

COUNTY OF JACKSON, MICHIGAN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2011

Prepared by:

Michael R. Overton
Administrator/Controller

Adam J. Brown
Deputy Administrator

James E. Latham, CPA
Finance Director

Jackson County, Michigan
 Comprehensive Annual Financial Report
 Year Ended December 31, 2011

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | i-vi |
| List of County Officials | vii |
| Organizational Chart | viii |
| Certificate of Achievement | ix |
| FINANCIAL SECTION | |
| INDEPENDENT AUDITOR'S REPORT | x-xi |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | xii-xxi |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Assets | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Governmental Funds Balance Sheet | 3-4 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 5 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 6-7 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 8 |
| Statement of Net Assets - Proprietary Funds | 9-10 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds | 11-12 |
| Statement of Cash Flows - Proprietary Funds | 13-16 |
| Statement of Net Assets - Fiduciary Funds | 17 |
| Statement of Changes in Fiduciary Net Assets | 18 |
| Component Unit Financial Statements | |
| Combining Statement of Net Assets - Component Units | 19-20 |
| Combining Statement of Activities - Component Units | 21 |
| Notes to Financial Statements | 22-62 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| GENERAL FUND | |
| Budgetary Comparison Schedule - Revenues and Other Financing Sources | 63-64 |
| Budgetary Comparison Schedule - Expenditures and Other Financing Uses by Activity | 65-66 |
| JAIL MILLAGE FUND | |
| Budgetary Comparison Schedule | 67 |
| MEDICAL CARE FACILITY MAINTENANCE OF EFFORT FUND | |
| Budgetary Comparison Schedule | 68 |
| Schedules of Funding Progress | 69 |
| Schedules of Employer Contributions | 70 |
| Notes to Required Supplementary Information | 71-72 |

Jackson County, Michigan
 Comprehensive Annual Financial Report
 Year Ended December 31, 2011

TABLE OF CONTENTS - CONTINUED

| | <u>PAGE</u> |
|--|-------------|
| FINANCIAL SECTION - CONTINUED | |
| OTHER SUPPLEMENTARY INFORMATION | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 73-79 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds | 80-86 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances by Fund - Budget and Actual - Nonmajor Special Revenue Funds | 87-100 |
| Combining Statement of Net Assets - Nonmajor Enterprise Funds | 101 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds | 102 |
| Combining Statement of Cash Flows - Nonmajor Enterprise Funds | 103 |
| Combining Statement of Net Assets - Internal Service Funds | 104 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds | 105 |
| Combining Statement of Cash Flows - Internal Service Funds | 106 |
| Combining Statement of Fiduciary Assets and Liabilities - Agency Funds | 107-108 |
| Combining Statement of Changes in Assets and Liabilities - Agency Funds | 109-110 |
| Combining Statement of Fiduciary Net Assets - Pension and Employee Benefit Trust Funds | 111 |
| Combining Statement of Changes in Fiduciary Net Assets - Pension and Employee Benefit Trust Funds | 112 |
| COMPONENT UNIT FUNDS | |
| LAND BANK AUTHORITY | |
| Statement of Net Assets | 113 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | 114 |
| Statement of Cash Flows | 115 |
| DRAINAGE DISTRICTS | |
| Combining Balance Sheet and Statement of Net Assets | 116-119 |
| Reconciliation of the Combining Balance Sheet to the Statement of Net Assets | 120 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities | 121-124 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 125 |
| BROWNFIELD REDEVELOPMENT AUTHORITY | |
| Governmental Fund Balance Sheet and Statement of Net Assets | 126 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities | 127 |

Jackson County, Michigan
 Comprehensive Annual Financial Report
 Year Ended December 31, 2011

TABLE OF CONTENTS - CONCLUDED

| | <u>PAGE</u> |
|--|-------------|
| FINANCIAL SECTION - CONCLUDED | |
| COMPONENT UNIT FUNDS - CONCLUDED | |
| BOARD OF PUBLIC WORKS | |
| Combining Balance Sheet and Statement of Net Assets | 128-131 |
| Reconciliation of the Combining Balance Sheet to the Statement of Net Assets | 132 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities | 133-136 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 137 |
| STATISTICAL SECTION (UNAUDITED) | |
| MULTI-YEAR AND OTHER FINANCIAL AND DEMOGRAPHIC INFORMATION | |
| Net Assets by Component | 138 |
| Changes in Net Assets | 139-141 |
| Fund Balances - Governmental Funds | 142 |
| Changes in Fund Balances - Governmental Funds | 143 |
| Changes in Fund Balances - General Fund | 144 |
| Assessed Taxable Property/State Equalized Value | 145 |
| Direct and Overlapping Property Tax Rates | 146 |
| Principal Property Tax Payers | 147 |
| Property Tax Levies and Collections | 148 |
| Ratios of Outstanding Debt by Type | 149 |
| Computation of Net Direct and Overlapping Debt | 150 |
| Legal Debt Margin | 151 |
| Demographic and Economic Statistics | 152 |
| Principal Employers | 153 |
| Full Time Equivalent County Employees by Function/Program | 154 |
| Operating Indicators by Function/Program | 155 |
| Capital Asset Statistics by Function/Program | 156 |

INTRODUCTORY SECTION



Jackson County

ADMINISTRATOR/CONTROLLER

Michael R. Overton, Administrator/Controller

Adam J. Brown, Deputy Administrator

July 31, 2012

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, 2011. Jackson County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Jackson County issue an annual financial report, and that this report be audited by certified public accountants.

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

Jackson County's financial statements have been audited by Abraham & Gaffney, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2011 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of

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

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

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

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

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

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

The business of the County is carried out on a daily basis by some 499 Full Time Equivalent employees located at several different locations throughout the County, providing a diverse array of services in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

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

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

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

The 2011 taxable value for Jackson County decreased by 2.2%. Total assessed property values for the County are \$4.9 billion based on the 2011 Equalization Report. The total change in the Equalized Value (which is approximately 50% of actual property value) was reduced by \$253,857 million for 2011.

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

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

Long-Term Financial Planning

Unreserved/undesignated fund balance in the general fund is 31.7% of total general fund expenditures and transfers out and exceeds policy guidelines set by the Board of Commissioners for budgetary and planning purposes. In 2007, the Board established the guideline at 18%-24%, due to uncertain financial conditions with the State of Michigan. The 5 year budget plan discussed later in this section calls for the unreserved fund balance to fall to within policy by 2016.

The county continues to adhere to its plan to reduce FTE's in anticipation of reduced property tax revenue. Since 2004, the county has achieved a net reduction of 80 FTE's. This reduction has largely been achieved via attrition (retirements & terminations) and departmental reorganizations. The adopted 2012 budget does not call for decreases in staff.

The Board of Commissioners continues to adopt a 5 year budget strategy to allow it to adjust for major uncertainties in the local, regional, and State economic markets. This financial plan is based on sound management and budget policies for the stewardship of public funds. The general fund budget is expected to be just under \$42 million by 2016 which is a full \$4.6 million less than 2007. Projecting revenues and expenses for a five year period allows the County to accommodate inevitable changes as well as prepare for the expected reductions using a proactive process. Reserves, which currently exceed policy, are anticipated to be reduced to 24% of the unreserved fund balance to support County services by 2016. The expectation is that revenues will stabilize or even increase by 2016.

The Board has adopted a strategic plan that guides budget decisions in the allocation of reduced resources. Those priorities include, Economic Development, Safe Community, Healthy Community, and Recreational and Cultural Opportunities. This plan is revisited at the beginning of each budget year so that departments can make appropriate budget modifications if needed.

Relevant Financial Policies

The greatest impact on the County budget in many years was the passage of Public Act 357 of 2004 that shifted the collection of the County property tax assessment from the winter to the summer. The Legislature passed this act to create a revenue stream that, for the next few years, would offset the elimination of state revenue sharing payments. This shift has necessitated the large increase in undesignated reserves for cash flow purposes since the largest single revenue source the county receives (property taxes) are now not fully collected until May following the December fiscal yearend. The change caused an additional challenge since budgeting is dependent on the legislature continuing to fund revenue sharing to Counties while the State's revenues decrease. In anticipation of this challenge, the Board of Commissioners increased the target for undesignated/unreserved fund balance as has been previously discussed.

Jackson County depleted its Revenue Sharing Reserve Fund in 2010 and as a result the State did reinstate Revenue Sharing payments for 2010 and 2011 at full funding level. However, going forward from 2012, the State is expected to reduce the level of revenue sharing payments to local units of government. It would appear that the State revenue sharing has leveled off at 66% of the 2011 funding level.

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

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

Major Initiatives

As a distinct part of the County's strategic plan, we have been fostering intergovernmental cooperation in the provision of services. Examples include agreements with two component units for information technology services. As discussed above, an Inter Local Agreement was consummated with the City of Jackson for Human Resource services in 2010 and agreements for Road Patrol services with two townships. The County will continue to explore other collaborative arrangements in the areas of IT, Equalization, Public Safety and Facilities management with the other local units of governments as opportunities present themselves.

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

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2010. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition to the Certificate of Achievement, the County also received the GFOA's Distinguished Budget Presentation Award for its budget for the fiscal year beginning January 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the County's Budget document was judged as a policy document, a financial plan, an operations guide, and a communications device.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County of Jackson. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report and in particular to Finance Department. Credit also must be given to the Chairman of the Board and the County Commissioners for their 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 black ink that reads "Michael Overton". The signature is written in a cursive, flowing style.

Michael R. Overton

Administrator/Controller

Jackson County, Michigan
Comprehensive Annual Financial Report
Year Ended December 31, 2011

LIST OF COUNTY OFFICIALS

BOARD OF COMMISSIONERS

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

JUDICIARY

4TH CIRCUIT/FAMILY
COURT JUDGES

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

12TH DISTRICT
COURT JUDGES

R. Darryl Mazur, Chief Judge
Daniel A. Goostrey
Joseph S. Filip
Michael J. Klaeren

PROBATE
COURT JUDGES

Diane Rappleye, Chief Judge

OTHER ELECTED OFFICIALS

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

COUNTY ADMINISTRATOR/CONTROLLER

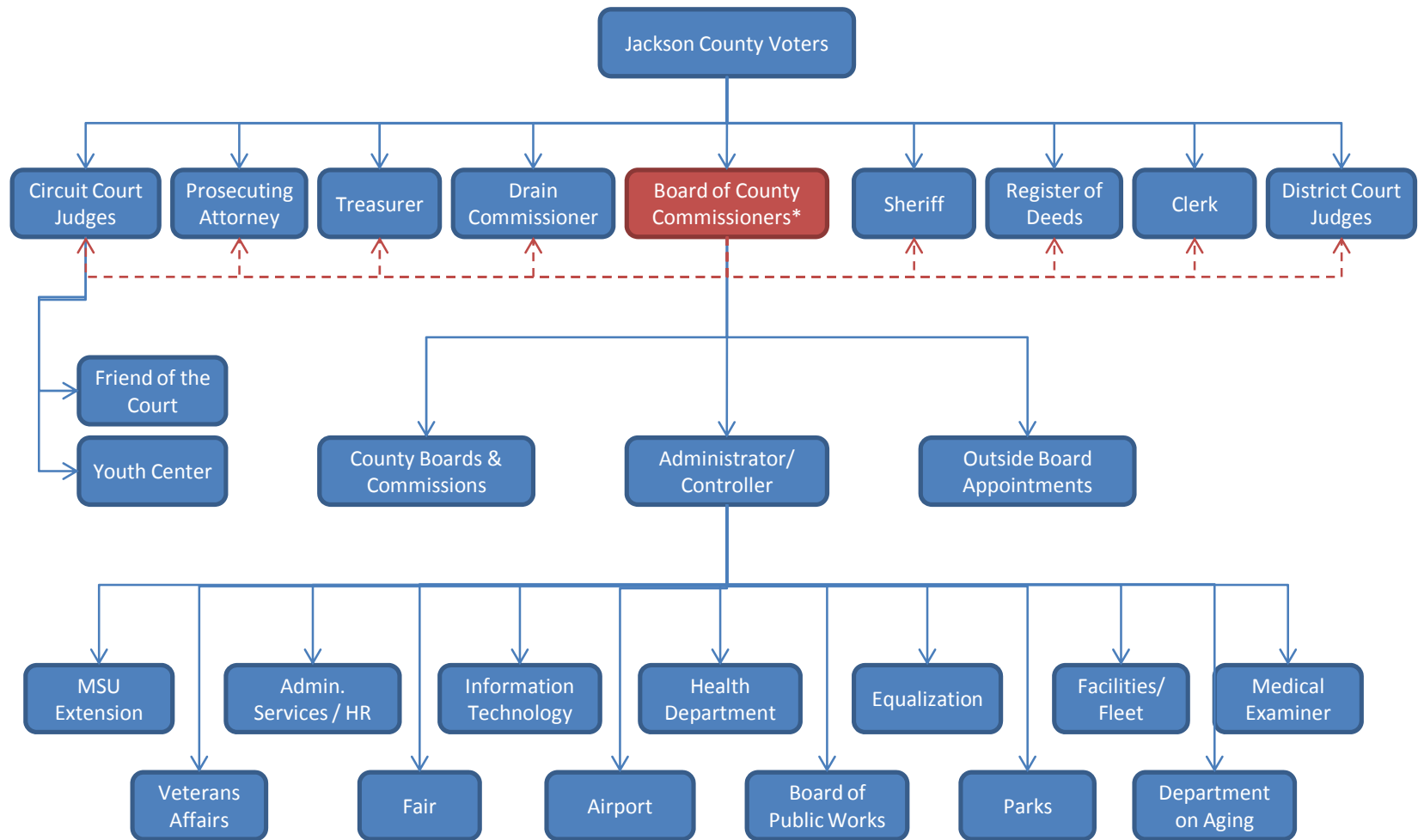
Michael R. Overton

DEPUTY ADMINISTRATOR

Adam J. Brown

FINANCE DIRECTOR

James E. Latham, CPA



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Jackson
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Dandson

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION

Principals

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



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Jackson County
Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Road Commission and Economic Development Corporation, which represent 67% and 90%, respectively of the total assets and revenues of the discretely presented component units and the Medical Care Facility which represents 35% and 58%, respectively of the total assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Road Commission, Economic Development Corporation, and Medical Care Facility, are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Michigan, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012, on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Michigan's financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

As discussed in Note P, during the year Jackson County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result of this implementation, fund balance classifications in the governmental fund financial statements have been changed to reflect the new classifications under GASB Statement No. 54, as applicable

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

July 31, 2012

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

Government-wide:

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by \$86.7 million (*net assets*). Of this amount, \$40.4 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$14.9 million of the unrestricted net assets. The Delinquent Tax Revolving Fund accounts for 71.6% of the business-type unrestricted net assets.
- The County's total net assets increased by \$2,393,073.
- Governmental activities net assets increased by \$419,159.
- Business type activity net assets increased by \$1,901,914.

Fund Level:

- At the close of 2011, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$35.2 million, an increase of \$961,469 in comparison with the prior year. Most of this total is comprised of fund balances created for a specific purpose.
- The general fund had a surplus of \$778,562 for 2011. At the end of the year, fund balance for the general fund was 38.4 percent of total general fund expenditures and transfers out. The general fund has an *unassigned* fund balance of \$12.9 million.

Capital and Long-term Debt Activities:

- Jackson County's total Primary Government net bonded debt decreased by \$3.1 million.

OVERVIEW of the FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

Jackson County maintains 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, Building Authority Debt Service Fund, and the Maintenance of Effort Fund, each of which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 9-16 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-62 of this report.

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

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 73-137 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Jackson County's assets, liabilities, and net assets at December 31, 2011. The schedule shows the County's assets exceeded liabilities by \$86.7 million.

