net of depreciation	<u>130,412</u>
Total assets	<u>373,783</u>
LIABILITIES	
Advances from other funds	<u>288,326</u>
NET ASSETS	
Invested in capital assets	130,412
Unrestricted (deficit)	<u>(44,955)</u>
Total net assets	<u><u>\$ 85,457</u></u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - LAND BANK AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Land Bank Authority
OPERATING REVENUE	
Sales	\$ 89,404
OPERATING EXPENSES	
Capital outlay	4,523
Miscellaneous	20,710
Total operating expenses	25,233
Change in net assets	64,171
NET ASSETS	
Beginning of year	21,286
NET ASSETS	
End of year	\$ 85,457

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - DRAIN COMMISSION
 COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
 BALANCE SHEET
 DECEMBER 31, 2008**

	Governmental Activities			
	Debt Service Funds			
<u>ASSETS</u>	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ -	\$ 305	\$ -	\$ -
Special assessments receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Capital assets, net of depreciation	-	-	-	-
	-	-	-	-
<u>TOTAL ASSETS</u>	\$ -	\$ 305	\$ -	\$ -
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advance from primary government	-	-	-	-
Deferred revenue	-	-	-	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Reserved for debt service	-	305	-	-
Reserved for construction	-	-	-	-
	-	-	-	-
TOTAL FUND BALANCES	-	305	-	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ -	\$ 305	\$ -	\$ -

Clark Lake Drain	Wolf Lake Section	Napoleon Village Section	Lake Columbia Section
\$ 2,752	\$ 151	\$ 324	\$ 1
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 2,752</u>	<u>\$ 151</u>	<u>\$ 324</u>	<u>\$ 1</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,752	151	324	1
-	-	-	-
<u>2,752</u>	<u>151</u>	<u>324</u>	<u>1</u>
<u>\$ 2,752</u>	<u>\$ 151</u>	<u>\$ 324</u>	<u>\$ 1</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Continued)
DECEMBER 31, 2008

	<u>Governmental Activities</u>				
	<u>Capital Project Funds</u>				
<u>ASSETS</u>	<u>Spring Arbor Water Project</u>	<u>Village of Brooklyn</u>	<u>Wolf Lake Section</u>	<u>Napoleon Village Section</u>	<u>Lake Columbia Section</u>
CURRENT ASSETS					
Pooled cash and cash equivalents	\$ 3,303	\$ 381	\$ 150	\$ -	\$ 98,281
Special assessments receivable	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	-
Capital assets, net of depreciation	-	-	-	-	-
	<u>\$ 3,303</u>	<u>\$ 381</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 98,281</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 150	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advance from primary government	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Long-term debt					
Due in one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for debt service	-	-	-	-	-
Reserved for construction	3,303	381	-	-	98,281
	<u>3,303</u>	<u>381</u>	<u>-</u>	<u>-</u>	<u>98,281</u>
	<u>3,303</u>	<u>381</u>	<u>-</u>	<u>-</u>	<u>98,281</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 3,303</u>	<u>\$ 381</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 98,281</u>

<u>Drain Districts</u>	<u>Drain Revolving</u>	<u>Lake Level Districts</u>	<u>Lake Level Revolving</u>
\$ 1,278,533	\$ 19,966	\$ 75,596	\$ 8,850
80,666	-	-	-
-	-	-	-
-	180,068	-	1,150
-	-	-	-
<u>\$ 1,359,199</u>	<u>\$ 200,034</u>	<u>\$ 75,596</u>	<u>\$ 10,000</u>
\$ 103,065	\$ 34	\$ 2,394	\$ -
180,465	-	753	-
-	200,000	-	10,000
80,666	-	-	-
-	-	-	-
-	-	-	-
<u>364,196</u>	<u>200,034</u>	<u>3,147</u>	<u>10,000</u>
-	-	-	-
995,003	-	72,449	-
<u>995,003</u>	<u>-</u>	<u>72,449</u>	<u>-</u>
<u>\$ 1,359,199</u>	<u>\$ 200,034</u>	<u>\$ 75,596</u>	<u>\$ 10,000</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - DRAIN COMMISSION
 COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
 BALANCE SHEET (Concluded)
 DECEMBER 31, 2008**

<u>ASSETS</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
CURRENT ASSETS			
Pooled cash and cash equivalents	\$ 1,488,593	\$ -	\$ 1,488,593
Special assessments receivable	80,666	-	80,666
Due from other governmental units	-	17,495,467	17,495,467
Due from other funds	181,218	(181,218)	-
Capital assets, net of depreciation	-	4,306,742	4,306,742
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 1,750,477</u>	<u>\$ 21,620,991</u>	<u>23,371,468</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 105,643	\$ -	105,643
Due to other funds	181,218	(181,218)	-
Advance from primary government	210,000	-	210,000
Deferred revenue	80,666	(80,666)	-
Long-term debt			
Due in one year	-	1,638,000	1,638,000
Due in more than one year	-	15,861,000	15,861,000
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>577,527</u>	<u>17,237,116</u>	<u>17,814,643</u>
 FUND BALANCES			
Reserved for debt service	3,533		
Reserved for construction	1,169,417		
	<hr/>		
TOTAL FUND BALANCES	<u>1,172,950</u>		
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>\$ 1,750,477</u>		
 Invested in capital assets, net of related debt		 \$ 4,306,742	 4,306,742
Restricted for construction		1,250,083	1,250,083
		<hr/>	<hr/>
		<u>\$ 5,556,825</u>	<u>\$ 5,556,825</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2008

Fund balances - Governmental Funds	\$ 1,172,950
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,306,742
Deferred revenue is not a current financial resource and therefore is not reported as revenue in the governmental funds	80,666
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	17,495,467
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds and notes payable	<u>(17,499,000)</u>
Net assets of governmental activities	<u>\$ 5,556,825</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - DRAIN COMMISSION
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Activities</u>			
	<u>Debt Service Funds</u>			
	<u>Village of Grass Lake</u>	<u>Village of Springport</u>	<u>Spring Arbor Water Project</u>	<u>Village of Brooklyn</u>
REVENUE				
Intergovernmental revenue	\$ 166,300	\$ 29,125	\$ 43,550	\$ 126,600
Interest and rentals	-	31	-	-
Total revenue	<u>166,300</u>	<u>29,156</u>	<u>43,550</u>	<u>126,600</u>
EXPENDITURES/EXPENSES				
Public works	-	-	-	-
Depreciation expense	-	-	-	-
Debt Service:				
Principal	145,000	25,000	25,000	75,000
Interest	<u>21,300</u>	<u>4,125</u>	<u>18,550</u>	<u>51,600</u>
Total expenditures/expenses	<u>166,300</u>	<u>29,125</u>	<u>43,550</u>	<u>126,600</u>
Revenue over (under) expenditures	<u>-</u>	<u>31</u>	<u>-</u>	<u>-</u>
Fund balances/net assets				
Beginning of year	<u>-</u>	<u>274</u>	<u>-</u>	<u>-</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ 305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Clark Lake Drain	Wolf Lake Section	Napoleon Village Section	Lake Columbia Section
\$ 577,463	\$ 382,175	\$ 90,788	\$905,875
6	1	23	-
<u>577,469</u>	<u>382,176</u>	<u>90,811</u>	<u>905,875</u>
800	-	-	-
-	-	-	-
505,000	250,000	50,000	500,000
81,337	132,100	40,749	405,874
<u>587,137</u>	<u>382,100</u>	<u>90,749</u>	<u>905,874</u>
<u>(9,668)</u>	<u>76</u>	<u>62</u>	<u>1</u>
12,420	75	262	-
<u>\$ 2,752</u>	<u>\$ 151</u>	<u>\$ 324</u>	<u>\$ 1</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - DRAIN COMMISSION
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
 EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Activities</u>				
	<u>Capital Project Funds</u>				
	<u>Spring Arbor Water Project</u>	<u>Village of Brooklyn</u>	<u>Wolf Lake Section</u>	<u>Napoleon Village Section</u>	<u>Lake Columbia Section</u>
REVENUE					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	76	194	-	-	7,240
Total revenue	<u>76</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>7,240</u>
EXPENDITURES/EXPENSES					
Public works	-	-	5,668	-	237,186
Depreciation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures/expenses	<u>-</u>	<u>-</u>	<u>5,668</u>	<u>-</u>	<u>237,186</u>
Revenue over (under) expenditures	<u>76</u>	<u>194</u>	<u>(5,668)</u>	<u>-</u>	<u>(229,946)</u>
Fund balances/net assets					
Beginning of year	<u>3,227</u>	<u>187</u>	<u>5,668</u>	<u>-</u>	<u>328,227</u>
End of year	<u>\$ 3,303</u>	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,281</u>

Drain Districts	Drain Revolving	Lake Level Districts	Lake Level Revolving
\$ 397,357	\$ -	\$ -	\$ -
29,381	-	2,084	-
<u>426,738</u>	<u>-</u>	<u>2,084</u>	<u>-</u>
329,243	-	10,246	-
-	-	-	-
89,622	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>418,865</u>	<u>-</u>	<u>10,246</u>	<u>-</u>
7,873	-	(8,162)	-
<u>987,130</u>	<u>-</u>	<u>80,611</u>	<u>-</u>
<u>\$ 995,003</u>	<u>\$ -</u>	<u>\$ 72,449</u>	<u>\$ -</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - DRAIN COMMISSION
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
 EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUE			
Intergovernmental revenue	\$ 2,719,233	\$ (1,668,279)	\$ 1,050,954
Interest and rentals	39,036	-	39,036
	<u>2,758,269</u>	<u>(1,668,279)</u>	<u>1,089,990</u>
EXPENDITURES/EXPENSES			
Public works	583,143	-	583,143
Depreciation	-	181,325	181,325
Debt Service:			
Principal	1,664,622	(1,664,622)	-
Interest	755,635	-	755,635
	<u>3,003,400</u>	<u>(1,483,297)</u>	<u>1,520,103</u>
Revenue over (under) expenditures	<u>(245,131)</u>	<u>(184,982)</u>	<u>(430,113)</u>
Fund balances/net assets			
Beginning of year	<u>1,418,081</u>	<u>4,568,857</u>	<u>5,986,938</u>
End of year	<u>\$ 1,172,950</u>	<u>\$ 4,383,875</u>	<u>\$ 5,556,825</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - DRAIN COMMISSION
 Reconciliation of the Governmental Fund Revenues, Expenditures
 and Changes in Fund Balance to the Statement of Activities
 FOR THE YEAR ENDED DECEMBER 31, 2008**

Net change in fund balances - Governmental funds \$ (245,131)

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

Governmental funds report capital outlays as expenditures. However, in the statement of
 activities, the cost of those assets is allocated over their estimated useful lives and reported as
 depreciation expense.

Deduct - depreciation expense (181,325)

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

Deduct: debt assessments paid in current year (1,668,279)

Bond proceeds provide current financial resources to governmental funds in the period issued,
 but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of

Add: principal payments on long-term debt 1,664,622

Change in net assets of governmental activities \$ (430,113)

COUNTY OF JACKSON, JACKSON
COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2008

<u>ASSETS</u>	<u>Brownfield Redevelopment Authority</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 68,396	\$ -	\$ 68,396
Accounts receivable	713,631	-	713,631
	<u>782,027</u>	-	<u>782,027</u>
 <u>LIABILITIES AND FUND BALANCES</u> 			
LIABILITIES			
Accounts payable	\$ 119,435	-	119,435
	<u>662,592</u>	<u>(662,592)</u>	<u>-</u>
FUND BALANCES			
Unreserved, undesignated	662,592	(662,592)	-
	<u>662,592</u>	<u>(662,592)</u>	<u>-</u>
	<u>782,027</u>	<u>-</u>	<u>782,027</u>
 NET ASSETS			
Unrestricted		\$ 662,592	\$ 662,592
		<u>662,592</u>	<u>662,592</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Brownfield Redevelopment Authority</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUE			
Contributions	\$ 63,938	\$ -	\$ 63,938
Interest and rentals	7,556	-	7,556
	<u>71,494</u>	<u>-</u>	<u>71,494</u>
Total revenue			
EXPENDITURES/EXPENSES			
Current operations:			
Public works	<u>110,704</u>	<u>-</u>	<u>110,704</u>
Net change in fund balances	(39,210)	(39,210)	
Change in net assets		39,210	(39,210)
Fund balances/net assets			
Beginning of year	<u>701,802</u>	<u>-</u>	<u>701,802</u>
End of year	<u><u>\$ 662,592</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 662,592</u></u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
 BALANCE SHEET
 DECEMBER 31, 2008**

	Governmental Activities				
	Debt Service Funds				
	Village of Springport	Village of Parma - Revolving	Village of Parma - LDFA	Grass Lake Revolving	Grass Lake Section SER 2002B
<u>ASSETS</u>					
ASSETS					
Pooled cash and cash equivalents	\$ 71	\$ -	\$ -	\$ -	\$ 3,215
Accounts receivable	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
	-	-	-	-	-
Total assets	\$ 71	\$ -	\$ -	\$ -	\$ 3,215
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt:					
Due in one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
	-	-	-	-	-
Total liabilities	-	-	-	-	-
FUND BALANCES					
Reserved for debt service	71	-	-	-	3,215
Reserved for construction	-	-	-	-	-
	-	-	-	-	-
Total fund balances	71	-	-	-	3,215
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 71	\$ -	\$ -	\$ -	\$ 3,215

Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer
\$ -	\$ 8,765	\$ 11,070	\$ -
-	-	-	-
-	-	-	-
\$ -	\$ 8,765	\$ 11,070	\$ -
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	8,765	11,070	-
-	-	-	-
-	8,765	11,070	-
\$ -	\$ 8,765	\$ 11,070	\$ -

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
 BALANCE SHEET
 DECEMBER 31, 2008**

	Governmental Activities				
	Capital Project Funds				
	Village of Parma - Revolving	Village of Parma - LDFA	Village of Grass Lake - Revolving	Grass Lake Section	Vineyard Lake Area Section
<u>ASSETS</u>					
ASSETS					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 93,685
Accounts receivable	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ 93,685
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 383
Long-term debt:					
Due in one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total liabilities	-	-	-	-	383
FUND BALANCES					
Reserved for debt service	-	-	-	-	-
Reserved for construction	-	-	-	-	93,302
Total fund balances	-	-	-	-	93,302
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ -	\$ -	\$ -	\$ -	\$ 93,685

<u>Round/ Farewell Lake Section</u>	<u>Southern Regional Interceptor</u>	<u>Rives Sanitary Sewer</u>	<u>US 127 Extension</u>	<u>Parma Village Wastewater</u>
\$ 134	\$ 9,388	\$ 498,964	\$ 12,076	\$ 3
-	-	301,764	-	-
-	-	-	-	-
<u>\$ 134</u>	<u>\$ 9,388</u>	<u>\$ 800,728</u>	<u>\$ 12,076</u>	<u>\$ 3</u>
\$ -	\$ -	\$ 800,612	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	800,612	-	-
-	-	-	-	-
134	9,388	116	12,076	3
134	9,388	116	12,076	3
<u>\$ 134</u>	<u>\$ 9,388</u>	<u>\$ 800,728</u>	<u>\$ 12,076</u>	<u>\$ 3</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
 BALANCE SHEET
 DECEMBER 31, 2008**

	Total	Adjustments	Statement of Activities
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 637,371	\$ -	\$ 637,371
Accounts receivable	301,764	-	301,764
Due from other governmental units	-	18,889,011	18,889,011
Total assets	\$ 939,135	\$ 18,889,011	\$ 19,828,146
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 800,995	\$ -	\$ 800,995
Long-term debt:			
Due in one year	-	915,000	915,000
Due in more than one year	-	17,997,132	17,997,132
Total liabilities	800,995	18,912,132	19,713,127
FUND BALANCES			
Reserved for debt service	23,121	(23,121)	-
Reserved for construction	115,019	(115,019)	-
Total fund balances	138,140	(138,140)	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 939,135		
Net assets:			
Restricted for construction		\$ 115,019	\$ 115,019

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 Reconciliation of Governmental Fund Balance Sheet
 to Statement of Net Assets
 DECEMBER 31, 2008**