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 49,896,200 | \$ 50,408,880 | \$ 30,111,278 | \$ 28,653,822 | \$ 80,007,478 | \$ 79,062,702 |
| Capital assets | 25,142,343 | 25,680,221 | 28,937,588 | 30,446,045 | 54,079,931 | 56,126,266 |
| Total assets | 75,038,543 | 76,089,101 | 59,048,866 | 59,099,867 | 134,087,409 | 135,188,968 |
| Long-term liabilities outstanding | 19,172,445 | 19,458,503 | 15,312,250 | 17,567,996 | 34,484,695 | 37,026,499 |
| Other liabilities | 8,609,019 | 10,111,386 | 4,249,744 | 3,946,913 | 12,858,763 | 14,058,299 |
| Total liabilities | 27,781,464 | 29,569,889 | 19,561,994 | 21,514,909 | 47,343,458 | 51,084,798 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 15,172,343 | 15,130,221 | 13,901,502 | 13,178,355 | 29,073,845 | 28,308,576 |
| Restricted | 17,220,863 | 2,970,238 | - | - | 17,220,863 | 2,970,238 |
| Unrestricted | 14,863,873 | 28,418,753 | 25,585,370 | 24,406,603 | 40,449,243 | 52,825,356 |
| Total net assets | \$ 47,257,079 | \$ 46,519,212 | \$ 39,486,872 | \$ 37,584,958 | \$ 86,743,951 | \$ 84,104,170 |

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

Jackson County has a net investment of \$29.0 million in capital assets. This represents 33.5 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 \$17.2 million (19.8 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$40.4 million are the largest portion (46.7 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 9,515,532 | \$ 9,597,688 | \$ 29,741,712 | \$ 29,535,470 | \$ 39,257,244 | \$ 39,133,158 |
| Operating grants and contributions | 17,845,207 | 16,857,973 | - | - | 17,845,207 | 16,857,973 |
| Capital grants and contributions | 382,293 | - | - | - | 382,293 | - |
| | <u>27,743,032</u> | <u>26,455,661</u> | <u>29,741,712</u> | <u>29,535,470</u> | <u>57,484,744</u> | <u>55,991,131</u> |
| General revenues: | | | | | | |
| Property taxes | 24,779,304 | 25,542,916 | - | - | 24,779,304 | 25,542,916 |
| Investment earnings | 1,303,344 | 663,497 | 131,423 | 30,474 | 1,434,767 | 693,971 |
| State shared revenue | 3,297,426 | 2,361,911 | - | - | 3,297,426 | 2,361,911 |
| Other | 200,941 | 78,408 | 25,672 | 24,471 | 226,613 | 102,879 |
| | <u>28,579,015</u> | <u>28,646,732</u> | <u>25,672</u> | <u>24,471</u> | <u>28,805,686</u> | <u>28,646,732</u> |
| Total revenue | <u>57,324,047</u> | <u>55,102,393</u> | <u>29,898,807</u> | <u>29,590,415</u> | <u>87,222,854</u> | <u>84,692,808</u> |
| Expenses | | | | | | |
| General government | 22,951,626 | 22,366,906 | - | - | 22,951,626 | 22,366,906 |
| Public safety | 18,882,372 | 18,336,839 | - | - | 18,882,372 | 18,336,839 |
| Health & Welfare | 10,664,522 | 10,487,852 | - | - | 10,664,522 | 10,487,852 |
| Recreation and Culture | 2,844,926 | 2,843,700 | - | - | 2,844,926 | 2,843,700 |
| Community Development | 2,006,522 | 1,033,799 | - | - | 2,006,522 | 1,033,799 |
| Debt service-interest | 443,479 | 1,156,503 | - | - | 443,479 | 1,156,503 |
| Delinquent tax revolving | - | - | 490,959 | 345,126 | 490,959 | 345,126 |
| Foreclosure tax | - | - | 462,740 | 494,072 | 462,740 | 494,072 |
| Medical Care Facility | - | - | 17,816,002 | 16,681,276 | 17,816,002 | 16,681,276 |
| Resource Recovery | - | - | 8,242,890 | 8,893,948 | 8,242,890 | 8,893,948 |
| Personal Property | - | - | 35,350 | 66,631 | 35,350 | 66,631 |
| | <u>57,793,447</u> | <u>56,225,599</u> | <u>27,047,941</u> | <u>26,481,053</u> | <u>84,841,388</u> | <u>82,706,652</u> |
| Total expenses | <u>57,793,447</u> | <u>56,225,599</u> | <u>27,047,941</u> | <u>26,481,053</u> | <u>84,841,388</u> | <u>82,706,652</u> |
| Increase (decrease) in net assets before transfers | (469,400) | (1,123,206) | 2,850,866 | 3,109,362 | 2,381,466 | 1,986,156 |
| Transfers | 960,559 | 1,233,954 | (948,952) | (1,225,023) | 11,607 | 8,931 |
| | <u>491,159</u> | <u>110,748</u> | <u>1,901,914</u> | <u>1,884,339</u> | <u>2,393,073</u> | <u>1,995,087</u> |
| Increase (decrease) in net assets | <u>491,159</u> | <u>110,748</u> | <u>1,901,914</u> | <u>1,884,339</u> | <u>2,393,073</u> | <u>1,995,087</u> |
| Restated net assets - beginning of year | 46,765,920 | 46,408,464 | 37,584,958 | 35,700,619 | 84,350,878 | 82,109,083 |
| | <u>47,257,079</u> | <u>46,519,212</u> | <u>39,486,872</u> | <u>37,584,958</u> | <u>86,743,951</u> | <u>84,104,170</u> |
| Net assets - end of year | <u>\$ 47,257,079</u> | <u>\$ 46,519,212</u> | <u>\$ 39,486,872</u> | <u>\$ 37,584,958</u> | <u>\$ 86,743,951</u> | <u>\$ 84,104,170</u> |

Governmental activities. Jackson County's expenses exceeded revenue by approximately \$469,400 which combined with the transfers in from business activities of \$960,559 resulted in an increase in net assets of approximately \$491,159 for 2011. Key elements of this change are as follows:

- Total program revenue increased approximately \$1.3 million from prior year. This net increase was comprised of service revenue declines and an increase in federal grants for energy and airport runway projects. Identifiable areas of decrease in service revenue incurred in the following: a) 12 District Court, b) County Register of Deeds office, and c) County Clerk's office. These offices experienced a general decline in user fees as a result the continued depressed business climate.
- The Health Department was the benefactor of the additional federal grant revenues.
- Property tax values continued their decline in 2011 which generated \$763,612 less revenue as compared to the prior year.
- Governmental activities generated \$1,303,344 in investment earnings during the fiscal year 2011. This is an increase of nearly \$639,847 compared to 2010. The increase is directly attributed to the improving financial market conditions experienced in 2010 and 2011.
- State shared revenue increased by over \$1.5 million. This was due to State Revenue Sharing having been reinstated as a result of the County's scheduled depletion of Revenue Sharing Reserve Fund that was created by state statute in 2004.
- Total governmental expenses increased by \$1.5 million from the prior year.

The Community Development activity experienced an increase in spending in the amount of \$972,673 which was mostly made up of increased Community Development Block grant spending of \$241,197 and Airport Runway expansion costs of \$564,949.

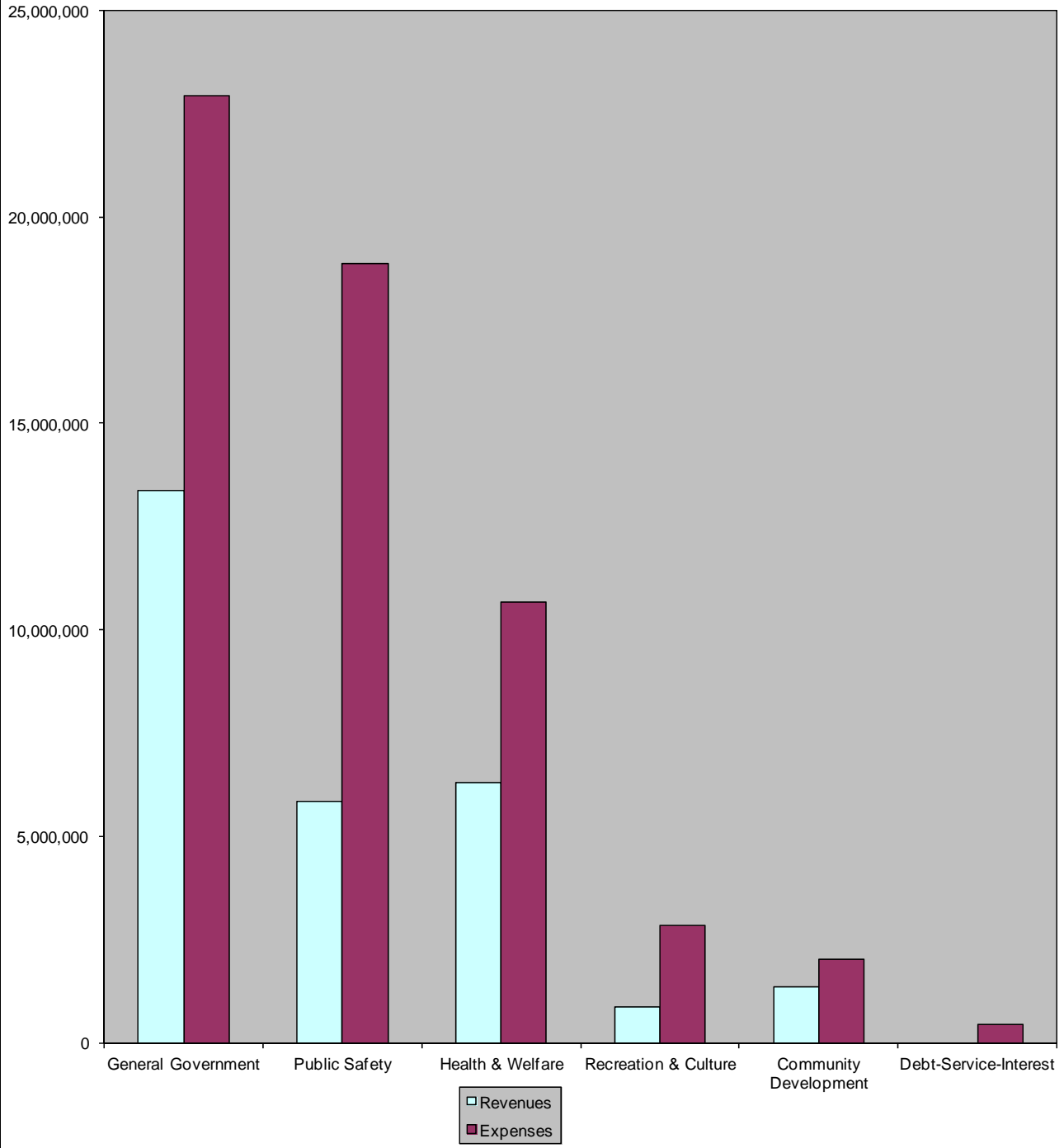
- Transfers in from Business-type activities decreased by \$273,395 from the prior year as a result of decreased spending in capital and non-capital asset purchases.

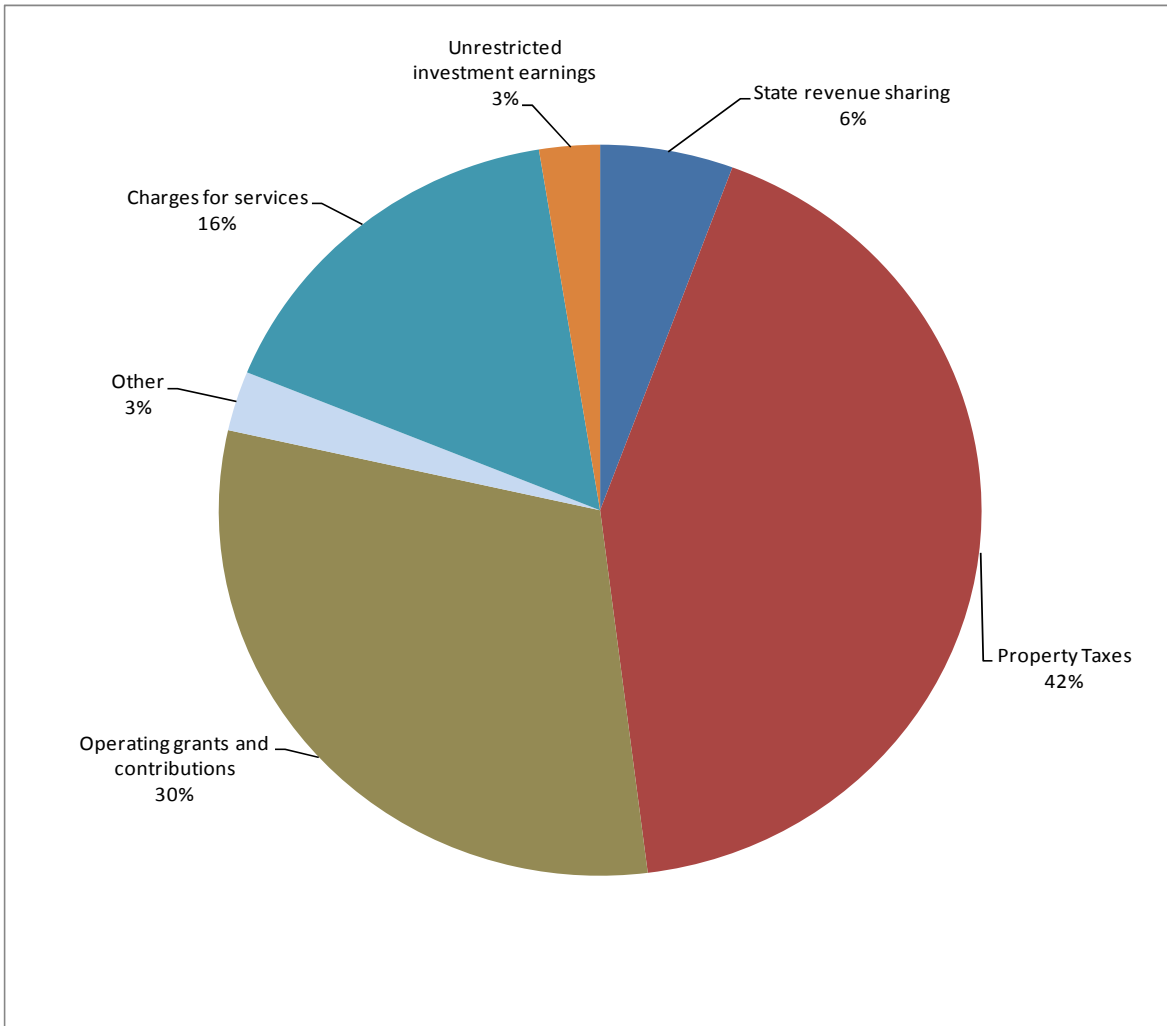
Business-type activities of Jackson County increased the net assets by \$1.9 million. Key elements of the current year increase are as follows:

- Increases in net assets before transfers of 2.3 and \$0.8 million were reported in the Delinquent Tax Fund, Resource Recovery Fund, respectively, while the Medical Care Facility Fund showed a decrease of \$(524,257).
- Business-type expenses increased by \$566,888 in 2011. There was an increase in operating expenses for the Medical Care Facility Fund in 2011 of nearly \$1,135,000, a decrease in Resource Recovery expenses of \$651,000 and increase to Delinquent tax administration of \$145,000.

Transfers - net transfers of \$948,952 from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.

Program Revenues and Expenses-Governmental Activities





Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$35.2 million, an increase of \$961,469 in comparison with the prior year. A portion of this total amount (\$13.3 million) constitutes *unassigned fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate that is not available for new spending because it has already been committed 1) for prepaid items and inventory (\$402,996), 2) loaned to other funds or component units (\$496,630), 3) capital project, special revenue, and debt service (\$20,173,911).

The General Fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unassigned fund balance of the general fund was \$13.3 million, while total fund balance was \$16.1 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. Unassigned fund balance represents 31.7 percent of total general fund expenditures and transfers, while total fund balance represents 38.4 percent of that same amount.

The fund balance of the County's general fund increased by \$778,562 during the fiscal year. The marginally improved economic environment in 2011 contributed to an increase in overall General Fund revenue such as charges for services and investment earnings. On a positive note, the State reinstated 100% Revenue Sharing for our County in 2011 because the County depleted the Revenue Sharing Reserve Fund created in 2004 by State statute. Our original estimate was for State Revenue Sharing to be restored at 50% of previous levels. This added revenue was immediately set aside for capital spending requirements and OPEB liability funding. However, the County's property tax base decreased at a rate of about 4% from 2010.

The Jail Millage Fund was created in 2003 to account for property tax receipts, offset operating costs of jail operations and service bonded debt incurred on jail construction and renovation projects. Millage receipts were less than expenses (transfers out) by \$82,878. The transfers out were comprised of \$1,300,000 for operations to General Fund and \$837,000 to Building Authority Debt Service Fund.

The Medical Care Facility Maintenance of Effort Fund ("MOE Fund") makes payments to the State of Michigan for County residents being treated in the Medical Care Facility, a long term health care facility owned and operated by Jackson County. Revenue for the MOE fund is generated by a county wide millage. The State of Michigan, Department of Community Health, will invoice the County based on a formula of operational costs and Medicaid reimbursement of the medical care facility. Fund balance increased by \$134,508 before a transfer out to the Medical Care Facility for debt payment and operation in the amount of \$401,394 resulting in year end fund balance of \$5.2 million.

The Building Authority Debt Service Fund accounts for the debt payments of projects constructed through Jackson County Building Authority. In 2006, the Building Authority originally issued bonds for a local health care organization in the amount of \$7,045,000, the current balance is \$6,320,000 which is carried as a receivable and deferred revenue on the County's books, therefore, the reason this fund is a "major" fund. The County invoices Lifeways (a mental health agency) annually for principal and interest payments paid by Jackson County. Fund balance increased by \$160,829 during the year.

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

Net assets of the Delinquent Tax, Resource Recovery, and Medical Care Facility funds were \$18,332,977, \$14,886,855, and \$5,860,888, respectively. The Delinquent Tax and Resource Recovery funds had increases in net assets of \$1,201,745 and \$713,283. The Medical Care Facility had a decrease of \$235,914.

Internal service funds ended the year with net assets of \$2,041,144, an increase of \$97,104 from the prior year.

General Fund Budgetary Highlights

General Fund revenue increased by nearly \$1.99 million from the original to the final budget. This was primarily attributed to an increase in "state revenue sharing" revenue by nearly \$1.3 million. As stated above, the County originally estimated a lower than expected decrease in county-wide property tax values. Additionally, given that the State of Michigan economy as whole has been in a recovery phase, we originally did not believe that any State Revenue Sharing payments would be increased. Therefore the original budget for State Revenue Sharing was \$1,800,000. These unexpected additional revenues were then budgeted as transfers out for "capital" and retiree health costs specifically "OPEB" liability funding.

The General Fund expense increased by \$1,992,067 from the original to final budget. This increase was primarily attributed to \$500,000 capital transfer to the Public Improvement Fund and \$1,200,000 additional transfer to the Retiree Health Fund as part of the countywide strategic plan.

Overall, actual general fund revenue and other financing sources during the year were under the final budget for revenue and other financing sources by \$(727,167). Actual general fund expenditures and other financing uses were \$1,505,731 less than final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$778,562.