Fund balances - Governmental Funds	\$	138,140
<p>Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:</p>		
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds		18,889,011
Long - term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds payable		<u>(18,912,132)</u>
Net assets of governmental activities	\$	<u>115,019</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Activities				
	Debt Service Funds				
	Village of Springport	Village of Parma - Revolving	Village of Parma - LDFA	Grass Lake Revolving	Grass Lake Section SER 2002B
REVENUE					
Intergovernmental	\$ -	\$ 71,375	\$ 136,825	\$ 140,938	\$ 45,636
Interest and rentals	-	-	-	-	8
Total revenue	-	71,375	136,825	140,938	45,644
EXPENDITURES/EXPENSES					
Current operations:					
Public works	-	-	-	-	-
Depreciation	-	-	-	-	-
Debt Service:					
Principal retirement	-	50,000	75,000	95,000	25,000
Interest and fiscal charges	-	21,375	61,950	45,938	20,636
Total expenditures/expenses	-	71,375	136,950	140,938	45,636
Revenue over (under) expenditures	-	-	(125)	-	8
OTHER FINANCING SOURCES (USES)					
Bond and note proceeds	-	-	-	-	-
Transfers out	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	-	(125)	-	8
Change in net assets					
Fund balances/net assets					
Beginning of year	71	-	125	-	3,207
End of year	\$ 71	\$ -	\$ -	\$ -	\$ 3,215

Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer
\$ 456,363	\$ 369,288	\$ 199,113	\$ 66,531
-	(40)	(92)	-
<u>456,363</u>	<u>369,248</u>	<u>199,021</u>	<u>66,531</u>
-	-	-	-
-	-	-	-
250,000	250,000	-	308,000
<u>206,363</u>	<u>119,287</u>	<u>199,113</u>	<u>12,056</u>
<u>456,363</u>	<u>369,287</u>	<u>199,113</u>	<u>320,056</u>
-	(39)	(92)	(253,525)
-	-	-	-
-	-	-	-
-	-	-	253,525
-	-	-	253,525
-	(39)	(92)	-
-	8,804	11,162	-
<u>\$ -</u>	<u>\$ 8,765</u>	<u>\$ 11,070</u>	<u>\$ -</u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Activities				
	Capital Project Funds				
	Village of Parma - Revolving	Village of Parma - L DFA	Village of Grass Lake - Revolving	Grass Lake Section	Vineyard Lake Area Section
REVENUE					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	-	-	-	-	2,383
Total revenue	-	-	-	-	2,383
EXPENDITURES/EXPENSES					
Current operations:					
Public works	-	-	-	-	15,527
Depreciation	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures/expenses	-	-	-	-	15,527
Revenue over (under) expenditures	-	-	-	-	(13,144)
OTHER FINANCING SOURCES (USES)					
Bond and note proceeds	-	-	-	-	-
Transfers out	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	-	-	-	(13,144)
Change in net assets					
Fund balances/net assets					
Beginning of year	-	-	-	-	106,446
End of year	\$ -	\$ -	\$ -	\$ -	\$ 93,302

Round/ Farewell Lake Section	Southern Regional Interceptor	Rives Sanitary Sewer	US 127 Extension	Parma Village Wastewater
\$ -	\$ 20,552	\$ 1,171,384	\$ -	\$ -
44,486	388	22	93	-
44,486	20,940	1,171,406	93	-
44,352	19,937	2,014,599	13,542	412,129
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
44,352	19,937	2,014,599	13,542	412,129
134	1,003	(843,193)	(13,449)	(412,129)
-	-	1,075,000	-	412,132
-	-	(253,525)	-	-
-	-	-	-	-
-	-	821,475	-	412,132
134	1,003	(21,718)	(13,449)	3
-	8,385	21,834	25,525	-
\$ 134	\$ 9,388	\$ 116	\$ 12,076	\$ 3

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - BOARD OF PUBLIC WORKS
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUE			
Intergovernmental	\$ 2,678,005	\$ 434,255	\$ 3,112,260
Interest and rentals	47,248	-	47,248
	<u>2,725,253</u>	<u>434,255</u>	<u>3,159,508</u>
EXPENDITURES/EXPENSES			
Current operations:			
Public works	2,520,086	-	2,520,086
Depreciation	-	-	-
Debt Service:			
Principal retirement	1,053,000	(1,053,000)	-
Interest and fiscal charges	686,718	-	686,718
	<u>4,259,804</u>	<u>(1,053,000)</u>	<u>3,206,804</u>
Total expenditures/expenses	<u>4,259,804</u>	<u>(1,053,000)</u>	<u>3,206,804</u>
Revenue over (under) expenditures	<u>(1,534,551)</u>	<u>1,487,255</u>	<u>(47,296)</u>
OTHER FINANCING SOURCES (USES)			
Bond and note proceeds	1,487,132	(1,487,132)	-
Transfers out	(253,525)	253,525	-
Transfers in	253,525	(253,525)	-
	<u>1,487,132</u>	<u>(1,487,132)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,487,132</u>	<u>(1,487,132)</u>	<u>-</u>
Net change in fund balances	(47,419)	47,419	-
Change in net assets		(47,296)	(47,296)
Fund balances/net assets			
Beginning of year	<u>185,559</u>	<u>(23,244)</u>	<u>162,315</u>
End of year	<u>\$ 138,140</u>	<u>\$ (23,121)</u>	<u>\$ 115,019</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of the Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances - Governmental funds	\$ (47,419)
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Amounts reported for *governmental activities* in the statement of activities are different because:

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

Debt assessments received current year	434,255
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The issuance of bonds payable provide current financial resources. These transactions do not effect net assets and are therefore eliminated.

Issuance of bonds payable	(1,487,132)
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Repayment of debt principal is an expenditure in the funds but not in the statement of activities:

Bond payments	<u>1,053,000</u>
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Change in net assets of governmental activities	<u><u>\$ (47,296)</u></u>
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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends (Schedules 1 thru 5)	166-171
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity (Schedules 6 thru 9)	172-175
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity (Schedules 10 thru 12)	176-178
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information (Schedules 13 thru 15)	179-181
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information (Schedules 16 thru 17)	182-183
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

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

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

Source: Jackson County Finance Department

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses						
Governmental activities:						
Elections	\$ 72,433	\$ 168,469	\$ 77,070	\$ 180,696	\$ 130,180	\$ 276,996
Legislative	205,944	212,660	214,972	204,724	240,045	237,997
Judicial	11,329,672	10,708,216	10,667,903	11,097,366	11,741,690	10,792,958
General government	8,916,228	10,107,059	11,032,854	10,018,348	11,665,389	11,293,472
Public safety	14,784,198	14,785,492	15,373,560	16,090,197	16,944,208	18,171,168
Health	9,060,387	5,723,355	9,640,700	9,687,103	9,878,983	9,254,566
Culture and recreation	1,536,627	1,607,037	1,691,953	1,666,183	1,732,731	1,766,639
Community development	7,370,705	11,226,594	8,798,015	8,225,733	8,253,892	7,494,081
Interest on long-term debt	528,227	544,615	536,869	570,535	856,277	831,753
Total governmental activities expenses	<u>53,804,421</u>	<u>55,083,497</u>	<u>58,033,896</u>	<u>57,740,885</u>	<u>61,443,395</u>	<u>60,119,630</u>
Business-type activities:						
Delinquent tax collection/forfeitures	219,945	584,691	465,438	582,566	543,975	523,433
Foreclosure tax	192,716	80,434	107,519	382,099	233,853	301,988
Medical care facility	12,481,811	12,478,688	12,982,116	14,950,198	15,375,425	15,758,850
Fair	1,434,475	1,582,177	1,374,525	1,175,428	1,127,027	1,168,697
Resource recovery	7,516,817	7,422,625	8,094,120	7,682,790	8,602,557	8,640,601
Public works projects	13,873	98,706	394,249	59,534	70,351	65,186
Soil erosion	-	35,528	83,665	108,442	98,247	66,944
Total business-type activities expenses	<u>21,859,637</u>	<u>22,282,849</u>	<u>23,501,632</u>	<u>24,941,057</u>	<u>26,051,435</u>	<u>26,525,699</u>
Total primary government expenses	<u>75,664,058</u>	<u>77,366,346</u>	<u>81,535,528</u>	<u>82,681,942</u>	<u>87,494,830</u>	<u>86,645,329</u>
Program revenues						
Governmental activities:						
Charges for services:						
Judicial	4,337,191	3,796,746	3,603,480	3,445,601	3,553,002	3,014,929
General government	2,217,784	2,111,842	2,439,066	2,275,850	2,366,616	1,976,002
Public safety	1,060,630	1,172,088	1,226,579	1,203,630	1,225,488	1,139,985
Health	1,075,893	1,074,443	1,014,150	899,984	803,243	852,737
Culture and recreation	901,627	927,955	912,318	875,804	870,466	881,788
Community development	-	-	-	310,630	337,918	273,898
Other activities	311,457	303,256	529,892	196,834	-	-
Operating grants and contributions	17,929,004	17,821,584	19,999,106	19,605,978	20,002,956	19,534,191
Total governmental activities program revenues	<u>27,833,586</u>	<u>27,207,914</u>	<u>29,724,591</u>	<u>28,814,311</u>	<u>29,159,689</u>	<u>27,673,530</u>
Business-type activities:						
Charges for services:						
Delinquent tax collection/forfeitures	1,514,001	1,411,667	1,629,077	1,838,706	2,115,532	2,283,553
Foreclosure tax	361,807	75,248	201,356	160,311	229,487	65,979
Medical care facility	11,746,818	12,630,867	12,474,369	15,402,690	15,754,525	15,523,903
Fair	1,267,161	1,231,734	1,174,506	1,093,342	905,402	967,391
Resource recovery	9,135,568	8,668,358	9,065,673	10,416,508	10,825,070	11,662,945
Public works projects	46,942	103,333	194,748	250,052	154,886	47,285
Soil erosion	-	50,148	70,004	70,861	78,915	35,070
Operating grants and contributions	334,299	449,893	1,132,540	945,108	427,996	338,959
Total business-type activities program revenues	<u>24,406,596</u>	<u>24,621,248</u>	<u>25,942,273</u>	<u>30,177,578</u>	<u>30,491,813</u>	<u>30,925,085</u>
Total primary government program revenues	<u>52,240,182</u>	<u>51,829,162</u>	<u>55,666,864</u>	<u>58,991,889</u>	<u>59,651,502</u>	<u>58,598,615</u>
Net (Expense)/Revenue						
Government activities	(25,970,835)	(27,875,583)	(28,309,305)	(28,926,574)	(32,283,706)	(32,446,100)
Business-type activities	<u>2,546,959</u>	<u>2,338,399</u>	<u>2,440,641</u>	<u>5,236,521</u>	<u>4,440,378</u>	<u>4,399,386</u>
Total primary government net expense	<u>(23,423,876)</u>	<u>(25,537,184)</u>	<u>(25,868,664)</u>	<u>(23,690,053)</u>	<u>(27,843,328)</u>	<u>(28,046,714)</u>