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, 2011, amounts to \$54.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment.

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

- Completed improvements to the Jackson County Tower Building of \$1,084,500 and Court House of \$191,000.
- Initiated improvements to the Cascades Park lagoon system.
- Total depreciation expense was \$2,275,772 and \$1,857,666 for Governmental and Business-type activities, respectively.

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Land | \$ 1,817,012 | \$ 1,817,012 | \$ 48,832 | \$ 267,170 | \$ 1,865,844 | \$ 2,084,182 |
| Construction in progress | 276,881 | 775,209 | 145,864 | - | 422,745 | 775,209 |
| Buildings | 21,660,114 | 21,399,739 | 23,319,200 | 24,536,079 | 44,979,314 | 45,935,818 |
| Equipment and vehicles | 1,388,336 | 1,688,261 | 5,423,692 | 5,640,796 | 6,812,028 | 7,329,057 |
| | <u>\$ 25,142,343</u> | <u>\$ 25,680,221</u> | <u>\$ 28,937,588</u> | <u>\$ 30,444,045</u> | <u>\$ 54,079,931</u> | <u>\$ 56,124,266</u> |

Additional information on the Jackson County's capital assets can be found in Note G on pages 38-41 of this report.

Long-term debt. At the end of the 2011 fiscal year, Jackson County had net outstanding debt of \$33.0 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net assets. The long-term debt total presented in the footnotes includes conduit debt issued by Jackson County for the benefit of Lifeways Inc., a local mental health agency. The Lifeways outstanding bonded debt is offset by a recorded receivable in the Building Authority Debt Service Fund as discussed above in the "financial analysis of governmental funds".

Jackson County's gross outstanding debt decreased by \$3.1 million during the fiscal year.

Jackson County maintains an "A1" rating by Moody's and an "AA" rating by Standard & Poor's for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is \$434 million, which is significantly in excess of Jackson County's outstanding general obligation debt.

Additional information on the Jackson County's long-term debt can be found in Note H on pages 41-48 of this report.

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| General obligation bonds | \$ 9,970,000 | \$ 10,550,000 | \$ - | \$ - | \$ 9,970,000 | \$ 10,550,000 |
| Resource recovery bonds | - | - | 2,695,000 | 4,445,000 | 2,695,000 | 4,445,000 |
| Medical care facility bonds | - | - | 12,341,086 | 12,822,690 | 12,341,086 | 12,822,690 |
| | <u>\$ 9,970,000</u> | <u>\$ 10,550,000</u> | <u>\$ 15,036,086</u> | <u>\$ 17,267,690</u> | <u>\$ 25,006,086</u> | <u>\$ 27,817,690</u> |

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2012 fiscal year:

- The economic downturn from previous years continues to hamper the County's finances. Declining housing sales and values, as well, as foreclosures have impacted fiscal operations. Taxable property values are expected to decrease from 2011 levels by 3%.
- Unemployment in Jackson County at the end of 2011 stood at nearly 9%, which is down from 2010 at 11%. This rate continues to be above national averages but below the State's average annual rate of 10.3%.
- The County has entered into Inter-Local Governmental agreements with the City of Jackson for Human Resources. The County will continue to explore other areas of collaboration including but not limited to, IT, Public Safety, Facilities Management, and Equalization services with other surrounding local units of government.
- The State of Michigan continues to struggle with budget shortfalls which could hamper the shared revenue formula as it effect local units of government. Jackson County had depleted its State Revenue Reserve Fund in 2011 and as a result the State of Michigan reinstated full funding of the shared payments for its fiscal years 2011 and 2012 to Jackson County.
- The County has committed to maintaining a general fund balance at a range of 18% to 24% of operating expenditures.
- The County will continue to look at departments for "cost savings" opportunities and/or "revenue enhancements"

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Jackson County, Michigan

STATEMENT OF NET ASSETS

December 31, 2011

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and pooled investments | \$ 34,130,292 | \$ 10,198,408 | \$ 44,328,700 | \$ 4,262,007 |
| Receivables, net | 14,604,226 | 14,610,512 | 29,214,738 | 33,726,852 |
| Inventories | 165,144 | 2,479,154 | 2,644,298 | 2,052,964 |
| Prepays | 1,200,754 | 93,221 | 1,293,975 | - |
| Current portion of land contract receivable | - | - | -0- | 2,464 |
| Internal balances | (204,216) | 201,711 | (2,505) | - |
| Total current assets | 49,896,200 | 27,583,006 | 77,479,206 | 40,044,287 |
| Noncurrent assets | | | | |
| Deferred expenses | - | 150,240 | 150,240 | - |
| Bond issuance costs | - | 102,753 | 102,753 | - |
| Noncurrent portion of land contract receivable | - | - | -0- | 1,313,473 |
| Restricted cash and pooled investments | - | 2,275,279 | 2,275,279 | - |
| Capital assets not being depreciated | 2,093,893 | 194,696 | 2,288,589 | 16,905,319 |
| Capital assets being depreciated, net | 23,048,450 | 28,742,892 | 51,791,342 | 56,650,099 |
| Total noncurrent assets | 25,142,343 | 31,465,860 | 56,608,203 | 74,868,891 |
| TOTAL ASSETS | 75,038,543 | 59,048,866 | 134,087,409 | 114,913,178 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | 1,855,824 | 848,679 | 2,704,503 | 361,406 |
| Accrued wages | 803,122 | 417,492 | 1,220,614 | - |
| Other accrued liabilities | 32,030 | - | 32,030 | 540,392 |
| Accrued interest payable | 81,345 | 117,166 | 198,511 | 254,921 |
| Performance bonds payable | - | - | -0- | 137,292 |
| Due to other governmental units | 43,000 | 37,927 | 80,927 | 427,948 |
| Unearned revenue | 3,598,138 | - | 3,598,138 | 177,591 |
| Current portion of capital lease obligation | - | 21,394 | 21,394 | - |
| Current portion of compensated absences | 1,300,560 | 407,086 | 1,707,646 | 25,000 |
| Current portion of estimated closure and postclosure monitoring costs | - | 95,000 | 95,000 | - |
| Current portion of long-term debt | 895,000 | 2,305,000 | 3,200,000 | 2,490,749 |
| Total current liabilities | 8,609,019 | 4,249,744 | 12,858,763 | 4,415,299 |
| Noncurrent liabilities | | | | |
| Noncurrent portion of compensated absences | - | - | -0- | 264,747 |
| Other postemployment benefit obligation | 3,777,445 | 938,281 | 4,715,726 | 1,758,487 |
| Noncurrent portion of estimated closure and postclosure monitoring cost | - | 1,215,000 | 1,215,000 | - |
| Noncurrent portion of capital lease obligation | - | 427,883 | 427,883 | - |
| Noncurrent portion of long-term debt | 15,395,000 | 12,731,086 | 28,126,086 | 28,468,672 |
| Total noncurrent liabilities | 19,172,445 | 15,312,250 | 34,484,695 | 30,491,906 |
| TOTAL LIABILITIES | 27,781,464 | 19,561,994 | 47,343,458 | 34,907,205 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 15,172,343 | 13,901,502 | 29,073,845 | 73,387,595 |
| Restricted | | | | |
| Public safety | 366,412 | - | 366,412 | - |
| Capital projects | 4,490,083 | - | 4,490,083 | 1,321,341 |
| Other purposes | 12,364,368 | - | 12,364,368 | 1,095,905 |
| Unrestricted | 14,863,873 | 25,585,370 | 40,449,243 | 4,201,132 |
| TOTAL NET ASSETS | \$ 47,257,079 | \$ 39,486,872 | \$ 86,743,951 | \$ 80,005,973 |

See accompanying notes to financial statements.

Jackson County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Units |
|--|---------------|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|----------------|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 22,951,626 | \$ 6,279,516 | \$ 6,703,896 | \$ 382,293 | \$ (9,585,921) | \$ - | \$ (9,585,921) | \$ - |
| Public safety | 18,882,372 | 1,441,373 | 4,412,762 | - | (13,028,237) | - | (13,028,237) | - |
| Health and welfare | 10,664,522 | 780,492 | 5,525,764 | - | (4,358,266) | - | (4,358,266) | - |
| Community and economic development | 2,006,522 | 256,783 | 1,100,455 | - | (649,284) | - | (649,284) | - |
| Recreation and culture | 2,844,926 | 757,368 | 102,330 | - | (1,985,228) | - | (1,985,228) | - |
| Interest on long-term debt | 443,479 | - | - | - | (443,479) | - | (443,479) | - |
| Total governmental activities | 57,793,447 | 9,515,532 | 17,845,207 | 382,293 | (30,050,415) | -0- | (30,050,415) | -0- |
| Business-type activities | | | | | | | | |
| Medical Care Facility | 17,816,002 | 17,265,521 | - | - | - | (550,481) | (550,481) | - |
| Delinquent tax | 490,959 | 2,714,617 | - | - | - | 2,223,658 | 2,223,658 | - |
| Resource Recovery | 8,242,890 | 9,038,085 | - | - | - | 795,195 | 795,195 | - |
| Foreclosure Tax Administration | 462,740 | 685,354 | - | - | - | 222,614 | 222,614 | - |
| Personal Property Tax | 35,350 | 38,135 | - | - | - | 2,785 | 2,785 | - |
| Total business-type activities | 27,047,941 | 29,741,712 | -0- | -0- | -0- | 2,693,771 | 2,693,771 | -0- |
| Total primary government | \$ 84,841,388 | \$ 39,257,244 | \$ 17,845,207 | \$ 382,293 | (30,050,415) | 2,693,771 | (27,356,644) | -0- |
| Component units | | | | | | | | |
| Road Commission | \$ 15,326,364 | \$ 2,592,731 | \$ 10,172,108 | \$ 3,114,175 | - | - | -0- | 552,650 |
| Economic Development Corporation | 51,060 | - | - | - | - | - | -0- | (51,060) |
| Land Bank Authority | 113,167 | 132,874 | - | - | - | - | -0- | 19,707 |
| Brownfield Redevelopment Authority | 188,123 | - | 181,420 | - | - | - | -0- | (6,703) |
| Drainage Districts | 867,434 | - | - | 753,949 | - | - | -0- | (113,485) |
| Board of Public Works | 603,729 | - | - | 749,543 | - | - | -0- | 145,814 |
| Total component units | \$ 17,149,877 | \$ 2,725,605 | \$ 10,353,528 | \$ 4,617,667 | -0- | -0- | -0- | 546,923 |
| General revenues | | | | | | | | |
| Property taxes | | | | | 24,779,304 | - | 24,779,304 | - |
| State shared revenue | | | | | 3,297,426 | - | 3,297,426 | - |
| Investment earnings | | | | | 1,303,344 | 131,423 | 1,434,767 | 117,047 |
| Other | | | | | 200,941 | 25,672 | 226,613 | - |
| Transfers | | | | | 960,559 | (948,952) | 11,607 | - |
| Total general revenues and transfers | | | | | 30,541,574 | (791,857) | 29,749,717 | 117,047 |
| Change in net assets | | | | | 491,159 | 1,901,914 | 2,393,073 | 663,970 |
| Restated net assets, beginning of the year | | | | | 46,765,920 | 37,584,958 | 84,350,878 | 79,342,003 |
| Net assets, end of the year | | | | | \$ 47,257,079 | \$ 39,486,872 | \$ 86,743,951 | \$ 80,005,973 |

See accompanying notes to financial statements.

Jackson County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2011

| | General | Jail Millage Fund | Medical Care Facility Maintenance of Effort Fund |
|--|----------------------|-------------------------|---|
| ASSETS | | | |
| Cash and pooled investments | \$ 13,052,982 | \$ 489,116 | \$ 5,594,486 |
| Accounts receivable | 612,154 | - | - |
| Taxes receivable | 1,793,161 | 1,896,431 | 586,011 |
| Due from other funds | 287,176 | - | - |
| Due from other governmental units | 634,182 | - | - |
| Interest receivable | 146,767 | - | - |
| Advances to other funds | 496,630 | - | - |
| Inventories | - | - | - |
| Prepays | 52,202 | - | - |
| | <u>17,075,254</u> | <u>2,385,547</u> | <u>6,180,497</u> |
| TOTAL ASSETS | \$ 17,075,254 | \$ 2,385,547 | \$ 6,180,497 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 325,608 | \$ - | \$ 423,818 |
| Accrued wages | 630,003 | - | - |
| Other accrued liabilities | - | - | - |
| Advances from other funds | - | - | - |
| Due to other governmental units | - | - | - |
| Due to other funds | - | - | - |
| Deferred revenue | - | 1,945,000 | 600,000 |
| | <u>955,611</u> | <u>1,945,000</u> | <u>1,023,818</u> |
| TOTAL LIABILITIES | 955,611 | 1,945,000 | 1,023,818 |
| FUND BALANCES | | | |
| Nonspendable | 876,332 | - | - |
| Restricted | - | 440,547 | 5,156,679 |
| Committed | 1,447,924 | - | - |
| Assigned | 830,299 | - | - |
| Unassigned | 12,965,088 | - | - |
| | <u>16,119,643</u> | <u>440,547</u> | <u>5,156,679</u> |
| TOTAL FUND BALANCES | 16,119,643 | 440,547 | 5,156,679 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 17,075,254 | \$ 2,385,547 | \$ 6,180,497 |

See accompanying notes to financial statements.

| Building Authority Bonds | Nonmajor Governmental Funds | Total |
|--------------------------------|-----------------------------------|----------------------|
| \$ 160,865 | \$ 13,275,172 | \$ 32,572,621 |
| - | 1,261,461 | 1,873,615 |
| - | 967,246 | 5,242,849 |
| - | - | 287,176 |
| 6,320,000 | 75,837 | 7,030,019 |
| - | - | 146,767 |
| - | 71,475 | 568,105 |
| - | 165,144 | 165,144 |
| - | 185,650 | 237,852 |
| <u>\$ 6,480,865</u> | <u>\$ 16,001,985</u> | <u>\$ 48,124,148</u> |
| | | |
| \$ - | \$ 315,993 | \$ 1,065,419 |
| - | 173,119 | 803,122 |
| - | 32,030 | 32,030 |
| - | 568,105 | 568,105 |
| - | 43,000 | 43,000 |
| - | 491,392 | 491,392 |
| 6,320,000 | 1,053,138 | 9,918,138 |
| <u>6,320,000</u> | <u>2,676,777</u> | <u>12,921,206</u> |
| - | 431,540 | 1,307,872 |
| 160,865 | 11,392,334 | 17,150,425 |
| - | 1,504,087 | 2,952,011 |
| - | - | 830,299 |
| - | (2,753) | 12,962,335 |
| <u>160,865</u> | <u>13,325,208</u> | <u>35,202,942</u> |
| | | |
| <u>\$ 6,480,865</u> | <u>\$ 16,001,985</u> | <u>\$ 48,124,148</u> |

Jackson County, Michigan

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

December 31, 2011

Total fund balances - governmental funds \$ 35,202,942

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

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

| | | |
|-------------------------------|---------------------|------------|
| The cost of capital assets is | \$ 59,082,810 | |
| Accumulated depreciation is | <u>(33,940,467)</u> | |
| Capital assets, net | | 25,142,343 |

| | | |
|---|--|-----------|
| Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. | | 6,320,000 |
|---|--|-----------|

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

| | | |
|---|--|-----------|
| Net assets of governmental activities accounted for in Internal Service Funds | | 2,041,144 |
|---|--|-----------|

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

| | | |
|---|--------------------|---------------------|
| Direct County obligations | (16,290,000) | |
| Other postemployment benefit obligation | (3,777,445) | |
| Accrued interest payable | (81,345) | |
| Compensated absences | <u>(1,300,560)</u> | |
| | | <u>(21,449,350)</u> |

Net assets of governmental activities \$ 47,257,079

Jackson County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2011

| | General | Jail Millage Fund | Medical Care Facility Maintenance of Effort Fund |
|---|----------------------|-------------------------|---|
| REVENUES | | | |
| Taxes | \$ 21,109,245 | \$ 2,047,156 | \$ 586,134 |
| Licenses and permits | 171,086 | - | - |
| Intergovernmental | 8,968,474 | - | - |
| Charges for services | 5,208,296 | - | - |
| Fines and forfeits | 700,521 | - | - |
| Interest and rents | 1,374,972 | 6,966 | 95,192 |
| Contributions from local units | - | - | - |
| Other | 631,080 | - | - |
| TOTAL REVENUES | 38,163,674 | 2,054,122 | 681,326 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 15,626,331 | - | - |
| Public safety | 13,105,635 | - | - |
| Health and welfare | 2,611,342 | - | 546,818 |
| Community and economic development | 335,812 | - | - |
| Recreation and culture | 9,227 | - | - |
| Other | 4,662,292 | - | - |
| Debt service | - | - | - |
| Capital outlay | - | - | - |
| TOTAL EXPENDITURES | 36,350,639 | -0- | 546,818 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,813,035 | 2,054,122 | 134,508 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 4,515,983 | - | - |
| Transfers out | (5,550,456) | (2,137,000) | (401,394) |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,034,473) | (2,137,000) | (401,394) |
| NET CHANGE IN FUND BALANCES | 778,562 | (82,878) | (266,886) |
| Restated fund balances, beginning of year | 15,341,081 | 523,425 | 5,423,565 |
| Fund balances, end of year | \$ 16,119,643 | \$ 440,547 | \$ 5,156,679 |

See accompanying notes to financial statements.

| Building Authority Bonds | Nonmajor Governmental Funds | Total |
|--------------------------------|-----------------------------------|----------------------|
| \$ - | \$ 1,036,770 | \$ 24,779,305 |
| - | 288,680 | 459,766 |
| - | 8,849,012 | 17,817,486 |
| - | 2,394,800 | 7,603,096 |
| - | 228,996 | 929,517 |
| 19 | 282,685 | 1,759,834 |
| 1,757,134 | - | 1,757,134 |
| - | 1,911,829 | 2,542,909 |
| <u>1,757,153</u> | <u>14,992,772</u> | <u>57,649,047</u> |
| - | 4,328,257 | 19,954,588 |
| - | 2,328,787 | 15,434,422 |
| - | 5,779,410 | 8,937,570 |
| - | 1,440,145 | 1,775,957 |
| - | 1,976,214 | 1,985,441 |
| 1,106,990 | - | 5,769,282 |
| 1,326,334 | - | 1,326,334 |
| - | 2,502,612 | 2,502,612 |
| <u>2,433,324</u> | <u>18,355,425</u> | <u>57,686,206</u> |
| (676,171) | (3,362,653) | (37,159) |
| 837,000 | 7,342,177 | 12,695,160 |
| - | (3,607,682) | (11,696,532) |
| <u>837,000</u> | <u>3,734,495</u> | <u>998,628</u> |
| 160,829 | 371,842 | 961,469 |
| 36 | 12,953,366 | 34,241,473 |
| <u>\$ 160,865</u> | <u>\$ 13,325,208</u> | <u>\$ 35,202,942</u> |

Jackson County, Michigan

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

Year Ended December 31, 2011

Net change in fund balances - total governmental funds \$ 961,469

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

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

| | | |
|--|--------------------|-----------|
| Capital outlay | \$ 1,737,894 | |
| Depreciation expense | <u>(2,275,772)</u> | |
| Excess of depreciation expense over capital outlay | | (537,878) |

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

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

| | | |
|--|-----------------|--------|
| Net operating income from governmental activities accounted for in internal service fund | 110,124 | |
| Add: Interest revenue | 25,049 | |
| Subtract: internal activities (transfers) | <u>(38,069)</u> | |
| | | 97,104 |

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

| | | |
|-----------------------------|--|---------|
| Repayment of long-term debt | | 905,000 |
|-----------------------------|--|---------|

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|--|---------------|------------------|
| (Increase) in accrued interest payable | (22,145) | |
| (Increase) in other postemployment benefit obligations | (608,942) | |
| Decrease in compensated absences | <u>21,551</u> | |
| | | <u>(609,536)</u> |

Change in net assets of governmental activities \$ 491,159

Jackson County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2011

| | Business-type | | |
|--|-----------------------------|--------------------------------|----------------------|
| | Medical Care Facility | Delinquent Tax Revolving | Resource Recovery |
| ASSETS | | | |
| Current assets | | | |
| Cash and pooled investments | \$ 2,194,095 | \$ 5,523,705 | \$ 1,888,709 |
| Receivables | | | |
| Accounts | 2,537,138 | 59,287 | 677,402 |
| Interest | - | 2,610,837 | - |
| Delinquent taxes | - | 8,625,848 | - |
| Due from other governmental units | - | - | - |
| Due from other funds | - | 1,535,632 | - |
| Inventories | - | - | 1,821,904 |
| Prepays | - | - | 93,221 |
| Total current assets | 4,731,233 | 18,355,309 | 4,481,236 |
| Noncurrent assets | | | |
| Deferred expenses | - | - | 150,240 |
| Bond issuance costs | 102,753 | - | - |
| Restricted cash and pooled investments | 873,695 | - | 1,401,584 |
| Capital assets not being depreciated | 145,864 | - | 48,832 |
| Capital assets being depreciated, net | 15,148,458 | - | 13,594,434 |
| Total noncurrent assets | 16,270,770 | -0- | 15,195,090 |
| TOTAL ASSETS | 21,002,003 | 18,355,309 | 19,676,326 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 496,070 | - | 352,609 |
| Accrued wages | 407,648 | 7,605 | 605 |
| Due to other governmental units | 23,939 | - | - |
| Due to other funds | - | - | 410,168 |
| Accrued interest payable | 96,077 | - | 21,089 |
| Current portion of compensated absences | 388,737 | 14,727 | - |
| Current portion of capital lease obligation | 21,394 | - | - |
| Current portion of estimated closure and postclosure monitoring costs | - | - | 95,000 |
| Current portion of long-term debt | 515,000 | - | 1,790,000 |
| Total current liabilities | 1,948,865 | 22,332 | 2,669,471 |
| Noncurrent liabilities | | | |
| Noncurrent portion of estimated closure and postclosure monitoring costs | - | - | 1,215,000 |
| Other postemployment benefit obligation | 938,281 | - | - |
| Noncurrent portion of capital lease obligation | 427,883 | - | - |
| Noncurrent portion of long-term debt | 11,826,086 | - | 905,000 |
| Total noncurrent liabilities | 13,192,250 | -0- | 2,120,000 |
| TOTAL LIABILITIES | 15,141,115 | 22,332 | 4,789,471 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 2,953,236 | - | 10,948,266 |
| Unrestricted | 2,907,652 | 18,332,977 | 3,938,589 |
| TOTAL NET ASSETS | \$ 5,860,888 | \$ 18,332,977 | \$ 14,886,855 |

See accompanying notes to financial statements.

| Activities | | Governmental |
|---------------------------------|---------------|------------------------------|
| Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$ 591,899 | \$ 10,198,408 | \$ 1,557,671 |
| - | 3,273,827 | 310,976 |
| - | 2,610,837 | - |
| - | 8,625,848 | - |
| 100,000 | 100,000 | - |
| - | 1,535,632 | - |
| 657,250 | 2,479,154 | - |
| - | 93,221 | 962,902 |
| 1,349,149 | 28,916,927 | 2,831,549 |
| - | 150,240 | - |
| - | 102,753 | - |
| - | 2,275,279 | - |
| - | 194,696 | - |
| - | 28,742,892 | - |
| -0- | 31,465,860 | -0- |
| 1,349,149 | 60,382,787 | 2,831,549 |
| - | 848,679 | 790,405 |
| 1,634 | 417,492 | - |
| 13,988 | 37,927 | - |
| 923,753 | 1,333,921 | - |
| - | 117,166 | - |
| 3,622 | 407,086 | - |
| - | 21,394 | - |
| - | 95,000 | - |
| - | 2,305,000 | - |
| 942,997 | 5,583,665 | 790,405 |
| - | 1,215,000 | - |
| - | 938,281 | - |
| - | 427,883 | - |
| - | 12,731,086 | - |
| -0- | 15,312,250 | -0- |
| 942,997 | 20,895,915 | 790,405 |
| - | 13,901,502 | - |
| 406,152 | 25,585,370 | 2,041,144 |
| \$ 406,152 | \$ 39,486,872 | \$ 2,041,144 |

Jackson County, Michigan

Proprietary Funds

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

Year Ended December 31, 2011

| | Business-type | | |
|---|-----------------------------|--------------------------------|----------------------|
| | Medical Care Facility | Delinquent Tax Revolving | Resource Recovery |
| OPERATING REVENUES | | | |
| Charges for services | \$ 17,265,521 | \$ 1,042,841 | \$ 9,038,085 |
| Interest and penalties on delinquent taxes | - | 1,671,776 | - |
| TOTAL OPERATING REVENUES | 17,265,521 | 2,714,617 | 9,038,085 |
| OPERATING EXPENSES | | | |
| Personal services | 8,736,978 | 489,335 | 17,126 |
| Contractual services | - | - | - |
| Other services and charges | 7,927,988 | - | 6,683,979 |
| Depreciation | 567,989 | 1,624 | 1,288,053 |
| TOTAL OPERATING EXPENSES | 17,232,955 | 490,959 | 7,989,158 |
| OPERATING INCOME | 32,566 | 2,223,658 | 1,048,927 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest revenue | 2,288 | 106,272 | 22,863 |
| Interest expense | (583,047) | - | (253,732) |
| Other | 23,936 | 1,736 | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (556,823) | 108,008 | (230,869) |
| INCOME (LOSS) BEFORE TRANSFERS | (524,257) | 2,331,666 | 818,058 |
| TRANSFERS IN | 288,343 | 70,066 | - |
| TRANSFERS OUT | - | (1,199,987) | (104,775) |
| TOTAL TRANSFERS | 288,343 | (1,129,921) | (104,775) |
| CHANGE IN NET ASSETS | (235,914) | 1,201,745 | 713,283 |
| Net assets, beginning of year | 6,096,802 | 17,131,232 | 14,173,572 |
| Net assets, end of year | <u>\$ 5,860,888</u> | <u>\$ 18,332,977</u> | <u>\$ 14,886,855</u> |

See accompanying notes to financial statements.

| Activities | | Governmental |
|---------------------------------|---------------|------------------------------|
| Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$ 723,489 | \$ 28,069,936 | \$ 11,233,825 |
| - | 1,671,776 | - |
| 723,489 | 29,741,712 | 11,233,825 |
| 33,293 | 9,276,732 | - |
| - | -0- | 11,085,945 |
| 464,797 | 15,076,764 | 37,756 |
| - | 1,857,666 | - |
| 498,090 | 26,211,162 | 11,123,701 |
| 225,399 | 3,530,550 | 110,124 |
| - | 131,423 | 25,049 |
| - | (836,779) | - |
| - | 25,672 | - |
| -0- | (679,684) | 25,049 |
| 225,399 | 2,850,866 | 135,173 |
| - | 358,409 | - |
| (2,599) | (1,307,361) | (38,069) |
| (2,599) | (948,952) | (38,069) |
| 222,800 | 1,901,914 | 97,104 |
| 183,352 | 37,584,958 | 1,944,040 |
| \$ 406,152 | \$ 39,486,872 | \$ 2,041,144 |

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

| | Business-type | | |
|---|-----------------------------|--------------------------------|----------------------|
| | Medical Care Facility | Delinquent Tax Revolving | Resource Recovery |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | \$ 16,709,986 | \$ 1,044,577 | \$ 9,283,996 |
| Cash paid to suppliers | (15,978,442) | (26,230) | (6,691,201) |
| Cash paid for employee services and benefits | - | (490,971) | (315,585) |
| Cash operating receipts | 66,629 | - | - |
| Cash received from Quality Assurance Supplement Program | 1,726,516 | - | - |
| Interest on delinquent taxes | - | (44,249) | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 2,524,689 | 483,127 | 2,277,210 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | 288,343 | 70,066 | - |
| Transfers out | - | (1,199,987) | (104,775) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 288,343 | (1,129,921) | (104,775) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Principal payments on long-term debt | (520,000) | - | (1,750,000) |
| Interest paid on long-term debt | (583,047) | - | (253,732) |
| Acquisition and construction of capital assets | (244,088) | 1 | (179,595) |
| Payments on benefit obligation | (104,262) | - | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (1,451,397) | 1 | (2,183,327) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Resident trust deposits | (395,045) | - | - |
| Interest revenue | 2,288 | 106,272 | 22,863 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (392,757) | 106,272 | 22,863 |
| NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS | 968,878 | (540,521) | 11,971 |
| Cash and pooled investments, beginning of year | 2,098,912 | 6,064,226 | 3,278,322 |
| Cash and pooled investments, end of year | <u>\$ 3,067,790</u> | <u>\$ 5,523,705</u> | <u>\$ 3,290,293</u> |

See accompanying notes to financial statements.

| Activities | | Governmental |
|---------------------------------|----------------------|------------------------------|
| Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$ 723,489 | \$ 27,762,048 | \$ 11,074,010 |
| (118,174) | (22,814,047) | (11,586,316) |
| (33,111) | (839,667) | - |
| - | 66,629 | - |
| - | 1,726,516 | - |
| - | (44,249) | - |
| 572,204 | 5,857,230 | (512,306) |
| - | 358,409 | - |
| (2,599) | (1,307,361) | (38,069) |
| (2,599) | (948,952) | (38,069) |
| - | (2,270,000) | - |
| - | (836,779) | - |
| - | (423,682) | - |
| - | (104,262) | - |
| -0- | (3,634,723) | -0- |
| - | (395,045) | - |
| - | 131,423 | 25,049 |
| -0- | (263,622) | 25,049 |
| 569,605 | 1,009,933 | (525,326) |
| 22,294 | 11,463,754 | 2,082,997 |
| <u>\$ 591,899</u> | <u>\$ 12,473,687</u> | <u>\$ 1,557,671</u> |

Jackson County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended December 31, 2011

| | Business-type | | |
|---|-----------------------------|--------------------------------|----------------------|
| | Medical Care Facility | Delinquent Tax Revolving | Resource Recovery |
| Reconciliation of operating income to net cash provided (used) by operating activities | | | |
| Operating income | \$ 32,566 | \$ 2,223,658 | \$ 1,048,927 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | |
| Depreciation | 567,989 | 1,624 | 1,288,053 |
| Changes in assets and liabilities: | | | |
| Post employment benefit obligation | 553,524 | - | - |
| Provision for bad debt | 169,382 | - | - |
| Amortization of deferred expenses | 5,605 | - | 75,116 |
| Other income | - | 1,736 | - |
| Receivables | 1,068,230 | (1,156,403) | 170,795 |
| Prepays | - | - | 46,615 |
| Inventory | - | - | (51,356) |
| Due from other funds | - | (559,622) | - |
| Other current assets | (131,098) | - | - |
| Accounts payable | 177,940 | (26,230) | (2,481) |
| Accrued liabilities | 80,551 | (234) | (15,111) |
| Other liabilities | - | - | (85,000) |
| Due to other governmental units | - | - | - |
| Due to other funds | - | - | (198,348) |
| Compensated absences | - | (1,402) | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 2,524,689 | \$ 483,127 | \$ 2,277,210 |

| Activities | | Governmental Activities |
|---------------------------------|---------------------|------------------------------|
| Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$ 225,399 | \$ 3,530,550 | \$ 110,124 |
| - | 1,857,666 | - |
| - | 553,524 | - |
| - | 169,382 | - |
| - | 80,721 | - |
| - | 1,736 | - |
| (436,912) | (354,290) | (159,815) |
| - | 46,615 | (412,302) |
| - | (51,356) | - |
| - | (559,622) | - |
| - | (131,098) | - |
| - | 149,229 | (50,313) |
| - | 65,206 | - |
| - | (85,000) | - |
| 12,721 | 12,721 | - |
| 770,814 | 572,466 | - |
| 182 | (1,220) | - |
| <u>\$ 572,204</u> | <u>\$ 5,857,230</u> | <u>\$ (512,306)</u> |

Jackson County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2011

| | Pension and Employee Benefit Trusts | Agency Funds |
|---|---|-----------------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash and pooled investments | \$ 311,475 | \$ 11,280,572 |
| Investments, at fair value | | |
| Money market funds | 5,043,099 | - |
| U.S. Government Obligations | 8,748,787 | - |
| Domestic corporate bonds | 26,668,507 | - |
| Corporate mortgage obligations | 752,474 | - |
| Domestic stocks | 34,202,076 | - |
| Index stock fund | 21,410,202 | - |
| International bonds | 795,467 | - |
| International stock & ADR's | 23,276,205 | - |
| Accounts receivable | 570,980 | 64,285 |
| Prepays | 769,538 | - |
| Accrued interest receivable | 282,495 | - |
| | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 122,831,305</u> | <u>\$ 11,344,857</u> |
| LIABILITIES | | |
| Due to other governmental units | \$ - | \$ 9,019,313 |
| Accounts payable | 247,486 | - |
| Accrued wages | - | - |
| Bonds payable | - | 137,292 |
| Escrow payable | - | 476,809 |
| Due to individuals and agencies | - | 1,711,443 |
| | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>247,486</u> | <u>\$ 11,344,857</u> |
| NET ASSETS | | |
| Held in trust for pension and employee benefits | <u>122,583,819</u> | |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 122,831,305</u> | |

See accompanying notes to financial statements.

Jackson County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2011

| | <u>Pension and Employee Benefit Trusts</u> |
|--|--|
| ADDITIONS | |
| Investment income | |
| Net appreciation in fair value of investments | \$ (6,675,592) |
| Interest and dividends | 2,283,713 |
| Less investment expense | <u>(757,051)</u> |
| Net investment income | (5,148,930) |
| Contributions | |
| Employee | 1,904,614 |
| Employer | 2,666,058 |
| Other | <u>1,108,797</u> |
| Total contributions | <u>5,679,469</u> |
| TOTAL ADDITIONS | 530,539 |
| DEDUCTIONS | |
| Benefit payments | 12,216,090 |
| Refund of contributions | 407,280 |
| Administrative expenses | <u>251,000</u> |
| TOTAL DEDUCTIONS | <u>12,874,370</u> |
| CHANGE IN NET ASSETS | (12,343,831) |
| Net assets, beginning of year | <u>134,927,650</u> |
| Net assets, end of year | <u><u>\$ 122,583,819</u></u> |

See accompanying notes to financial statements.