Continued...

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues						
Governmental activities:						
Property taxes	\$ 19,645,354	\$ 26,781,837	\$ 28,674,384	\$ 30,548,572	\$ 26,632,998	\$ 26,301,985
State shared revenue	3,598,156	2,232,993	612,647	656,012	686,772	736,391
Investment earnings	1,137,795	1,519,268	1,668,218	1,990,206	2,206,053	1,829,418
Transfers	2,833,792	2,873,036	1,614,331	592,990	1,574,795	2,679,194
Total governmental activities	<u>27,215,097</u>	<u>33,407,134</u>	<u>32,569,580</u>	<u>33,787,780</u>	<u>31,100,618</u>	<u>31,546,988</u>
Business-type activities:						
Transfers	<u>(2,833,792)</u>	<u>(2,924,513)</u>	<u>(1,594,101)</u>	<u>(663,226)</u>	<u>(1,565,385)</u>	<u>(2,626,150)</u>
Total business-type activities	<u>(2,833,792)</u>	<u>(2,924,513)</u>	<u>(1,594,101)</u>	<u>(663,226)</u>	<u>(1,565,385)</u>	<u>(2,626,150)</u>
Total primary government	<u>24,381,305</u>	<u>30,482,621</u>	<u>30,975,479</u>	<u>33,124,554</u>	<u>29,535,233</u>	<u>28,920,838</u>
Change in Net Assets						
Government activities	1,244,262	5,531,551	4,260,275	4,861,206	(1,183,088)	(899,112)
Business-type activities	<u>(286,833)</u>	<u>(586,114)</u>	<u>846,540</u>	<u>4,573,295</u>	<u>2,874,993</u>	<u>1,773,236</u>
Total primary government	<u>\$ 957,429</u>	<u>\$ 4,945,437</u>	<u>\$ 5,106,815</u>	<u>\$ 9,434,501</u>	<u>\$ 1,691,905</u>	<u>\$ 874,124</u>

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

Source: Jackson County Finance Department

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund						
Reserved	\$ 856,227	\$ 823,857	\$ 887,987	\$ 881,264	\$ 881,943	\$ 878,826
Unreserved	5,901,904	4,745,938	5,470,437	6,105,169	8,333,984	10,211,100
Total general fund	<u>\$ 6,758,131</u>	<u>\$ 5,569,795</u>	<u>\$ 6,358,424</u>	<u>\$ 6,986,433</u>	<u>\$ 9,215,927</u>	<u>\$ 11,089,926</u>
All Other Governmental Funds						
Reserved	\$ 310,556	\$ 317,190	\$ 108,012	\$ 116,261	\$ 138,387	\$ 140,427
Unreserved, reported in:						
Special revenue funds	9,898,431	14,994,195	19,221,587	23,544,783	20,596,873	19,161,048
Debt service funds	106,146	113,243	297,507	140,039	139,381	121,553
Capital projects funds	5,170,813	1,830,350	1,171,957	1,971,560	1,710,492	1,553,155
Permanent funds	139,295	128,790	128,548	136,555	149,945	176,986
Total all other governmental funds	<u>\$ 15,625,241</u>	<u>\$ 17,383,768</u>	<u>\$ 20,927,611</u>	<u>\$ 25,909,198</u>	<u>\$ 22,735,078</u>	<u>\$ 21,453,169</u>

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

Source: Jackson County Finance Department

JACKSON COUNTY
Changes in Fund Balances - Governmental Funds
Last Ten Years

(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 14,388,256	\$ 15,019,659	\$ 15,616,044	\$ 16,381,298	\$ 19,139,904	\$ 26,211,661	\$ 28,674,384	\$ 30,548,572	\$ 26,632,998	\$ 26,301,985
Special assessments	400,609	404,892	485,465	508,251	539,133	588,399	568,405	536,321	497,887	474,069
Licenses and permits	15,146,640	15,728,987	16,614,802	17,494,083	18,405,174	16,880,471	16,591,458	15,788,530	15,701,183	14,098,155
Intergovernmental	7,226,659	6,980,823	7,069,206	7,999,085	9,081,440	8,835,069	8,647,694	8,203,360	8,006,369	8,873,750
Charges for services	1,221,873	1,330,955	1,553,067	1,408,083	1,346,436	1,221,828	1,178,027	1,057,902	1,211,283	999,836
Fines and forfeits	2,337,209	2,949,034	3,387,531	2,144,420	1,564,378	1,921,629	2,010,888	2,574,872	2,848,441	2,389,750
Investment income	1,041,033	2,851,586	1,139,661	2,632,822	2,264,659	2,353,691	2,934,004	3,270,925	3,761,527	3,385,049
Other revenues	41,762,279	45,265,936	45,865,776	48,568,042	52,341,124	57,712,748	60,604,860	61,980,482	58,659,688	56,522,594
Total revenues										
Expenditures										
Elections	6,835	141,368	48,578	162,667	82,590	168,639	101,107	180,727	127,981	277,010
Legislative	266,727	267,897	287,753	275,223	206,663	212,660	214,972	204,724	222,134	223,025
Judicial	8,293,556	8,703,209	9,247,838	10,066,062	11,086,793	10,056,878	10,638,621	10,828,805	11,269,736	10,375,174
General government	8,375,989	8,567,683	9,027,833	9,707,292	9,673,984	10,101,306	9,811,231	9,984,893	10,062,268	10,187,809
Public safety	9,377,928	10,024,233	10,719,705	11,111,692	12,010,987	14,061,504	14,690,942	14,783,211	15,579,716	15,805,365
Public works	2,547	2,318	4,498	1,635	-	-	-	-	-	-
Health	7,626,595	8,064,193	8,323,793	8,578,048	9,011,706	9,080,571	9,618,667	9,375,279	9,446,914	8,703,895
Culture and recreation	1,738,075	1,766,960	1,854,104	1,586,854	1,495,417	1,482,387	1,661,674	1,556,943	2,080,699	1,775,068
Community development	4,368,760	4,368,534	5,287,045	5,920,602	7,461,000	10,157,473	8,023,440	7,906,082	2,002,491	1,090,014
Other activities	3,250,267	2,370,653	7,690,402	10,377,200	13,375,120	3,742,658	2,488,485	8,302,321	1,559,476	6,563,892
Capital outlay	190,000	225,000	235,000	245,000	275,000	275,000	275,000	350,000	600,000	700,000
Debt service	43,888	78,334	1,012,000	927,638	502,681	1,389,257	539,369	531,869	860,645	836,969
Principal	43,541,167	44,580,382	53,738,549	58,959,913	64,404,260	60,728,333	58,063,508	64,148,066	61,392,686	58,715,386
Interest	(1,778,888)	685,554	(7,872,773)	(10,391,871)	(12,063,136)	(3,015,585)	2,541,352	(2,167,584)	(2,732,998)	(2,192,792)
Revenues over (under) expenditures										
Other financing sources (uses)										
Issuance of bonds	931,000	15,458,323	-	12,654,424	-	-	-	7,045,000	-	-
Bond discount	-	-	-	-	-	-	-	(42,340)	-	-
Transfers in	8,450,149	8,377,154	6,087,197	7,938,714	8,645,681	16,835,716	14,008,313	13,437,705	15,652,285	15,375,975
Transfers out	(4,907,433)	(8,034,463)	(4,547,764)	(6,352,850)	(5,698,732)	(13,249,940)	(12,217,191)	(12,663,185)	(13,863,913)	(12,591,093)
Total other financing sources (uses)	4,473,716	15,801,014	1,539,433	14,240,288	2,946,949	3,585,776	1,791,122	7,777,180	1,788,372	2,784,882
Net changes in fund balances	\$ 2,694,828	\$ 16,486,568	\$ (6,333,340)	\$ 3,848,417	\$ (9,116,187)	\$ 570,191	\$ 4,332,474	\$ 5,609,596	\$ (944,626)	\$ 592,090
Debt services as a percentage of noncapital expenditures	0.6%	0.7%	2.4%	2.1%	1.4%	3.1%	1.5%	1.4%	2.5%	2.8%