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2011

| | Road Commission | Economic Development Corporation | Land Bank Authority | Brownfield Redevelopment Authority |
|---|----------------------|--|---------------------------|--|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and pooled investments | \$ 2,386,008 | \$ 367,150 | \$ 101,169 | \$ 72,326 |
| Receivables | 2,191,410 | 255,241 | 17,995 | - |
| Due from other governmental units | - | - | - | - |
| Inventories | 1,907,086 | - | 145,878 | - |
| Current portion of land contract receivable | - | - | - | 2,464 |
| Total current assets | 6,484,504 | 622,391 | 265,042 | 74,790 |
| Noncurrent assets | | | | |
| Noncurrent portion of land contract receivable | - | 623,469 | - | 690,004 |
| Capital assets not being depreciated | 16,905,319 | - | - | - |
| Capital assets, net of accumulated depreciation | 52,851,624 | - | - | - |
| Total noncurrent assets | 69,756,943 | 623,469 | -0- | 690,004 |
| TOTAL ASSETS | 76,241,447 | 1,245,860 | 265,042 | 764,794 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | 332,224 | 9,357 | 125 | - |
| Accrued interest payable | - | - | - | - |
| Other accrued liabilities | 540,392 | - | - | - |
| Performance bonds payable | 137,292 | - | - | - |
| Due to other governmental units | - | 448 | 100,000 | 117,500 |
| Unearned revenue | 177,591 | - | - | - |
| Current portion of compensated absences | 25,000 | - | - | - |
| Current portion of long-term debt | 30,749 | - | - | - |
| Total current liabilities | 1,243,248 | 9,805 | 100,125 | 117,500 |
| Noncurrent liabilities | | | | |
| Noncurrent portion of compensated absences | 264,747 | - | - | - |
| Net other postemployment benefit payable | 1,758,487 | - | - | - |
| Noncurrent portion of long-term debt | 137,074 | - | - | - |
| Total noncurrent liabilities | 2,160,308 | -0- | -0- | -0- |
| TOTAL LIABILITIES | 3,403,556 | 9,805 | 100,125 | 117,500 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 69,589,120 | - | - | - |
| Restricted for capital projects | - | - | - | - |
| Restricted for other purposes | - | 1,095,905 | - | - |
| Unrestricted | 3,248,771 | 140,150 | 164,917 | 647,294 |
| TOTAL NET ASSETS | \$ 72,837,891 | \$ 1,236,055 | \$ 164,917 | \$ 647,294 |

See accompanying notes to financial statements.

| <u>Drainage Districts</u> | <u>Board of Public Works</u> | <u>Total</u> |
|-------------------------------|--------------------------------------|----------------------|
| \$ 1,230,623 | \$ 104,731 | \$ 4,262,007 |
| 106,089 | - | 2,570,735 |
| 12,639,554 | 18,516,563 | 31,156,117 |
| - | - | 2,052,964 |
| - | - | 2,464 |
| <u>13,976,266</u> | <u>18,621,294</u> | <u>40,044,287</u> |
| - | - | 1,313,473 |
| - | - | 16,905,319 |
| <u>3,798,475</u> | <u>-</u> | <u>56,650,099</u> |
| <u>3,798,475</u> | <u>-0-</u> | <u>74,868,891</u> |
| 17,774,741 | 18,621,294 | 114,913,178 |
| 19,700 | - | 361,406 |
| 134,625 | 120,296 | 254,921 |
| - | - | 540,392 |
| - | - | 137,292 |
| 210,000 | - | 427,948 |
| - | - | 177,591 |
| - | - | 25,000 |
| <u>1,350,000</u> | <u>1,110,000</u> | <u>2,490,749</u> |
| 1,714,325 | 1,230,296 | 4,415,299 |
| - | - | 264,747 |
| - | - | 1,758,487 |
| <u>11,150,000</u> | <u>17,181,598</u> | <u>28,468,672</u> |
| <u>11,150,000</u> | <u>17,181,598</u> | <u>30,491,906</u> |
| <u>12,864,325</u> | <u>18,411,894</u> | <u>34,907,205</u> |
| 3,798,475 | - | 73,387,595 |
| 1,111,941 | 209,400 | 1,321,341 |
| - | - | 1,095,905 |
| - | - | 4,201,132 |
| <u>\$ 4,910,416</u> | <u>\$ 209,400</u> | <u>\$ 80,005,973</u> |

Jackson County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | | | | |
|--|----------------------|-------------------------|--|--|--|--|---------------------------|--|-----------------------|-----------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Road Commission | Economic Development Corporation | Land Bank Authority | Brownfield Redevelopment Authority | Drainage Districts | Board of Public Works | Total |
| Governmental activities | | | | | | | | | | | |
| Road Commission | \$ 15,326,364 | \$ 2,592,731 | \$ 10,172,108 | \$ 3,114,175 | \$ 552,650 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 552,650 |
| Economic Development Corporation | 51,060 | - | - | - | - | (51,060) | - | - | - | - | (51,060) |
| Land Bank Authority | 113,167 | 132,874 | - | - | - | - | 19,707 | - | - | - | 19,707 |
| Brownfield Redevelopment Authority | 188,123 | - | 181,420 | - | - | - | - | (6,703) | - | - | (6,703) |
| Drainage Districts | 867,434 | - | - | 753,949 | - | - | - | - | (113,485) | - | (113,485) |
| Board of Public Works | 603,729 | - | - | 749,543 | - | - | - | - | - | 145,814 | 145,814 |
| TOTALS | \$ 17,149,877 | \$ 2,725,605 | \$ 10,353,528 | \$ 4,617,667 | 552,650 | (51,060) | 19,707 | (6,703) | (113,485) | 145,814 | 546,923 |
| General revenues | | | | | | | | | | | |
| Investment earnings | | | | | 62,500 | 36,537 | 120 | - | 17,804 | 86 | 117,047 |
| CHANGE IN NET ASSETS | | | | | 615,150 | (14,523) | 19,827 | (6,703) | (95,681) | 145,900 | 663,970 |
| Restated net assets, beginning of year | | | | | 72,222,741 | 1,250,578 | 145,090 | 653,997 | 5,006,097 | 63,500 | 79,342,003 |
| Net assets, end of year | | | | | \$ 72,837,891 | \$ 1,236,055 | \$ 164,917 | \$ 647,294 | \$ 4,910,416 | \$ 209,400 | \$ 80,005,973 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 4*, these financial statements present the financial activities of Jackson County (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government.

2. Blended Component Unit

Building Authority

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

3. Discretely Presented Component Units

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

Jackson County Road Commission

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - Concluded

Jackson County Economic Development Corporation

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

Land Bank Authority

The Land Bank Authority is a public corporation, organized pursuant to Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Jackson County Treasurer. The Land Bank Authority is governed by an eleven (11) member board including the Jackson County Treasurer, who is, by law, its Chairperson, and ten (10) other members, including four (4) Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority. The Land Bank Authority Component Unit is reported on a fiscal year ended September 30, 2011. The financial statements of the Land Bank Authority are presented as part of Other Supplementary Information and are not audited separately.

Drainage Districts

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

Brownfield Redevelopment Authority

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

Board of Public Works

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Other Organizations

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

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

5. Funds with Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2011.

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

The major funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. The Jail Millage Fund accounts for property tax collections used for servicing debt of bonds that were issued to finance new jail facilities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - Concluded

FUND FINANCIAL STATEMENTS - CONCLUDED

- c. The Medical Care Facility Maintenance of Effort Fund accounts for the payments made to the State of Michigan for county residents being treated in the Medical Care Facility, a long-term health care facility owned and operated by Jackson County. Revenue is generated by a county-wide millage.
- d. The Building Authority Bonds Fund accounts for the payment of bonds related to construction projects managed by the Building Authority Board. Funding for these payments can come from rents, millages, and interfund transfers.
- e. The Medical Care Facility Fund accounts for the activities of the long-term care of elderly residents of Jackson County in a medical care unit owned and operated by Jackson County.
- f. The Resource Recovery Fund accounts for the operations of the incinerator and landfills.
- g. The Delinquent Tax Revolving Fund accounts for the activities of the government's purchase and collection of delinquent property taxes. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

7. Measurement Focus

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

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

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

8. Basis of Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting - Concluded

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

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

9. Cash and Pooled Investments

The County pools cash and investment resources of various funds in order to facilitate the management of these accounts. Balances applicable to a particular fund are readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. The Treasurer's investment pool consists of U.S. Agencies, commercial paper, and mutual funds of varying maturities.

10. Investments

Investments consist of a wide range of domestic and international stocks, obligations of the U.S. government, corporate bonds, and mutual funds. Investments are recorded at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

11. Restricted Assets

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

12. Receivables

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

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

13. Inventories

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Prepays

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

15. Compensated Absences

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

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

16. Deferred and Unearned Revenue

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

17. Interfund Transactions

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

18. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Capital Assets - Concluded

ROAD COMMISSION - COMPONENT UNIT

Capital assets, include buildings, property, equipment, and infrastructure assets (i.e., roads, bridges, and similar items), and are reported in the component unit financial statements (statement of net assets and statement of changes in net assets). Capital assets are defined by the Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date donated.

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

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

19. Long-Term Obligations

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

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

20. Internal Service Funds

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

21. Fiduciary Funds

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

22. Federal Programs

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

23. Comparative Data

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

24. Restricted Net Assets

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

25. Invested in Capital Assets Net of Related Debt

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

NOTE B: CASH AND INVESTMENTS

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

Deposits, Investments, and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2011:

| | <u>Primary Government</u> | <u>Component Units</u> | <u>Total</u> |
|---|-------------------------------|----------------------------|-----------------------|
| Statement of Net Assets: | | | |
| Cash and pooled investments | \$ 46,603,979 | \$ 4,262,007 | \$ 50,865,986 |
| Statement of Fiduciary Net Assets: | | | |
| Cash and pooled investments | 11,592,047 | - | 11,592,047 |
| Investments | <u>120,896,817</u> | <u>-</u> | <u>120,896,817</u> |
| Total | <u>\$ 179,092,843</u> | <u>\$ 4,262,007</u> | <u>\$ 183,354,850</u> |
| Deposits and Investments: | | | |
| Bank deposits (checking accounts and certificates of deposit) | | | \$ 5,134,059 |
| Investments in securities, mutual funds and similar vehicles: | | | |
| Treasurer's investment pool | | | 56,985,359 |
| Employee retirement system | | | 118,082,163 |
| Retiree health insurance fund | | | 2,814,654 |
| Cash on hand | | | 30,126 |
| Net effect of funds with different fiscal year ends | | | <u>308,489</u> |
| Total | | | <u>\$ 183,354,850</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONTINUED

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2011, \$2,650,852 of the County's total bank balance of \$3,885,931 (total book balance was \$3,257,527) was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

Custodial Credit Risk - Investments

Following is a summary of the County's investments as of December 31, 2011:

| | |
|---------------|----------------------|
| U.S. Agencies | \$ 47,724,750 |
| Money Market | <u>9,260,609</u> |
| Total | <u>\$ 56,985,359</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, 2011, all of the County's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2011, 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 | 80.9% |
| Money Market | Comerica Bank | 6.5% |

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONTINUED

Bank Deposits and Treasurer's Investment Pool - Concluded

Interest Rate Risk

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

As of December 31, 2011, maturities of the County's debt securities were as follows:

| | <u>Fair Value</u> | <u>Investment maturities (fair value by years)</u> | | |
|---------------|----------------------|--|----------------------|----------------------|
| | | <u>Less than 1</u> | <u>1-5</u> | <u>6-15</u> |
| U.S. Agencies | <u>\$ 47,724,750</u> | <u>\$ 3,995,500</u> | <u>\$ 30,230,000</u> | <u>\$ 13,499,250</u> |

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

Employee Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2011:

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

| | |
|---|-----------------------|
| Equities domestic: | |
| Not on securities loan | \$ 29,060,099 |
| On securities loan | 3,675,588 |
| Index fund | 21,410,202 |
| Equities international | 22,880,278 |
| U.S. Treasuries | 2,713,863 |
| U.S. Agencies: | |
| Not on securities loan | 5,847,418 |
| Corporate securities domestic: | |
| Not on securities loan | 25,180,411 |
| On securities loan | 809,451 |
| Corporate collateralized mortgage obligations | 752,474 |
| Corporate securities international | 763,044 |
| Money market funds | <u>4,989,335</u> |
| | <u>\$ 118,082,163</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONTINUED

Employee Retirement System Investments - Continued

Credit Risk

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

Foreign Currency Risk

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

The Plan's exposure to foreign currency risk stated in US dollars as of December 31, 2011 was as follows:

| <u>Investment Type</u> | <u>Fair Value</u> |
|------------------------------------|----------------------|
| Equities international | \$ 22,880,278 |
| Corporate securities international | <u>763,044</u> |
| | <u>\$ 23,643,322</u> |

As of December 31, 2011, the System's investments in securities of U.S. agencies and corporate securities were rated by Standard & Poor's as follows:

| | |
|-----------|----------------------|
| AAA | \$ 1,925,710 |
| AA+ | 2,764,641 |
| AA | 427,881 |
| AA- | 1,381,225 |
| A+ | 2,472,807 |
| A | 2,515,538 |
| A- | 7,691,725 |
| BBB+ | 3,101,633 |
| BBB | 2,867,333 |
| BBB- | 2,357,313 |
| BB+ | 1,514,813 |
| BB | 459,225 |
| B+ | 256,219 |
| Not Rated | <u>6,330,598</u> |
| | <u>\$ 36,066,661</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONTINUED

Employee Retirement System Investments - Continued

Custodial Credit Risk

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

Concentration of Credit Risk

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

At December 31, 2011, the System's investment portfolio is concentrated as follows:

| <u>Investment Type</u> | <u>Issuer</u> | <u>% of Portfolio</u> |
|------------------------|--|-----------------------|
| U.S. Agencies | Federal National Mortgage Association | 2.5% |
| | Federal Home Loan Mortgage Corporation | 1.6% |

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, 2011, maturities of the System's debt securities were as follows:

| | <u>Fair Value</u> | <u>Investment maturities (fair value by years)</u> | | | |
|---|----------------------|--|----------------------|----------------------|---------------------|
| | | <u>Less than 1</u> | <u>1-5</u> | <u>6-15</u> | <u>More than 15</u> |
| U.S. Treasuries | \$ 2,861,066 | \$ 581,320 | \$ 1,506,184 | \$ 107,676 | \$ 665,886 |
| U.S. Agencies | 5,847,418 | 82,017 | 113,349 | 4,334,943 | 1,317,109 |
| Corporate Domestic and International Bonds | 26,605,703 | 1,242,726 | 10,445,325 | 11,119,531 | 3,798,121 |
| Corporate Collateralized Mortgage Obligations | 752,474 | - | - | - | 752,474 |
| Total Debt Securities | \$ 36,066,661 | \$ 1,906,063 | \$ 12,064,858 | \$ 15,562,150 | \$ 6,533,590 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONTINUED

Employee Retirement System Investments - Concluded

Securities Lending

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

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

Retiree's Health Insurance Fund

Custodial Credit Risk

The Fund's investments are held in third-party safekeeping by a designated institution and that safekeeping agency follows the procedure of delivery vs. payment. Following is a summary of the Fund's investments as of December 31, 2011:

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

| | |
|------------------------|---------------------|
| Equities domestic | \$ 1,466,389 |
| Equities international | 395,927 |
| U.S. Treasuries | 133,077 |
| U.S. Agencies | 54,429 |
| Corporate bonds | 711,068 |
| Money market | 53,764 |
| | <u>53,764</u> |
| | <u>\$ 2,814,654</u> |

Credit Risk

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONTINUED

Retiree's Health Insurance Fund - Continued

Credit Risk - Concluded

As of December 31, 2011, the Fund's investments in securities of U.S. instruments and in corporate securities were rated by Standard and Poor's as follows:

| | |
|-----------|-------------------|
| AAA | \$ 187,506 |
| AAA- | 2,015 |
| AA+ | 11,516 |
| AA | 5,971 |
| AA- | 35,012 |
| A+ | 46,777 |
| A | 65,287 |
| A- | 129,411 |
| BBB+ | 41,125 |
| BBB | 63,823 |
| BBB- | 86,494 |
| BB+ | 43,506 |
| BB | 16,569 |
| BB- | 19,805 |
| B+ | 15,844 |
| B | 5,594 |
| CCC+ | 3,688 |
| CCC+ | 16,800 |
| Not Rated | 101,831 |
| | <u>\$ 898,574</u> |

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, 2011, concentrations in securities of any one issuer greater than 5% of investment fair value were as follows:

| <u>Investment Type</u> | <u>Issuer</u> | <u>% of Portfolio</u> |
|------------------------|--|-----------------------|
| U.S. Treasuries | Treasury Notes | 4.7% |
| U.S. Agencies | Federal Home Loan Mortgage Corporation | 1.3% |
| Corporate Bonds | Sunpower | 1.1% |

Interest Rate Risk

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

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE B: CASH AND INVESTMENTS - CONCLUDED

Retiree's Health Insurance Fund - Concluded

Interest Rate Risk - Concluded

As of December 31, 2011, maturities of the Fund's debt securities were as follows:

| | <u>Investment maturities (fair value by years)</u> | | | | |
|--------------------------|--|--------------------|-------------------|-------------------|---------------------|
| | <u>Fair Value</u> | <u>Less than 1</u> | <u>1-5</u> | <u>6-15</u> | <u>More than 15</u> |
| U.S. Treasuries | \$ 133,077 | \$ 33,594 | \$ 39,315 | \$ 60,168 | \$ - |
| U.S. Agencies | 54,429 | 17,459 | 36,970 | - | - |
| Corporate Domestic Bonds | 678,645 | 51,874 | 434,169 | 49,071 | 143,531 |
| International Bonds | <u>32,423</u> | <u>5,332</u> | <u>-</u> | <u>27,091</u> | <u>-</u> |
| Total Debt Securities | <u>\$ 898,574</u> | <u>\$ 108,259</u> | <u>\$ 510,454</u> | <u>\$ 136,330</u> | <u>\$ 143,531</u> |