Source: Jackson County Finance Department

JACKSON COUNTY
Changes in Fund Balances - General Fund
Last Ten Years

(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 13,977,590	\$ 14,622,089	\$ 15,201,115	\$ 15,946,600	\$ 17,015,900	\$ 17,956,661	\$ 19,398,287	\$ 21,074,348	\$ 23,036,819	\$ 22,536,049
Licenses and permits	91,634	78,712	118,893	98,020	101,723	138,631	140,166	126,079	119,539	135,192
Intergovernmental	8,707,526	9,434,716	9,730,075	9,516,797	9,067,839	8,026,159	6,181,855	6,161,126	6,153,948	5,961,239
Charges for services	5,491,139	5,256,761	5,438,137	6,340,523	7,086,481	6,837,104	6,573,634	6,303,080	6,218,903	5,338,369
Fines and forfeits	1,063,425	1,039,653	1,266,969	1,220,720	1,129,809	1,066,752	906,658	845,866	941,868	749,644
Investment income	1,490,493	1,870,847	1,568,806	1,085,480	1,091,967	1,561,669	1,470,154	1,981,369	2,255,763	1,897,465
Other revenues	790,749	728,456	720,810	895,325	679,688	756,016	1,382,861	1,283,861	1,329,233	1,474,543
Total revenues	31,612,556	33,031,234	34,044,805	35,103,465	36,173,407	36,342,992	36,053,615	37,775,729	40,056,073	38,092,501
Expenditures										
Elections	6,835	141,368	48,578	162,667	82,590	168,639	101,107	180,727	127,981	277,010
Legislative	266,727	267,897	287,753	275,223	206,663	212,660	214,972	204,724	222,134	223,025
Judicial	4,820,421	4,982,501	5,349,160	5,643,113	6,005,642	5,791,244	5,820,832	5,880,955	6,051,352	5,934,204
General government	8,375,989	8,567,683	9,027,833	9,707,292	9,673,984	10,101,306	9,811,231	9,984,893	10,062,268	9,858,185
Public safety	7,466,915	8,051,054	8,620,557	8,954,086	9,839,612	11,684,741	11,869,900	12,065,712	12,745,940	12,681,662
Health	1,741,198	2,122,467	2,425,332	2,319,172	2,372,338	2,417,480	2,868,936	3,103,073	3,252,085	3,032,634
Other activities	3,084,579	3,546,991	4,269,523	5,368,139	4,650,364	5,156,890	5,326,414	5,831,316	5,674,330	5,493,801
Total expenditures	25,762,664	27,679,961	30,028,736	32,429,692	32,831,193	35,532,960	36,013,392	37,251,400	38,116,090	37,500,521
Revenues over (under) expenditures	5,849,892	5,351,273	4,016,069	2,673,773	3,342,214	810,032	40,223	524,329	1,939,983	591,980
Other financing sources (uses)										
Transfers in	408,028	399,756	416,411	961,733	1,444,094	3,599,125	6,226,447	6,214,717	6,599,333	6,671,943
Transfers out	(4,799,738)	(6,533,288)	(4,410,509)	(3,863,750)	(3,751,156)	(5,597,493)	(5,478,041)	(6,111,037)	(6,309,822)	(5,389,924)
Total other financing sources (uses)	(4,391,710)	(6,133,532)	(3,994,098)	(2,902,017)	(2,307,062)	(1,998,368)	748,406	103,680	289,511	1,282,019
Net changes in fund balances	\$ 1,458,182	\$ (782,259)	\$ 21,971	\$ (228,244)	\$ 1,035,152	\$ (1,188,336)	\$ 788,629	\$ 628,009	\$ 2,229,494	\$ 1,873,999

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

Year	Residential Property	Commercial Property	Industrial Property	Agricultural	Other	Personal Property	Assessed Taxable Value	*State Equalized Value	Total Direct Tax Rate
1999	\$ 1,745,761	\$ 318,315	\$ 98,046	\$ 149,659	\$ 7,756	\$ 326,573	\$ 2,646,110	\$ 2,996,964	5.7118
2000	1,857,936	346,621	103,446	151,586	10,283	307,721	2,777,593	3,274,880	5.6319
2001	2,014,665	374,842	109,651	153,091	11,117	358,844	3,022,210	3,626,300	5.5676
2002	2,180,598	398,610	162,711	155,523	12,415	357,442	3,267,299	4,007,667	5.5024
2003	2,344,031	462,314	265,483	152,297	14,851	356,899	3,595,875	4,443,468	5.9176
2004	2,520,199	483,912	256,259	156,791	14,147	329,263	3,760,571	4,963,371	6.0876
2005	2,702,975	505,751	247,242	158,885	16,424	356,962	3,988,239	5,234,043	6.0244
2006	2,900,367	532,560	241,307	162,175	13,294	370,865	4,220,568	5,815,259	5.9994
2007	3,086,703	564,281	246,554	170,502	13,253	368,855	4,450,148	6,033,906	5.9909
2008	3,153,655	586,814	238,922	176,195	9,399	366,925	4,531,910	5,962,893	5.9909

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

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

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

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

		<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
County direct rates											
Operating		5.5626	5.4819	5.4194	5.3559	5.2734	5.2022	5.1471	5.1259	5.1187	5.1187
Medical Care facility		0.1492	0.1500	0.1482	0.1465	0.1442	0.1422	0.1406	0.1400	0.1398	0.1398
Senior Services							0.2500	0.2488	0.2477	0.2473	0.2473
Total direct rate		<u>5.7118</u>	<u>5.6319</u>	<u>5.5676</u>	<u>5.5024</u>	<u>5.4176</u>	<u>5.5944</u>	<u>5.5365</u>	<u>5.5136</u>	<u>5.5058</u>	<u>5.5058</u>
Overlapping rates											
Cities:											
Jackson		16.3000	14.5426	13.0225	15.5718	15.2982	15.7482	15.8785	15.3289	14.6889	14.5889
Townships (average)	(A)	1.7527	1.6822	1.5733	1.6957	1.5206	1.8247	1.7763	1.7185	1.6796	1.7737
Villages (average)	(B)	11.1844	11.2656	10.4539	11.0025	10.3166	10.3812	10.7263	10.6623	10.0423	9.4123
School districts (average)	(C)	21.9889	21.9766	21.6972	22.7631	22.3200	22.4380	22.2208	22.3375	22.3495	22.4486
Intermediate school district (average)	(D)	5.8605	5.7823	5.9273	5.8925	5.6821	5.8137	6.0999	5.9006	5.8883	5.8986
Community college		1.2946	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565	1.1463	1.1446	1.1446
District Library		0.9344	0.9208	0.9102	0.8995	0.8556	0.8736	0.8682	0.8606	0.8593	1.2593
(A) - Rates range from:											
Low		0.8527	0.8273	0.8175	0.7994	0.7854	0.7749	0.7642	0.7603	0.7603	0.7603
High		5.4300	5.3883	3.2751	4.2992	3.1654	5.7618	5.7409	3.3088	2.6809	5.3386
(B) - Rates range from:											
Low		5.3198	5.2214	5.1200	5.1200	5.1200	4.3860	4.9786	4.4180	4.5694	0.0000
High		17.3331	17.8655	15.0000	19.0053	18.5477	17.8835	17.4205	17.3560	17.0409	16.6124
(C) - Rates range from:											
Low		17.9298	17.3142	16.8519	17.2210	17.8018	17.6658	17.3796	18.0000	18.0000	18.0000
High		26.9500	27.4700	27.3574	26.4736	26.9500	26.9500	26.9500	26.9500	26.9500	26.9500
(D) - Rates range from:											
Low		3.3168	3.1568	3.1311	3.1050	3.0738	3.0550	3.8488	3.8342	3.8342	3.8342
High		8.8445	8.7166	8.5624	8.4928	7.4217	8.2207	8.1704	8.1111	8.0963	8.1100

Source: Jackson County Finance Department

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

Taxpayer	2008			1999		
	Assessed* Taxable Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Taxable Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 154,300,705	1	3.47%	\$ 112,815,911	1	4.55%
Kinder Morgan Michigan LLC	95,294,050	2	2.14%	-		
MACI	66,163,175	3	1.49%			
MAC Steel Division of Quanex Corp.	41,386,526	4	0.93%	24,731,124	2	1.00%
TAC Manufacturing Inc.	20,342,175	5	0.46%	-		
Ramco Jackson LTD	17,131,805	6	0.38%			
Wolverine Tech/Certainteed	15,949,950	7	0.36%	9,585,327	4	0.39%
Comcast of Michigan Inc.	14,687,483	8	0.33%	-		
Meijer Inc.	13,793,627	9	0.31%	8,770,082	5	0.35%
Wal-mart Stores Inc.	13,037,678	10	0.29%	-		
Tenneco/Walker	11,321,562	11	0.25%	-		
Vista Grande Villa	11,180,177	12	0.25%	-		
Lloyd Ganton	10,726,416	13	0.24%	-		
John Ganton	9,443,602	14	0.21%	6,400,322	9	0.26%
Worthington Steele	9,175,185	15	0.21%	-		
Jackson Crossing	-			12,318,453	3	0.50%
Kelsey Hayes	-		-	6,941,967	6	0.28%
Jacobsons Stores	-		-	6,682,013	7	0.27%
Westwood Land LLC	-		-	6,480,218	8	0.26%
Tri-Nova	-		-	5,567,280	10	0.22%
	<u>\$ 503,934,116</u>		<u>11.32%</u>	<u>\$ 200,292,697</u>		<u>8.09%</u>

Source: Jackson County Equalization Department.

* values include Industrial Facilities Tax Abatements

JACKSON COUNTY
Property Tax Levies and Collections
Last Nine Years

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

Source: Jackson County Treasurer's Office

JACKSON COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Bonded Debt Outstanding			% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1999	\$ 630,000	\$ -	\$ 630,000	0.81%	0.02%	\$ 4.01
2000	430,000	-	430,000	0.54%	0.02%	2.71
2001	220,000	-	220,000	0.28%	0.01%	1.38
2002	12,750,000	-	12,750,000	16.34%	0.39%	79.12
2003	12,500,000	-	12,500,000	16.14%	0.35%	76.89
2004	12,250,000	-	12,250,000	15.67%	0.33%	75.31
2005	12,000,000	-	12,000,000	15.25%	0.30%	73.34
2006	11,675,000	-	11,675,000	14.85%	0.28%	71.25
2007	11,325,000	-	11,325,000	14.62%	0.25%	69.48
2008	10,925,000	-	10,925,000	14.28%	0.24%	68.20

Source: Jackson County Finance Department

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2008

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
General obligation bonds	\$ 18,195,000	\$ 7,270,000	\$ 10,925,000
Resource recovery bonds	7,675,000	7,675,000	\$ -
Medical care facility bonds	13,680,900	13,680,900	-
County Road Commission debt	846,223	846,223	-
Drain bonds and notes	17,499,000	17,499,000	-
Public Works-water and sewer debt	18,912,132	18,912,132	-
Net direct debt	\$ 76,808,255	\$ 65,883,255	10,925,000
Overlapping debt			
School districts			160,899,112
Cities			45,505,000
Townships			32,053,673
Villages			12,215,000
Intermediate school district			1,298
Community colleges			32,270,000
Net overlapping debt			282,944,083
Net direct and overlapping debt			\$ 293,869,083

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

JACKSON COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2008

Assessed value	\$ 5,962,949,000
Debt limit (10% of assessed value)	\$ 596,294,900
Debt applicable to limit - general obligation bonds	<u>76,808,255</u>
Legal debt margin	<u><u>\$ 519,486,645</u></u>

	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
1999	\$ 299,696,417	\$ 33,532,500	\$ 266,163,917	11.19%
2000	327,652,782	51,247,000	276,405,782	15.64%
2001	362,630,050	49,554,000	313,076,050	13.67%
2002	400,766,761	63,550,341	337,216,420	15.86%
2003	444,346,818	69,500,000	374,846,818	15.64%
2004	496,337,185	77,250,000	419,087,185	15.56%
2005	523,440,388	83,655,000	439,785,388	15.98%
2006	581,211,455	85,880,000	495,331,455	14.78%
2007	603,390,600	80,995,000	522,395,600	13.42%
2008	596,294,900	76,808,255	519,486,645	12.88%

Source: Jackson County Finance Department

JACKSON COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Labor Force	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1999	157,085	77,303	\$ 3,782,555	\$ 24,080	3.06%
2000	158,422	79,088	3,966,206	24,983	3.40%
2001	159,886	79,895	3,973,959	24,857	5.19%
2002	161,156	78,046	4,092,008	25,400	6.60%
2003	162,580	77,453	4,206,743	25,906	7.98%
2004	162,653	78,187	4,304,049	26,480	7.50%
2005	163,629	78,700	4,461,465	27,299	6.77%
2006	163,851	78,700 a	4,461,465 a	27,299 a	7.16%
2007	163,006	78,700 a	4,461,465 a	27,299 a	7.56%
2008	160,180	78,700 a	4,461,465 a	27,299 a	8.71%

a Census Data not available at time of publication

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

JACKSON COUNTY
Principal Employers
Curent Year and Ten Years Ago

Employer	2008 (1)			1999 (2)		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Allegiance (Foote) Health Systems	3,146	1	4.23%	2,525	1	3.38%
Michigan Department of Corrections	2,040	2	2.74%	2,167	2	2.90%
Consumers Energy	2,026	3	2.72%	2,025	3	0
Local Government	870	4	1.17%	905	6	1.21%
MACI	784	5	1.05%	500	9	0.67%
Jackson Public Schools	782	6	1.05%			
Jackson Community College	767	7	1.03%	1,400	4	1.87%
Meijer Inc	755	8	1.01%	669	7	0.89%
Wal-Mart Inc	598	9	0.80%	600	8	0.80%
TAC Manufacturing	590	10	0.79%			
Eaton Corporation	563	11	0.76%			
McDonald's 8 Jackson locations	450	12	0.60%			
Jackson County ISD\	427	13	0.57%			
Great Lakes Home & Health	400	14	0.54%			
Alro Steel Corporation	325	15	0.44%			
Spring Arbor University	300	16	0.40%			
Anesthesia Business Consultants	284	17	0.38%			
Lifeways/Community Connections	275	18	0.37%			
Dawn Food products	273	19	0.37%			
Tenneco	270	20	0.36%			
Jacobsons Stores Inc.				1,400	5	1.87%
	<u>15,925</u>		<u>21.40%</u>	<u>12,191</u>		<u>16.30%</u>

Source (1): Enterprise Group of Jackson Inc.