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

NOTE C: RECEIVABLES AND DEFERRED REVENUE

Receivables in the governmental activities are composed of the following:

| | |
|-------------------|----------------------|
| Property taxes | \$ 5,242,849 |
| Other: | |
| Accounts | 2,184,591 |
| Interest | 146,767 |
| Intergovernmental | <u>7,030,019</u> |
| | <u>9,361,377</u> |
| Total | <u>\$ 14,604,226</u> |

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

| | |
|---------------------------------------|----------------------|
| Delinquent property taxes | \$ 8,625,848 |
| Due from other governmental units | 100,000 |
| Other: | |
| Accounts | 3,373,827 |
| Interest | 2,610,837 |
| Less: allowance for doubtful accounts | <u>(100,000)</u> |
| | <u>5,884,664</u> |
| Total | <u>\$ 14,610,512</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE C: RECEIVABLES AND DEFERRED REVENUE - CONCLUDED

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

| | <u>Unavailable</u> | <u>Unearned</u> |
|--|---------------------|---------------------|
| Property taxes receivable: | | |
| Medical Care Facility - Maintenance of Effort Fund | \$ - | \$ 600,000 |
| Jail Millage Fund | - | 1,945,000 |
| Nonmajor governmental funds | - | 992,000 |
| Federal stimulus energy grant | - | 33,138 |
| Long-term receivable - Building Authority Debt Service | 6,320,000 | - |
| Miscellaneous revenues received in advance of being earned | - | 28,000 |
| | <u>\$ 6,320,000</u> | <u>\$ 3,598,138</u> |

NOTE D: INTERFUND TRANSFERS

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

| <u>Fund</u> | <u>Transfer in</u> | <u>Transfer out</u> |
|---|----------------------|----------------------|
| General | \$ 4,515,983 | \$ 5,550,456 |
| Jail Millage | - | 2,137,000 |
| Medical Care Facility Maintenance of Effort | - | 401,394 |
| Building Authority Bonds | 837,000 | - |
| Delinquent Tax Revolving | 70,066 | 1,199,987 |
| Nonmajor Governmental Funds | 7,342,177 | 3,607,682 |
| Medical Care Facility | 288,343 | - |
| Resource Recovery | - | 104,775 |
| Internal Service Funds | - | 38,069 |
| Nonmajor Enterprise Funds | - | 2,599 |
| Adjustments for different fiscal year end: | - | 11,607 |
| | <u>\$ 13,053,569</u> | <u>\$ 13,053,569</u> |

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at December 31, 2011:

| | |
|--|---------------------|
| Due to General Fund from: | |
| Nonmajor governmental funds | <u>\$ 287,176</u> |
| Due to Delinquent Tax Revolving Fund from: | |
| Resource Recovery Fund | \$ 410,168 |
| Nonmajor enterprise funds | 923,753 |
| Nonmajor governmental funds | <u>201,711</u> |
| | <u>\$ 1,535,632</u> |
| Due to Component unit funds from: | |
| Component unit funds (Drainage Districts) | <u>\$ 136,051</u> |

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

The difference in the internal balances on the Statement of Net Assets (\$2,505) is related to the different year ends between the General Fund and Friend of the Court.

NOTE F: ADVANCES

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2011:

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

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

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

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE G: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

PRIMARY GOVERNMENT

| | Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 |
|---|-------------------------|--------------------|---------------------|--------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,817,012 | \$ - | \$ - | \$ 1,817,012 |
| Construction in progress | <u>775,209</u> | <u>36,163</u> | <u>(534,491)</u> | <u>276,881</u> |
| Subtotal | 2,592,221 | 36,163 | (534,491) | 2,093,893 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 42,200,789 | 1,760,959 | - | 43,961,748 |
| Equipment and furniture | 10,337,533 | 271,774 | - | 10,609,307 |
| Vehicles | <u>2,214,373</u> | <u>203,489</u> | <u>-</u> | <u>2,417,862</u> |
| Total capital assets being depreciated | 54,752,695 | 2,236,222 | -0- | 56,988,917 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (20,801,050) | (1,500,584) | - | (22,301,634) |
| Equipment and furniture | (8,863,646) | (563,430) | - | (9,427,076) |
| Vehicles | <u>(1,999,999)</u> | <u>(211,758)</u> | <u>-</u> | <u>(2,211,757)</u> |
| Total accumulated depreciation | <u>(31,664,695)</u> | <u>(2,275,772)</u> | <u>-0-</u> | <u>(33,940,467)</u> |
| Total capital assets being depreciated, net | <u>23,088,000</u> | <u>(39,550)</u> | <u>-0-</u> | <u>23,048,450</u> |
| Governmental activities capital assets, net | <u>\$ 25,680,221</u> | <u>\$ (3,387)</u> | <u>\$ (534,491)</u> | <u>\$ 25,142,343</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|-------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 794,449 |
| Public safety | 818,873 |
| Health and welfare | 321,236 |
| Recreational and culture | <u>341,214</u> |
| Total governmental activities | <u>\$ 2,275,772</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE G: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

| | Restated Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 |
|--|-------------------------------------|-----------------------|---------------------|--------------------------|
| Business-type Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 48,832 | \$ - | \$ - | \$ 48,832 |
| Construction in progress | - | 145,864 | - | 145,864 |
| Total capital assets not being depreciated | 48,832 | 145,864 | -0- | 194,696 |
| Capital assets being depreciated | | | | |
| Land improvements | 65,192 | - | - | 65,192 |
| Buildings and improvements | 40,466,583 | 253,097 | - | 40,719,680 |
| Equipment and furniture | 14,126,192 | 138,581 | - | 14,264,773 |
| Vehicles | 113,357 | 32,004 | - | 145,361 |
| Total capital assets being depreciated | 54,771,324 | 423,682 | -0- | 55,195,006 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (65,192) | - | - | (65,192) |
| Buildings and improvements | (15,930,514) | (1,469,966) | - | (17,400,480) |
| Equipment and furniture | (8,529,062) | (376,240) | - | (8,905,302) |
| Vehicles | (69,680) | (11,460) | - | (81,140) |
| Total accumulated depreciation | (24,594,448) | (1,857,666) | -0- | (26,452,114) |
| Total capital assets | 30,176,876 | (1,433,984) | -0- | 28,742,892 |
| Business-type activities | <u>\$ 30,225,708</u> | <u>\$ (1,288,120)</u> | <u>\$ -0-</u> | <u>\$ 28,937,588</u> |
| Business-type activities | | | | |
| Medical Care Facility | | | \$ 567,989 | |
| Delinquent Tax Revolving Fund | | | 1,624 | |
| Resource Recovery | | | <u>1,288,053</u> | |
| Total business-type activities | | | <u>\$ 1,857,666</u> | |

DISCRETELY PRESENTED COMPONENT UNITS

| | Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 |
|--|-------------------------|---------------------|---------------|--------------------------|
| Component Unit - Drainage Districts | | | | |
| Capital assets being depreciated | | | | |
| Infrastructure - drains | \$ 12,242,656 | \$ - | \$ - | \$ 12,242,656 |
| Less accumulated depreciation for: | | | | |
| Infrastructure - drains | (8,280,181) | (164,000) | - | (8,444,181) |
| Drainage districts | <u>\$ 3,962,475</u> | <u>\$ (164,000)</u> | <u>\$ -0-</u> | <u>\$ 3,798,475</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE G: CAPITAL ASSETS - CONCLUDED

DISCRETELY PRESENTED COMPONENT UNITS - CONCLUDED

| | Restated Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 |
|---|-------------------------------------|-------------------|--------------------|--------------------------|
| Component Unit - Road Commission | | | | |
| Capital assets not being depreciated | | | | |
| Land and land improvements | \$ 1,029,834 | \$ - | \$ - | \$ 1,029,834 |
| Land - infrastructure | 15,858,615 | 16,870 | - | 15,875,485 |
| Subtotal | 16,888,449 | 16,870 | -0- | 16,905,319 |
| Capital assets being depreciated/depleted | | | | |
| Buildings and improvements | 6,172,942 | - | - | 6,172,942 |
| Equipment | 14,562,374 | 827,159 | (305,900) | 15,083,633 |
| Gravel pits | 548,074 | - | - | 548,074 |
| Infrastructure - Roads | 87,734,354 | 4,301,618 | (7,138,785) | 84,897,187 |
| Total | 109,017,744 | 5,128,777 | (7,444,685) | 106,701,836 |
| Less accumulated depreciation/depletion: | | | | |
| Buildings and improvements | (4,840,382) | (135,079) | - | (4,975,461) |
| Equipment | (13,395,710) | (629,183) | 271,911 | (13,752,982) |
| Gravel pits | (147,019) | - | - | (147,019) |
| Infrastructure - Roads | (38,210,400) | (3,903,135) | 7,138,785 | (34,974,750) |
| Total | (56,593,511) | (4,667,397) | 7,410,696 | (53,850,212) |
| Net capital assets being depreciated | 52,424,233 | 461,380 | (33,989) | 52,851,624 |
| Total Net Capital Assets | <u>\$ 69,312,682</u> | <u>\$ 478,250</u> | <u>\$ (33,989)</u> | <u>\$ 69,756,943</u> |

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2011:

PRIMARY GOVERNMENT

| | Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 | Amounts Due Within One Year |
|--------------------------------|-------------------------|-----------|-------------|--------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Series 1999A G.O. Bonds | \$ 575,000 | \$ - | \$ (50,000) | \$ 525,000 | \$ 50,000 |
| Series 2002 G.O. Bonds | 450,000 | - | (450,000) | -0- | - |
| Series 2006 G.O. Bonds | 6,070,000 | - | (275,000) | 5,795,000 | 275,000 |
| 2010 Refunding bonds | 10,100,000 | - | (130,000) | 9,970,000 | 570,000 |
| Compensated absences | 1,322,111 | 3,264,239 | (3,285,790) | 1,300,560 | 1,300,560 |
| Total Governmental Activities | 18,517,111 | 3,264,239 | (4,190,790) | 17,590,560 | 2,195,560 |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

| | Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 | Amounts Due Within One Year |
|---------------------------------------|-------------------------|---------------------|-----------------------|--------------------------|-----------------------------------|
| Business-type Activities | | | | | |
| 2005 Revenue Refunding Bonds | \$ 2,155,000 | \$ - | \$ (830,000) | \$ 1,325,000 | \$ 915,000 |
| Unlimited Tax G.O. Refunding Bonds | 2,290,000 | - | (920,000) | 1,370,000 | 875,000 |
| Series 2005 Refunding Bonds | 13,565,000 | - | (520,000) | 13,045,000 | 515,000 |
| Less deferred amount on refunding | (742,310) | | 38,396 | (703,914) | |
| Compensated absences | 384,118 | 59,548 | (36,580) | 407,086 | 407,086 |
| Total Business-type Activities | 17,651,808 | 59,548 | (2,268,184) | 15,443,172 | 2,712,086 |
| TOTAL PRIMARY GOVERNMENT | \$ 36,168,919 | \$ 3,323,787 | \$ (6,458,974) | \$ 33,033,732 | \$ 4,907,646 |

COMPONENT UNITS

| | | | | | |
|------------------------------------|-------------------|------------|--------------------|-------------------|------------------|
| Road Commission | | | | | |
| Building Improvement Lease | \$ 168,121 | \$ - | \$ (21,616) | \$ 146,505 | \$ 26,637 |
| Building Improvement Lease | 28,571 | - | (7,253) | 21,318 | 4,112 |
| Road Equipment Lease | 213,815 | - | (213,815) | -0- | - |
| Compensated absences | 300,913 | - | (11,166) | 289,747 | 25,000 |
| Total Road Commission | 711,420 | -0- | (253,850) | 457,570 | 55,749 |
| Board of Public Works | | | | | |
| General Obligation Bonds | | | | | |
| 2002 Village of Parma | 1,375,000 | - | (100,000) | 1,275,000 | 100,000 |
| Revolving Loan Fund | | | | | |
| Village of Parma | 730,000 | - | (55,000) | 675,000 | 55,000 |
| 2003 Vineyard Lake Section | 4,500,000 | - | (300,000) | 4,200,000 | 300,000 |
| 2002B Grass Lake Section | 380,000 | - | (25,000) | 355,000 | 25,000 |
| Revolving Loan Fund | | | | | |
| Village of Grass Lake | 1,590,000 | - | (105,000) | 1,485,000 | 105,000 |
| 2005 Round/Farwell Lakes Section | 2,700,000 | - | (225,000) | 2,475,000 | 225,000 |
| 2005 Southern Regional | | | | | |
| Interceptor Section | 4,325,000 | - | (150,000) | 4,175,000 | 175,000 |
| 2008 Rives Sanitary Sewer | 1,045,000 | - | (15,000) | 1,030,000 | 15,000 |
| 2008 Parma Village | 2,731,598 | - | (110,000) | 2,621,598 | 110,000 |
| Total Board of Public Works | 19,376,598 | -0- | (1,085,000) | 18,291,598 | 1,110,000 |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNITS - CONCLUDED

| | Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 | Amounts Due Within One Year |
|--|-------------------------|---------------------|-----------------------|--------------------------|-----------------------------------|
| Drainage Districts | | | | | |
| Special Assessment Bonds | | | | | |
| 1994 Clark Lake | \$ 305,000 | \$ - | \$ - | \$ 305,000 | \$ 155,000 |
| 1993 Village of Grass Lake | 625,000 | - | (150,000) | 475,000 | 155,000 |
| 2002 Clark Lake Refunding | 505,000 | - | (505,000) | -0- | - |
| 1997 Village of Brooklyn | 775,000 | - | (100,000) | 675,000 | 125,000 |
| 2001 Napoleon Township | 750,000 | - | (75,000) | 675,000 | 75,000 |
| 2004 Lake Columbia | 8,500,000 | - | (550,000) | 7,950,000 | 550,000 |
| 2005 Spring Arbor Township | 380,000 | - | (25,000) | 355,000 | 25,000 |
| 2006 Wolf Lake Refunding | 2,335,000 | - | (270,000) | 2,065,000 | 265,000 |
| Total Special Assessment Bonds | 14,175,000 | -0- | (1,675,000) | 12,500,000 | 1,350,000 |
| Notes payable | | | | | |
| Otter Creek and East Branch Intercounty Drain | 48,000 | - | (48,000) | -0- | - |
| Total Drainage Districts | 14,223,000 | -0- | (1,723,000) | 12,500,000 | 1,350,000 |
| TOTAL COMPONENT UNITS | 34,311,018 | -0- | (3,061,850) | 31,249,168 | 2,515,749 |
| TOTAL REPORTING ENTITY | <u>\$ 70,479,937</u> | <u>\$ 3,323,787</u> | <u>\$ (9,520,824)</u> | <u>\$ 64,282,900</u> | <u>\$ 7,423,395</u> |

PRIMARY GOVERNMENT

General Long-Term Debt Bonds

Bonds payable at December 31, 2011, were as follows:

| | |
|--|---------------------|
| \$950,000 1999A Building Authority Serial Bonds, due in annual installments of \$50,000 to \$75,000 through 2019, with interest at 5.4 to 6.0 percent. Purpose - financing Lifeways building. | \$ 525,000 |
| \$7,045,000 2006 Building Authority Serial Bonds, due in annual installments of \$275,000 to \$520,000 through 2026, with interest at 4.75 to 5.00 percent. Purpose - financing Lifeways building. | 5,795,000 |
| \$10,100,000 2010 Refunding Bonds, due in annual installments ranging from \$570,000 to \$1,145,000 through 2022, with an interest rate of 2.85 percent. Purpose - refinancing county jail building bonds. | <u>9,970,000</u> |
| | <u>\$16,290,000</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

Business-type Activities Long-Term Debt Bonds

| | |
|---|---------------------|
| \$6,300,000 2005 Resource and Energy Revenue Refunding Bonds, maturing serially to 2013 in annual amounts ranging from \$410,000 to \$915,000, with interest rates ranging from 3.50 to 3.75 percent. | \$ 1,325,000 |
| \$10,850,000 2005 Unlimited Tax General Obligation Refunding Bonds, maturing serially to 2013 in annual amounts ranging from \$495,000 to \$875,000, with interest rates ranging from 3.625 to 3.875 percent. | 1,370,000 |
| \$14,000,000 2005 Refunding Bonds, maturing serially in annual amounts ranging from \$85,000 to \$885,000, with interest rates ranging from 3.150 to 5.125 percent. This debt is being serviced by the Medical Care Facility. | <u>13,045,000</u> |
| | <u>\$15,740,000</u> |

Advance Refunding - Prior

On March 1, 2005, the County issued \$6,300,000 in Revenue Refunding Bonds, with an average rate of 3.23% to advance refund \$6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was \$1,485,000 at December 31, 2011.

On January 1, 2005, the County issued \$10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund \$10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$1,545,000 at December 31, 2011.

On May 1, 2005, the County issued \$14,000,000 in Refunding Bonds with interest ranging from 3.150% to 5.125% to advance refund \$12,900,000 of outstanding 2000 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$12,475,000 at December 31, 2011.

On November 1, 2010, the County issued \$10,100,000 in Refunding Bonds with an average interest rate of 2.850% to advance refund \$10,075,000 of outstanding 2002 Series Long-Term General Obligation Bonds. The balance of the defeased bonds outstanding was \$9,625,000 at December 31, 2011.

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$1,300,560 for governmental activities and \$407,086 for business-type activities for vacation and sick at December 31, 2011. These amounts have been recorded as current liabilities. Compensated absences are normally liquidated by the fund in which the individual employees are budgeted.

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - ROAD COMMISSION

Capital Leases

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

| | |
|--|-------------------|
| \$266,372 Building improvements capital lease payable, maturing serially in quarterly installments of \$9,490, including interest at a rate of 7.84 percent. | \$ 146,505 |
| \$39,518 Building improvements capital lease payable, maturing serially in quarterly installments of \$1,463, including interest at a rate of 4.85 percent. | <u>21,318</u> |
| | <u>\$ 167,823</u> |

Compensated Absences

In accordance with County Road Commission policies, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave and compensatory time under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$289,747 at December 31, 2011.