Source (2): Jackson County Building Authority Official Bond Statement
Lifeways Issue Series 1999A

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

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
Legislative									
Board of Commissioners	15.0	15.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0
Judicial									
Circuit Court	30.3	30.7	30.0	31.0	30.5	30.5	31.5	30.0	29.0
District Court	60.0	60.0	60.0	60.0	57.0	55.0	55.0	55.0	55.0
Friend of the Court	49.5	47.8	51.8	51.5	50.0	47.5	47.5	47.4	46.5
County Guardian	3.0	3.5	3.3	3.3	3.4	3.3	3.0	2.0	-
General Government and Elections									
County Administration	3.0	3.0	3.5	3.5	3.8	3.0	3.0	2.0	2.0
Administrative Services	5.0	6.0	5.0	5.0	4.0	4.8	4.5	4.5	4.3
Information & Tech Systems	8.0	7.0	8.0	9.0	8.0	7.0	7.0	7.0	7.0
Human Resources	7.0	7.0	7.0	6.0	6.0	5.0	3.0	3.0	3.0
Equalization	8.0	9.0	8.0	8.0	9.0	9.0	8.0	8.0	8.0
GIS	-	-	-	-	-	-	-	3.0	3.0
Facilities Management	23.5	25.3	25.8	27.3	24.8	18.0	18.0	16.3	17.3
Fleet Operations	6.0	5.0	5.0	5.0	5.0	3.0	3.0	2.0	-
Clerk	20.0	20.3	20.3	20.5	21.0	19.5	20.3	20.4	20.7
Register of Deeds	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Treasurer	8.0	8.0	8.0	7.0	3.0	1.5	2.0	1.5	1.5
MSU Extension	4.3	3.8	3.8	3.5	3.5	3.5	3.5	3.0	3.0
Drain Commissioner	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Print Department	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Retirement Board	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3	1.8
Public Safety									
Prosecuting Attorney	32.0	32.0	28.8	26.0	27.5	27.5	27.5	27.5	27.5
Sheriff	62.0	67.0	66.0	60.0	65.0	65.0	65.0	62.0	60.0
Emergency Management	20.0	18.0	17.0	20.0	20.0	20.0	20.0	20.0	20.0
Jail	29.0	31.0	32.0	56.0	57.5	56.3	58.0	56.0	56.0
Animal Control	7.0	7.0	7.0	7.0	7.8	7.8	7.3	7.3	7.3
Youth Center	40.8	41.5	40.8	38.5	42.8	39.5	39.5	39.6	38.2
Health and Welfare									
Environmental Health	-	-	-	-	-	-	13.0	13.0	9.8
Public Health	69.3	70.0	62.8	60.0	59.3	56.0	43.7	41.4	39.2
Medical Examiner	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Department on Aging	20.5	27.3	31.8	27.0	24.2	26.5	26.3	29.1	30.1
Veterans Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Culture & Recreation									
Parks & Recreation	8.0	9.0	11.0	10.0	10.0	10.0	8.0	6.0	6.0
Golf Course	-	-	-	-	-	-	1.0	3.6	3.6
Other									
Airport	5.0	3.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Enterprise Funds	4.0	4.0	3.5	3.5	7.5	9.0	8.5	9.0	9.0
Total	561.2	574.2	574.2	578.6	580.4	558.1	557.0	549.8	537.8

Source: Jackson County Finance Department

JACKSON COUNTY
Operating Indicators by Function/Program
Last Nine Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety									
Sheriff:									
Number of complaints	-	-	-	-	25,110	23,795	24,669	26,641	26,792
Number of dispatches	-	-	-	-	136,800	140,099	134,028	129,691	127,895
Number of arrests	-	-	-	-	1,562	1,610	1,871	1,856	1,875
Number of bookings	-	-	-	6,355	7,448	8,376	8,991	9,576	8,996
Health									
Public Health:									
Immunizations administered	-	-	11,277	10,839	10,558	12,586	7,859	7,645	7,575
WIC participants	-	-	4,896	5,031	5,200	5,243	5,082	5,272	5,534
Vision/hearing screening	-	-	17,998	17,208	16,855	15,411	9,518	14,964	16,433
Culture & Recreation									
Parks & Recreation:									
Special events participation	150,000	175,000	180,000	200,000	210,000	215,000	215,000	200,000	220,000
Cascades Falls participation	20,000	25,000	26,500	25,000	25,000	28,000	27,500	40,000	29,750
Rounds of Golf	49,160	47,900	50,000	43,620	44,056	45,665	40,700	30,000	38,550
Camper participation	12,000	12,540	13,500	12,540	12,590	14,500	15,300	13,300	15,550

Source: Jackson County Finance Department

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Corrections facility capacities	186	186	186	186	426	426	426	426	426	426
Vehicle:										
Sheriff	-	-	36	36	35	38	40	43	38	39
Animal control	-	-	5	4	4	5	4	4	4	4
Parks and recreation										
Parks:										
County	15	15	15	15	15	15	15	15	16	16
Park acreage:										
Parkland	591	591	591	591	591	591	591	591	1000	900
Picnic areas	15	15	15	15	15	15	15	15	17	17
Buildings:										
Restaurant/meeting	1	1	1	1	1	1	1	1	1	1
County recreation center	1	1	1	1	1	1	1	1	1	1
Picnic shelter/pavilions	10	10	10	10	10	10	10	10	10	15
Concession	1	1	1	2	2	2	2	2	2	4
Swimming beach areas	12	12	12	12	12	12	12	12	12	12
Golf Courses:										
18 hole course	1	1	1	1	1	1	1	1	1	1
Par 3 course	1	1	1	1	1	1	1	1	1	1
Driving range	1	1	1	1	1	1	1	1	1	1
Trails/paths/sidewalks	3	3	3	3	3	3	3	3	4	4
Playgrounds	15	15	15	15	15	15	15	15	15	9
Boat launch	8	8	8	8	8	8	8	8	8	8
Campgrounds	2	2	2	2	2	2	2	2	2	2
Public works										
Miles of streets										
Paved primary	540	540	540	540	542	652	652	652	652	546
Paved local	656	656	656	656	722	972	972	1,010	1,010	788
Gravel	369	369	369	369	312	312	312	283	283	249

Source: Jackson County Finance Department

SINGLE AUDIT ACT COMPLIANCE

**COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Program -				
U.S.D.A. Food Distribution:				
Entitlement commodities	10.550	-n/a-	\$ 2,126	\$ 2,126
Bonus commodities	10.550	-n/a-	376	376
Water and Waste Disposal Systems for Rural Communities				
Wastewater Disposal Loan	10.760	-n/a-	1,075,000	1,075,000
Wastewater Disposal Grant	10.760	-n/a-	1,166,064	1,166,064
Passed-through the Michigan Department of Education:				
School Breakfast Program -				
Jackson County Youth Center	10.553	-n/a-	14,703	14,703
National School Lunch Program -				
Jackson County Youth Center	10.555	-n/a-	25,504	25,504
School Snack Program -				
Jackson County Youth Center	10.555	-n/a-	3,576	3,576
Passed-through the Michigan Department of Community Health				
Special Supplemental Program for Women, Infants and Children:				
2007-2008	10.557	XX4W1006	585,407	585,407
Passed-through the Region 2 Area Agency on Aging -				
Title III Elderly Feeding Program -				
Elderly Feeding	10.558	-n/a-	137,497	137,497
Total U.S. Department of Agriculture			3,010,253	3,010,253
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed-through MSHDA				
Michigan State Housing Development Authority	14.228	MSC-2005-0727-HOA	139,338	139,338
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed-through the Detroit Community Justice Partnership -				
Project Safe Neighborhoods				
2005	16.609	2003GPCX0568	64,985	64,985
Passed-through the City of Jackson -				
Project Safe Neighborhoods				
2005	16.609		6,739	6,739
Passed-through the Michigan Family Independence Agency -				
Juvenile Accountability Incentive Block Grant				
2007/2008	16.523	JAIBG-06-38001	8,313	8,313
Passed-through Department of Community Health -				
Edward Byrne Memorial State and Local Law Enforcement				
Assistance - Discretionary Grants				
LAWNET Enhancement Project				
2007/2008	16.580	72239-3-08-B	31,511	31,511
2008/2009	16.580	72239-43-09-B	24,449	24,449