COMPONENT UNIT - BOARD OF PUBLIC WORKS

Water Supply and Sewage Disposal System Bonds

| | |
|--|--------------|
| \$1,800,000 Village of Parma 2002 Water Supply Facilities Bonds, maturing in annual amounts ranging from \$100,000 to \$150,000 through 2021 at an interest rate ranging from 3.30 to 5.50 percent. | \$ 1,275,000 |
| \$1,110,000 State Drinking Water Revolving Loan Funds - Village of Parma, maturing in annual amounts ranging from \$55,000 to \$70,000 through 2022 at an interest rate of 2.50 percent. | 675,000 |
| \$6,100,000 Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 Bonds, maturing in annual amounts ranging from \$300,000 to \$375,000 through 2023 at an interest rate ranging from 3.25 to 4.5 percent. | 4,200,000 |
| \$565,000 Jackson County Water Supply Facility Grass Lake Area Section Series 2002B Bonds, maturing in annual amounts ranging from \$25,000 to \$50,000 through 2022 at an interest rate ranging from 4.15 to 6.00 percent. | 355,000 |
| \$2,255,000 State Drinking Water Revolving Loan Funds - Village of Grass Lake, maturing in annual amounts ranging from \$105,000 to \$140,000 through 2023 at an annual interest rate of 2.5 percent. | 1,485,000 |
| \$3,900,000 Jackson County Wastewater Disposal Facility Round/Farwell Lakes Area Section Bonds, Series 2005, maturing in annual amounts of \$225,000 through 2022 at an interest rate ranging from 3.25 to 4.0 percent. | 2,475,000 |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - BOARD OF PUBLIC WORKS - CONCLUDED

Water Supply and Sewage Disposal System Bonds - Concluded

| | |
|--|---------------------|
| \$4,600,000 Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section Bonds, Series 2005, maturing in annual amounts ranging from \$175,000 to \$425,000 through 2025 at an interest rate ranging from 4.25 to 4.50 percent. | \$ 4,175,000 |
| \$1,075,000 Jackson County Wastewater Disposal Rives Township Sewer System Section Bonds, Series 2008, maturing in annual amounts ranging from \$15,000 to \$40,000 through 2047 at an interest rate of 4.125 percent. | 1,030,000 |
| \$2,780,000 Jackson County Wastewater Disposal Facility Section Bonds, Series 2008, maturing in annual amounts ranging from \$110,000 to \$170,000 through 2030 at an interest rate of 2.50 percent. | <u>2,621,598</u> |
| | <u>\$18,291,598</u> |

COMPONENT UNIT - DRAINAGE DISTRICTS

Special Assessment Debt

Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Jackson County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Jackson. Special assessment debts currently outstanding are as follows at December 31, 2011:

Drain Special Assessment Bonds

| | |
|---|------------|
| \$7,875,000 Clark Lake 1994 Waste Water Disposal System Bonds (partial refunding in 2002), maturing in annual amounts of \$155,000 and \$150,000 in 2012 and 2013 at 3.0 percent interest. | \$ 305,000 |
| \$2,700,000 Village of Grass Lake 1993 Sanitary Sewage Disposal System Bonds, maturing serially in annual amounts ranging from \$155,000 to \$160,000 through 2014 at an interest rate of 2.0 percent. | 475,000 |
| \$1,550,000 Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$125,000 to \$150,000 through 2016 at an interest rate of 5.00 percent. | 675,000 |
| \$1,125,000 Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds, maturing serially in annual installments of \$75,000 through 2020 at an interest rate ranging from 4.30 to 5.00 percent. | 675,000 |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONCLUDED

Drain Special Assessment Bonds - Concluded

| | |
|---|---------------------|
| \$11,000,000 Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$550,000 to \$700,000 through 2024 at an interest rate ranging from 3.75 to 4.75 percent. | \$ 7,950,000 |
| \$480,000 Spring Arbor Township 2005 Water Supply Facilities Limited Tax General Obligation Bonds, maturing serially in annual amounts ranging from \$25,000 to \$30,000 through 2025 at an interest rate ranging from 3.70 to 4.75 percent. | 355,000 |
| \$2,335,000 Wolf Lake 2006 Waste Water Disposal System Refunding Bonds, maturing serially in annual amounts ranging from \$250,000 to \$265,000 through 2019 at an interest rate ranging from 3.75 to 4.00 percent. | <u>2,065,000</u> |
| | <u>\$12,500,000</u> |

Advance Refunding - Prior

During 2006, the Drain Commission issued \$2,335,000 of Wolf Lake 2006 Refunding Bonds with interest rates ranging from 3.75 to 4.00 percent to advance refund \$2,300,000 of outstanding Wolf Lake 2000 Waste Water Disposal System Bonds. The balance of the defeased bonds outstanding was \$2,300,000 at December 31, 2011.

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

| Year Ending December 31, | Governmental Activities | | Business-type Activities | |
|-----------------------------|-------------------------|---------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2012 | \$ 895,000 | \$ 598,733 | \$ 2,305,000 | \$ 630,962 |
| 2013 | 1,040,000 | 566,588 | 1,460,000 | 567,520 |
| 2014 | 1,085,000 | 529,785 | 550,000 | 521,177 |
| 2015 | 1,260,000 | 490,963 | 595,000 | 502,173 |
| 2016 | 1,325,000 | 446,590 | 590,000 | 478,473 |
| 2017-2021 | 7,170,000 | 1,506,043 | 3,300,000 | 1,997,395 |
| 2022-2026 | 3,515,000 | 40,133 | 3,635,000 | 1,248,263 |
| 2027-2030 | - | - | 3,305,000 | 344,109 |
| | <u>\$ 16,290,000</u> | <u>\$ 4,178,835</u> | <u>\$ 15,740,000</u> | <u>\$ 6,290,072</u> |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE H: LONG-TERM DEBT - CONCLUDED

| Year Ending December 31, | Component Units | | | |
|-----------------------------|--|---------------------|-------------------|------------------|
| | Board of Public Works Water and Sewer Bonds | | Road Commission | |
| | Principal | Interest | Principal | Interest |
| 2012 | \$ 1,110,000 | \$ 663,050 | \$ 30,749 | \$ 11,954 |
| 2013 | 1,145,000 | 625,363 | 31,083 | 9,390 |
| 2014 | 1,250,000 | 584,219 | 31,444 | 6,622 |
| 2015 | 1,290,000 | 538,778 | 31,833 | 3,631 |
| 2016 | 1,300,000 | 491,147 | 29,394 | 619 |
| 2017-2021 | 7,055,000 | 1,691,347 | 13,320 | - |
| 2022-2026 | 3,805,000 | 494,658 | - | - |
| 2027-2031 | 766,598 | 150,534 | - | - |
| 2032-2036 | 155,000 | 101,991 | - | - |
| 2037-2041 | 175,000 | 67,547 | - | - |
| 2042-2046 | 200,000 | 28,875 | - | - |
| 2047 | 40,000 | 825 | - | - |
| | <u>\$ 18,291,598</u> | <u>\$ 5,438,334</u> | <u>\$ 167,823</u> | <u>\$ 32,216</u> |

| Year Ending December 31, | Drainage Districts Bonds Payable | |
|-----------------------------|-------------------------------------|---------------------|
| | Principal | Interest |
| 2012 | \$ 1,350,000 | \$ 503,150 |
| 2013 | 1,345,000 | 453,344 |
| 2014 | 1,190,000 | 405,506 |
| 2015 | 1,050,000 | 360,013 |
| 2016 | 1,120,000 | 315,563 |
| 2017-2021 | 4,290,000 | 953,819 |
| 2022-2025 | 2,155,000 | 157,894 |
| | <u>\$ 12,500,000</u> | <u>\$ 3,149,289</u> |

NOTE I: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Plan Description - Concluded

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

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

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

Summary of Significant Policies

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

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

Plan Membership

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

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

Funding Policy

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Annual OPEB Cost and Net OPEB Obligation

For 2011, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

| | |
|--|----------------------------|
| Annual required contribution | \$ 4,915,394 |
| Interest on net OPEB obligation | 253,480 |
| Adjustment to annual required contribution | <u>(156,459)</u> |
| Annual OPEB cost (expense) | 5,012,415 |
| Contributions made | <u>(4,403,473)</u> |
| Increase in net OPEB obligation | 608,942 |
| Net OPEB obligation, beginning of year | <u>3,168,503</u> |
| Net OPEB obligation, end of year | <u><u>\$ 3,777,445</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009, was as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Actual Contributions</u> | <u>Percentage of OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------|-------------------------|-----------------------------|--|----------------------------|
| 12/31/09 | \$ 5,182,631 | \$ 3,797,969 | 73% | \$ 3,279,644 |
| 12/31/10 | 4,919,512 | 5,030,653 | 102% | 3,168,503 |
| 12/31/11 | 5,012,415 | 4,403,473 | 88% | 3,777,445 |

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

Schedule of Funding Progress

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

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I: OTHER POSTEMPLOYMENT BENEFITS - CONCLUDED

Financial Summary

Stand-alone financial statements have not been issued for the Retiree Health Plan. A summary of the financial position and results as of and for the year ended December 31, 2011 is as follows:

| | <u>Retiree Health</u> |
|---|-----------------------|
| ASSETS | |
| Pooled cash and investments | \$ 5,419 |
| Investments, at fair value | |
| Money market funds | 53,764 |
| U.S. Government Obligations | 187,506 |
| Domestic corporate bonds | 678,645 |
| Domestic stocks | 1,466,389 |
| International bonds | 32,423 |
| International stocks & ADR's | <u>395,927</u> |
| TOTAL ASSETS | 2,820,073 |
| LIABILITIES | |
| | <u>-</u> |
| NET ASSETS | |
| Held in trust for pension and employee benefits | <u>\$ 2,820,073</u> |
| ADDITIONS | |
| Investment income | |
| Net (decrease) in fair value of investments | \$ (134,236) |
| Interest and dividends | 66,060 |
| Less investment expense | <u>(28,798)</u> |
| Net investment (loss) | (96,974) |
| Contributions | |
| Other | <u>1,108,797</u> |
| TOTAL ADDITIONS | 1,011,823 |
| DEDUCTIONS | |
| Benefit payments | <u>2,068,539</u> |
| CHANGE IN NET ASSETS | (1,056,716) |
| Net assets, beginning of year | <u>3,876,789</u> |
| Net assets, end of year | <u>\$ 2,820,073</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Plan Membership

Membership in the Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

| | |
|---|---------------------|
| Retirees and beneficiaries receiving benefits | 688 |
| Terminated plan members entitled to, but not yet receiving benefits | 74 |
| Active plan members | <u>690</u> |
| Total | <u><u>1,452</u></u> |

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

Funding Policy

Employee Contributions

Eligible employees are required to contribute 2.50% to 7.85% of their annual compensation to the Plan. Such aggregate contributions amounted to \$1,904,614 for the year ended December 31, 2011.

The County made \$2,666,058 in contributions to the Plan during 2011.

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

Schedule of Funding Progress

| Valuation Date <u>December 31,</u> | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--|---------------------------------|--|---------------------------------|-----------------|--------------------|--|
| 2011 | \$ 124,714 | \$ 166,396 | \$ (41,682) | 75.0% | \$ 27,807 | 149.9% |

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

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

Three (3) Year Trend Information

| | Year Ended December 31, | | |
|-------------------------------|-------------------------|--------------|--------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Annual pension cost | \$ 1,964,353 | \$ 2,341,599 | \$ 2,666,058 |
| Percentage of APC contributed | 100 % | 100 % | 100 % |
| Net pension obligation | - | - | - |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONTINUED

Financial Summary

Stand-alone financial statements have not been issued for the Pension Plan. A summary of the financial position and results as of and for the year ended December 31, 2011 is as follows:

| | <u>Pension</u> |
|---|------------------------------|
| ASSETS | |
| Cash and pooled investments | \$ 306,056 |
| Investments, at fair value | |
| Money market funds | 4,989,335 |
| U.S. Government Obligations | 8,561,281 |
| Domestic corporate bonds | 25,989,862 |
| Corporate mortgage obligations | 752,474 |
| Domestic stocks | 32,735,687 |
| Index stock fund | 21,410,202 |
| International bonds | 763,044 |
| International stocks & ADR's | 22,880,278 |
| Accounts receivable | 570,980 |
| Prepays | 769,538 |
| Accrued interest receivable | <u>282,495</u> |
| TOTAL ASSETS | 120,011,232 |
| LIABILITIES | |
| Accounts payable | <u>247,486</u> |
| NET ASSETS | |
| Held in trust for pension and employee benefits | <u><u>\$ 119,763,746</u></u> |
| ADDITIONS | |
| Investment income | |
| Net (decrease) in fair value of investments | \$ (6,541,356) |
| Interest and dividends | 2,217,653 |
| Less investment expense | <u>(728,253)</u> |
| Net investment (loss) | (5,051,956) |
| Contributions | |
| Employee | 1,904,614 |
| Employer | <u>2,666,058</u> |
| Total contributions | <u>4,570,672</u> |
| TOTAL ADDITIONS | (481,284) |

Jackson County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE J: EMPLOYEE RETIREMENT SYSTEM AND PLAN - CONCLUDED

Financial Summary - Concluded

| | Pension |
|-------------------------------|----------------|
| DEDUCTIONS | |
| Benefit payments | \$ 10,147,551 |
| Refund of contributions | 407,280 |
| Administrative expenses | 251,000 |
| TOTAL DEDUCTIONS | 10,805,831 |
| CHANGE IN NET ASSETS | (11,287,115) |
| Net assets, beginning of year | 131,050,861 |
| Net assets, end of year | \$ 119,763,746 |

Defined Contribution Plan

Effective January 1, 2008, the County established a defined contribution plan administered by the Municipal Employees' Retirement System ("MERS") for substantially all new full time employees with employees fully vested after 5 years of service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employer contributions are a minimum of 1% of eligible compensation and a potential matching of 5% of the employee's contribution. The employees are required to contribute a minimum of 1% of eligible compensation up to a maximum of 12%. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. For the year ended December 31, 2011, the County and employees contributed \$124,924 and \$168,074, respectively, to this Plan.

NOTE K: RISK MANAGEMENT

Risk Management/Self-Insurance Programs

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE K: RISK MANAGEMENT - CONTINUED

Risk Management/Self-Insurance Programs - Concluded

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, 2011, the balance of the County's member retention fund was \$41,851.

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

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

County of Jackson Self-Funded Managed Care Insurance

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

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2011 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, 2011. The change in the claims liability for 2011 and 2010 is as follows:

| | <u>2011</u> | <u>2010</u> |
|---|--------------------|--------------------|
| Claims liability at beginning of period | \$ 805,391 | \$ 809,182 |
| Claims and changes in estimates | 7,924,707 | 8,654,561 |
| Claims payments | <u>(7,962,763)</u> | <u>(8,658,352)</u> |
| Claims liability at end of the year | <u>\$ 767,335</u> | <u>\$ 805,391</u> |

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE K: RISK MANAGEMENT - CONCLUDED

County of Jackson Self-Funded Managed Care Insurance - Concluded

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>2011</u> | <u>2010</u> |
|------------------------------------|------------------|------------------|
| Unpaid claims, beginning of year | \$ 31,472 | \$ 42,712 |
| Incurred claims (including IBNR's) | 32,686 | 60,354 |
| Claim payments | <u>(45,132)</u> | <u>(71,594)</u> |
| Unpaid claims, end of year | <u>\$ 19,026</u> | <u>\$ 31,472</u> |

NOTE L: COMMITMENTS AND CONTINGENCIES

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

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

A summary of the more significant matters follow:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE

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

The taxable value of real and personal property for the July 1, 2011 levy was \$4.16 billion. The general operating tax rate for this levy was at the maximum rate of 5.1187 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.2473 mills for the Department on Aging, 0.4851 mills for the new County Jail Facility and 0.1398 mills for the Medical Care Facility.

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

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

The \$1,310,000 reported within the Resource Recovery Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2011 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. Included are estimated costs for groundwater monitoring, leachate hauling and disposal, and final cover monitoring in accordance with laws of the State of Michigan Department of Environmental Quality. The County closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations. Of the total amount \$95,000 has been recorded as a current liability.

The following is a summary of changes in this obligation for the year ended December 31, 2011:

| Balance Jan. 1, 2011 | Additions | Deletions | Balance Dec. 31, 2011 | Amounts Due Within One Year |
|-------------------------|-----------|-------------|--------------------------|-----------------------------------|
| \$ 1,395,000 | \$ - | \$ (85,000) | \$ 1,310,000 | \$ 95,000 |

NOTE O: RESTATEMENT OF FUND BALANCE/NET ASSETS

Beginning fund balance for the General Fund has been restated to reflect a change in accounting standards as a result of the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The General Fund's beginning fund balance was increased \$1,447,925 to account for this change in accounting standards while the nonmajor governmental funds fund balances were reduced \$1,447,925. Certain activities did not meet the definition of a Special Revenue Fund for external financial reporting purposes under GASB No. 54.

Beginning fund balance/net assets has been restated to correct understated receivable in the Child Care Fund resulting in an increase of fund balance/net assets by \$246,708.