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF JUSTICE (Concluded)</u>				
Passed-through Department of Community Health - Michigan Supreme Court, State Court Administrative Office- Edward Byrne Memorial State and Local Law Enforcement Assistance - Discretionary Grants 2007/2008				
	16.738	2007-DJ-BX-0048	\$ 88,357	\$ 88,357
Total U.S. Department of Justice			224,354	224,354
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed-through Michigan Office of Highway Safety Planning Highway Training and Education - Safe Communities 2007/2008				
	20.600	PT-08-16	2,866	2,866
Enforcement Grant 2006/2007				
	20.600	PT-07-13	8,566	8,566
Youth Alcohol Enforcement Grant 2006/2007				
	20.601	AL-07-17	4,072	4,072
Total U.S. Department of Transportation			15,504	15,504
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through Michigan Department of Environmental Quality:				
Clean Water Capitalization Grant for Drinking Water State Revolving Funds				
	66.458	5252-01	105,833	105,833
State Grant to Reimburse Operators of Small Water Sytems for Training and Certification Costs				
	66.471	-n/a-	9,000	9,000
Total U.S. Environmental Protection Agency			114,833	114,833
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through Jackson Public Schools Title 1 Part D for Neglected and Delinquent Children				
	84.013	-n/a-	12,160	12,160
Passed-through Jackson County Intermediate School District Part H IDEA 2006/2007				
	84.181	061340	144,102	144,102
	84.181	071340	33,457	33,457
Total U.S. Department of Education			189,719	189,719

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-through the Region 2 Area Agency on Aging:				
Special Programs for the Aging - Title III,				
Part B - Grants for Supportive Services and Senior Centers:				
Home Care Assistance	93.044	-n/a-	\$ 39,336	\$ 39,336
Chore	93.044	-n/a-	20,840	20,840
Senior Center Operations	93.044	-n/a-	23,906	23,906
Counseling	93.044	-n/a-	16,070	16,070
Case Coordination	93.044	-n/a-	20,571	20,571
Health Prevention/Promotion	93.UNK	-n/a-	8,164	8,164
Grandparents Raising Grandchildren	93.UNK	-n/a-	29,661	29,661
Caregiver Information and Assistance	93.UNK	-n/a-	14,985	14,985
Special Programs for the Aging - Title III,				
Part C - Nutrition Services:				
C-1 Congregate Site Meals	93.045	-n/a-	131,745	131,745
Special Programs for the Aging - Title III,				
Part C - Nutrition Services:				
C-2 Home Delivered Meals	93.045	-n/a-	127,747	127,747
Passed-through the Michigan Family Independence Agency:				
SFSC Grant				
2006/2007	93.556	SFSC-05-38003	-	-
IV-D Support Incentive				
2008	93.563	-n/a-	262,323	262,323
Child Support Enforcement:				
Friend of the Court				
2007/2008	93.563	CS/FOC-08-38001	1,977,135	1,977,135
Prosecuting Attorney				
2007/2008	93.563	CSPA-07-38002	143,947	143,947
2008/2009	93.563	CSPA-08-38002	49,559	49,559
Child Abuse and Neglect				
2005	93.658	PROFC-05-38001-2	17,049	17,049
Passed-through South Central Michigan Substance Abuse Council				
Born Free	93.959	-n/a-	789	789
Passed-through the Michigan Department of Community Health:				
Michigan Public Health Institute				
2007/2008	93.235	G-08636-125-504200	49,000	49,000
2007/2008	93.235	G-08269-115-504200	6,280	6,280

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed-through the Michigan Department of Community Health (Continued):				
Immunization - IAP - 2007/2008	93.268	H23CCH522556	\$ 71,121	\$ 71,121
Immunization -Vaccine Handling 2007/2008	93.268	H23CCH522556	6,584	6,584
Immunization - AFIX 2007/2008	93.268	2H23IP522556	550	550
Immunization - Nurse Training 2007/2008	93.268	2H23IP522556	1,950	1,950
Immunization - VFC 2007/2008	93.268	2H23IP522556	3800	3,800
Immunization Vaccine Provided	93.268	-n/a-	1,050,642	1,050,642
Bioterrorism - Focus A 2007/2008	93.283	CCU517018	168,325	168,325
Bioterrorism - Pandemic Flu 2007/2008	93.283	CCU517018	69,230	69,230
Medical Assistance Program: Medicaid Administration 2007/2008	93.778	5XX05MI5048	31,203	31,203
Medicaid Outreach Activities	93.778	50506MI5048	37,730	37,730
CSHC Care Coordination	93.778	50506MI5048	8,460	8,460
AIDS Counseling and Testing 2007/2008	93.940	U62 CCU52346401	16,280	16,280
Preventative Health and Health Services Block Grant - STD Control 2007/2008	93.991	B1MIPRVS	22,028	22,028
Maternal and Child Health Services Block Grant to the States:				
Local Match 2007/2008	93.994	B1 MI MCHS	91,346	91,346
Case Management Services 2007/2008	93.994	B1 MI MCHS	21,297	21,297
SIDS Counseling	93.994	B04MC08892	595	595
Passed-through The Michigan Public Health Institute FIMR Case Abstraction	93.994	G-06269-115-504200	5,400	5,400
Total U.S. Department of Health and Human Services			4,545,648	4,545,648

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. Department of Homeland Security</u>				
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance 2008 Emergency Management Performance Grant	97.042	-n/a-	\$ 22,539	\$ 22,539
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance 2007 Emergency Management Performance Grant	97.042	HMEP	750	750
Emergency Management - State and Local Assistance	97.042	FEMA 1346 DR MI	8,901	8,901
Hazardous Materials Emergency Preparedness 2007-2008	97.UNK	-n/a-	750	750
Passed-through Department of Natural Resources US Coast Guard-Boating Safety	97.012	n/a	4,471	4,471
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance City of Lansing, Michigan 2006 State Homeland Security Grant Program	97.067		69,132	69,132
Total Federal U.S. Department of Homeland Security			106,543	106,543
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT			8,346,192	8,346,192
COMPONENT UNITS:				
<u>US ENVIROMENTAL PROTECTION AGENCY</u>				
Brownfield Assessment Grant	66.818	-n/a-	2,897	2,897
TOTAL FEDERAL FINANCIAL ASSISTANCE - COMPONENT UNITS			2,897	2,897
TOTAL FEDERAL AWARDS - REPORTING ENTITY			\$ 8,349,089	\$ 8,349,089

JACKSON COUNTY, MICHIGAN

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2008

1. BASIS OF PRESENTATION

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

2. FISCAL YEAR

Federal expenditures reported on the accompanying schedule of expenditures of federal awards include certain amounts that are reported for the year ended September 30, 2008 to coincide with the fiscal year of the fund in which the expenditures are reported. The funds passed through the Region II Area Agency on Aging and the Michigan Department of Community Health are presented for the year ended September 30, 2008.

* * * * *

**INDEPENDENT AUDITORS' 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**

June 22, 2009

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Jackson County, Michigan*, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 22, 2009. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. In addition, we did not audit the financial statements of the Road Commission and the Economic Development Corporation component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

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 presented or detected by the County'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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described in the accompanying schedule of findings and questioned costs is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 in a separate letter dated June 22, 2009.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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



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

June 22, 2009

To the Board of Commissioners of
Jackson County
Jackson, Michigan

Compliance

We have audited the compliance of *Jackson County, Michigan*, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

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

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

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

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

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

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? _____ yes X no

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Women, Infants and Children
10.760	Water and Waste Disposal Systems for Rural Communities
93.268	Immunization Grants
93.563	Title IV-D Child Support Enforcement

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

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

2008-1 Significant Audit Adjustments (Repeat Comment)

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During our audit, we identified and proposed one adjustment (which was approved and posted by management) that was significant, to the County's financial statements. This adjustment was made to correctly record disbursements into the proper accounting period.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances.

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

FOR THE YEAR ENDED DECEMBER 31, 2008

Recommendation: We recommend that the County take steps to ensure that all year-end adjustments are identified and properly made for financial reporting purposes.

Management's response: The County will implement this recommendation immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV – PRIOR YEAR FINDINGS

2007-1 Significant Audit Adjustments

See finding 2008-1 as this is a repeat comment.

2007-2 Allocation and Certification of Payroll Expenditures

For the year ended December 31, 2008, the Health Department implemented an appropriate payroll allocation method.

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