Beginning fund balance/net assets has been restated by \$690,004 in the Brownfield Redevelopment Fund to reflect a change in classification for the offset to long-term receivables in a governmental fund from deferred revenue to nonspendable fund balance per GASB No. 54.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE P: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

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

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

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

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

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

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

Fund Balance Classification Policies and Procedures

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

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

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

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE P: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS - CONCLUDED

| | General Fund | Jail Millage Fund | Medical Care Facility Maintenance of Effort Fund | Building Authority Bonds | Nonmajor Governmental Funds | Total |
|---------------------------------------|----------------------|-------------------------|---|--------------------------------|-----------------------------------|----------------------|
| Fund Balances | | | | | | |
| Nonspendable | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ 165,144 | \$ 165,144 |
| Prepays | 52,202 | - | - | - | 185,650 | 237,852 |
| Advances | 824,130 | - | - | - | 71,475 | 895,605 |
| Preston endowment | - | - | - | - | 8,550 | 8,550 |
| Cemetery trust | - | - | - | - | 721 | 721 |
| Restricted | | | | | | |
| Jail millage fund | - | 440,547 | - | - | - | 440,547 |
| Medical care facility | - | - | 5,156,679 | - | - | 5,156,679 |
| Building authority bonds | - | - | - | 160,865 | - | 160,865 |
| Parks commission | - | - | - | - | 46,309 | 46,309 |
| Friend of the court | - | - | - | - | 4,281 | 4,281 |
| Sparks park renovation | - | - | - | - | 89,310 | 89,310 |
| Omnibus forfeitures | - | - | - | - | 725 | 725 |
| Prosecuting attorney drug enforcement | - | - | - | - | 37,633 | 37,633 |
| Drug enforcement | - | - | - | - | 89,366 | 89,366 |
| County law library | - | - | - | - | 5,339 | 5,339 |
| Michigan justice training | - | - | - | - | 30,470 | 30,470 |
| Social services | - | - | - | - | 124,571 | 124,571 |
| Veterans trust | - | - | - | - | 1 | 1 |
| Airport | - | - | - | - | 216 | 216 |
| Joint narcotics | - | - | - | - | 246,576 | 246,576 |
| Register of deeds automation | - | - | - | - | 397,992 | 397,992 |
| Airport runway project | - | - | - | - | 398,159 | 398,159 |
| Child care | - | - | - | - | 2,462,258 | 2,462,258 |
| Heath department | - | - | - | - | 1,962,269 | 1,962,269 |
| Department on aging millage | - | - | - | - | 552,102 | 552,102 |
| Falling waters trail | - | - | - | - | 255,273 | 255,273 |
| Fair | - | - | - | - | 28,231 | 28,231 |
| Equipment replacement | - | - | - | - | 560,617 | 560,617 |
| Sheriff Department Equipment | - | - | - | - | 1,163,740 | 1,163,740 |
| Public improvement and building | - | - | - | - | 2,765,726 | 2,765,726 |
| Department on aging endowment | - | - | - | - | 67,680 | 67,680 |
| Preston endowment | - | - | - | - | 101,139 | 101,139 |
| Cemetery trust | - | - | - | - | 2,351 | 2,351 |
| Committed | | | | | | |
| Budget Stabilization | 1,447,924 | - | - | - | - | 1,447,924 |
| Parks commission | - | - | - | - | 27,972 | 27,972 |
| Child care | - | - | - | - | 1,037,705 | 1,037,705 |
| Health department | - | - | - | - | 438,410 | 438,410 |
| Assigned | | | | | | |
| Future years expenditures | 830,299 | - | - | - | - | 830,299 |
| Unassigned | 12,965,088 | - | - | - | (2,753) | 12,962,335 |
| TOTAL FUND BALANCES | \$ 16,119,643 | \$ 440,547 | \$ 5,156,679 | \$ 160,865 | \$ 13,325,208 | \$ 35,202,942 |

Jackson County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE Q: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2011:

| | |
|---------------------------------------|----------------------|
| Primary Government | |
| Governmental Activities | |
| Public Safety | |
| Drug enforcement | \$ 89,366 |
| Michigan justice training | 30,470 |
| Joint narcotics | 246,576 |
| | <u>366,412</u> |
| | <u>\$ 366,412</u> |
| Capital Projects | |
| Equipment replacement | \$ 560,617 |
| Sheriff Department Equipment | 1,163,740 |
| Public improvement and building | 2,765,726 |
| | <u>4,490,083</u> |
| | <u>\$ 4,490,083</u> |
| Other | |
| Jail millage fund | \$ 440,547 |
| Medical care facility | 5,156,679 |
| Building authority bonds | 150,557 |
| Parks commission | 46,309 |
| Friend of the court | 4,281 |
| Omnibus forfeitures | 725 |
| Prosecuting attorney drug enforcement | 37,633 |
| Sparks park renovation | 89,310 |
| County law library | 5,339 |
| Social services | 124,571 |
| Veterans trust | 1 |
| Airport | 216 |
| Register of deeds automation | 469,467 |
| Airport runway project | 398,159 |
| Child care | 2,462,258 |
| Heath department | 1,962,269 |
| Department on aging millage | 552,102 |
| Falling waters trail | 255,273 |
| Fair | 28,231 |
| Department on aging endowment | 67,680 |
| Preston endowment | 109,689 |
| Cemetery trust | 3,072 |
| | <u>12,364,368</u> |
| | <u>\$ 12,364,368</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE R: UPCOMING ACCOUNTING PRONOUNCEMENTS

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

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the County's 2012 year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the County's 2012 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

REQUIRED SUPPLEMENTARY INFORMATION

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES

Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Current and delinquent property taxes | \$ 21,213,745 | \$ 21,166,745 | \$ 21,024,340 | \$ (142,405) |
| Payments in lieu of taxes | 60,000 | 60,000 | 62,228 | 2,228 |
| Mobile home park taxes | 23,000 | 23,000 | 22,677 | (323) |
| Total taxes | 21,296,745 | 21,249,745 | 21,109,245 | (140,500) |
| Licenses and permits | | | | |
| Dog licenses | 102,000 | 128,518 | 119,014 | (9,504) |
| Marriage license fees | 2,410 | 2,410 | 5,455 | 3,045 |
| Gun permits | 43,288 | 60,029 | 46,617 | (13,412) |
| Total licenses and permits | 147,698 | 190,957 | 171,086 | (19,871) |
| Intergovernmental | | | | |
| Cigarette tax | 1,626 | 1,626 | 3,040 | 1,414 |
| Liquor licenses | 690,287 | 732,987 | 734,703 | 1,716 |
| State court funding distribution | 1,050,000 | 894,365 | 938,365 | 44,000 |
| Child abuse and neglect | 50,729 | 50,729 | 12,909 | (37,820) |
| Crime victims rights | 101,000 | 101,000 | 101,000 | -0- |
| Remonumentation | 68,043 | 68,043 | 67,098 | (945) |
| Judges supplement | 583,650 | 583,650 | 574,076 | (9,574) |
| Road patrol | 206,000 | 206,000 | 187,604 | (18,396) |
| Marine safety grant | 59,000 | 59,000 | 56,106 | (2,894) |
| Community corrections board | 197,700 | 216,608 | 225,193 | 8,585 |
| Senior citizen programs | 216,306 | 224,159 | 229,186 | 5,027 |
| Senior citizen - home delivered meals | 413,000 | 404,000 | 400,320 | (3,680) |
| Senior citizen - congregate meals | 171,000 | 174,500 | 182,358 | 7,858 |
| Medicaid waiver | 216,130 | 211,130 | 237,579 | 26,449 |
| Circuit court reimbursement | 12,000 | 12,000 | 26,084 | 14,084 |
| District court reimbursement | 145,000 | 128,772 | 121,340 | (7,432) |
| Parole violators - county jail | 160,000 | 115,222 | 113,211 | (2,011) |
| Diverted felons - county jail | - | 157,468 | 169,303 | 11,835 |
| CRP Prosecuting Attorney | 196,628 | 196,628 | 195,492 | (1,136) |
| LAWNET narcotics | 48,105 | 48,105 | 38,630 | (9,475) |
| Emergency management | 25,290 | 25,290 | 32,712 | 7,422 |
| Police service contracts | 491,503 | 725,649 | 691,296 | (34,353) |
| Non-profit organizations - sheriff | 82,780 | 82,780 | 75,248 | (7,532) |
| Emergency dispatch | 91,000 | 88,500 | 90,901 | 2,401 |
| Respite care grant | 56,000 | 53,000 | 53,607 | 607 |
| Revenue sharing | 1,800,000 | 3,169,631 | 3,297,426 | 127,795 |
| Other grants | 124,550 | 116,146 | 113,687 | (2,459) |
| Total intergovernmental | 7,257,327 | 8,846,988 | 8,968,474 | 121,486 |

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES - CONCLUDED

Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|---------------|---------------|---|
| | Original | Final | | |
| REVENUES - CONCLUDED | | | | |
| Charges for services | | | | |
| District court costs | \$ 1,590,900 | \$ 1,246,988 | \$ 1,232,459 | \$ (14,529) |
| District court other | 1,399,000 | 1,347,838 | 1,328,269 | (19,569) |
| Probate court costs | 123,439 | 103,167 | 110,315 | 7,148 |
| Medical examiner | 52,500 | 65,500 | 65,622 | 122 |
| Prosecuting attorney | 850 | 850 | - | (850) |
| Treasurer | 8,500 | 8,500 | 6,262 | (2,238) |
| Clerk | 471,253 | 417,888 | 397,624 | (20,264) |
| Register of deeds | 527,080 | 527,820 | 532,155 | 4,335 |
| Geographic information systems | 104,000 | 114,000 | 114,645 | 645 |
| Sheriff department | 105,756 | 118,030 | 93,708 | (24,322) |
| Jail | 448,000 | 1,060,260 | 942,178 | (118,082) |
| Equalization | 24,000 | 29,000 | 41,006 | 12,006 |
| Animal control | 109,010 | 94,204 | 100,605 | 6,401 |
| Real estate transfer tax | 200,000 | 200,000 | 210,375 | 10,375 |
| Miscellaneous services | 4,500 | 37,875 | 33,073 | (4,802) |
| Total charges for services | 5,168,788 | 5,371,920 | 5,208,296 | (163,624) |
| Fines and forfeits | | | | |
| District court | 10,000 | 10,000 | 7,400 | (2,600) |
| Ordinance fines | 720,500 | 720,500 | 693,121 | (27,379) |
| Total fines and forfeits | 730,500 | 730,500 | 700,521 | (29,979) |
| Interest and rents | | | | |
| Investment earnings | 800,000 | 600,000 | 1,174,447 | 574,447 |
| Rental fees | 203,728 | 192,125 | 200,525 | 8,400 |
| Total interest and rents | 1,003,728 | 792,125 | 1,374,972 | 582,847 |
| Other | | | | |
| Reimbursements | 120,589 | 244,218 | 232,456 | (11,762) |
| Donations - general | 240,750 | 244,506 | 249,898 | 5,392 |
| Miscellaneous revenue | 91,401 | 131,434 | 148,726 | 17,292 |
| Total other | 452,740 | 620,158 | 631,080 | 10,922 |
| TOTAL REVENUES | 36,057,526 | 37,802,393 | 38,163,674 | 361,281 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 5,357,231 | 5,604,431 | 4,515,983 | (1,088,448) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 41,414,757 | \$ 43,406,824 | \$ 42,679,657 | \$ (727,167) |

Jackson County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| General government | | | | |
| Board of Commissioners | \$ 221,652 | \$ 221,652 | \$ 218,574 | \$ 3,078 |
| Administrator/controller | 308,557 | 311,925 | 309,529 | 2,396 |
| Human Resources | - | 331,017 | 330,734 | 283 |
| Elections | 139,763 | 156,552 | 129,115 | 27,437 |
| Clerk | 953,339 | 919,907 | 916,316 | 3,591 |
| Finance | 535,108 | 280,941 | 280,540 | 401 |
| Equalization | 512,101 | 489,117 | 484,984 | 4,133 |
| Geographic information system | 169,576 | 166,793 | 165,863 | 930 |
| Prosecuting attorney | 2,238,208 | 2,224,582 | 2,174,311 | 50,271 |
| Register of Deeds | 309,540 | 289,463 | 288,788 | 675 |
| Public defender | 1,178,182 | 1,182,711 | 1,116,873 | 65,838 |
| Remonumentation | 68,043 | 68,043 | 67,098 | 945 |
| Treasurer | 99,215 | 99,215 | 98,613 | 602 |
| MSU cooperative extension service | 335,358 | 238,192 | 231,210 | 6,982 |
| Information technology | 948,382 | 973,782 | 973,710 | 72 |
| Courthouse and grounds | 1,604,452 | 1,642,922 | 1,600,321 | 42,601 |
| Drain commissioner | 239,990 | 263,483 | 237,214 | 26,269 |
| Circuit court | 2,186,867 | 2,139,740 | 2,080,072 | 59,668 |
| District court - Circuit court probation | 3,414,607 | 3,257,124 | 3,233,172 | 23,952 |
| District court probation | 150,599 | 153,599 | 152,756 | 843 |
| Human services building | 313,737 | 319,955 | 318,855 | 1,100 |
| Jury board | 216,539 | 221,539 | 217,683 | 3,856 |
| Total general government | 16,143,815 | 15,952,254 | 15,626,331 | 325,923 |
| Public safety | | | | |
| Sheriff | 4,236,652 | 4,265,392 | 4,250,917 | 14,475 |
| Road patrol | 211,854 | 211,854 | 207,262 | 4,592 |
| Marine safety | 80,646 | 65,184 | 64,667 | 517 |
| Corrections | 202,200 | 225,213 | 215,309 | 9,904 |
| Emergency management | 171,445 | 171,445 | 166,880 | 4,565 |
| LAWNET | 225,576 | 225,576 | 222,274 | 3,302 |
| County jail | 5,817,755 | 6,081,401 | 6,067,869 | 13,532 |
| Youth grant | 118,280 | 159,154 | 156,612 | 2,542 |
| Dispatch | 1,385,106 | 1,270,357 | 1,266,913 | 3,444 |
| Animal control | 550,391 | 496,753 | 486,932 | 9,821 |
| Total public safety | 12,999,905 | 13,172,329 | 13,105,635 | 66,694 |
| Health and welfare | | | | |
| Medical examiner | 309,665 | 322,665 | 321,873 | 792 |
| Public health | 623,969 | 627,782 | 612,491 | 15,291 |
| Mental health services | 180,546 | 176,717 | 175,431 | 1,286 |
| Veteran's affairs | 154,632 | 154,632 | 146,129 | 8,503 |
| Home delivery meals - seniors | 1,019,204 | 1,037,924 | 1,030,512 | 7,412 |
| Congregate meals - seniors | 359,058 | 329,440 | 324,906 | 4,534 |
| Total health and welfare | 2,647,074 | 2,649,160 | 2,611,342 | 37,818 |

Jackson County, Michigan

General Fund

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

Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| EXPENDITURES - CONCLUDED | | | | |
| Community economic and development | | | | |
| Senior center | \$ 338,600 | \$ 343,331 | \$ 335,812 | \$ 7,519 |
| Recreation and culture | | | | |
| Summer youth programs | - | 10,000 | 9,227 | 773 |
| Other | | | | |
| Retirees benefits | 2,577,422 | 2,559,755 | 2,415,777 | 143,978 |
| Professional services | 146,000 | 167,710 | 163,545 | 4,165 |
| Accrued sick and vacation payoff | 100,000 | 206,000 | 156,004 | 49,996 |
| Contingency | 265,403 | 906,205 | - | 906,205 |
| Insurance and bonds | 725,000 | 798,119 | 773,019 | 25,100 |
| Other | 163,529 | 302,884 | 354,360 | (51,476) |
| Appropriations | | | | |
| General government | | | | |
| Regional planning | 55,340 | 55,340 | 55,340 | -0- |
| Soil conservation | 10,000 | 10,000 | 10,000 | -0- |
| Public safety | | | | |
| Jackson traffic safety program | 134,600 | 114,976 | 110,440 | 4,536 |
| Guardian | 35,000 | 35,000 | 35,000 | -0- |
| Public works | | | | |
| Transportation system | 100,000 | 100,000 | 100,000 | -0- |
| Health and welfare | | | | |
| Retired Citizen Volunteer Program | 7,500 | 7,500 | 7,500 | -0- |
| Region II aging commission | 11,814 | 11,814 | 11,814 | -0- |
| Substance abuse - liquor tax | 340,643 | 361,993 | 361,993 | -0- |
| Food system economic | 7,500 | 7,500 | 7,500 | -0- |
| Enterprise group | 100,000 | 100,000 | 100,000 | -0- |
| Total other | 4,779,751 | 5,744,796 | 4,662,292 | 1,082,504 |
| TOTAL EXPENDITURES | 36,909,145 | 37,871,870 | 36,350,639 | 1,521,231 |
| OTHER FINANCING USES | | | | |
| Transfers out | 4,505,614 | 5,534,956 | 5,550,456 | (15,500) |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 41,414,759</u> | <u>\$ 43,406,826</u> | <u>\$ 41,901,095</u> | <u>\$ 1,505,731</u> |

Jackson County, Michigan

Jail Millage Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | \$ 2,030,000 | \$ 2,030,000 | \$ 2,047,156 | \$ 17,156 |
| Interest | - | - | 6,966 | 6,966 |
| TOTAL REVENUES | 2,030,000 | 2,030,000 | 2,054,122 | 24,122 |
| OTHER FINANCING (USES) | | | | |
| Transfers out | (2,137,000) | (2,173,000) | (2,137,000) | 36,000 |
| NET CHANGE IN FUND BALANCE | (107,000) | (143,000) | (82,878) | 60,122 |
| Fund balance, beginning of year | 523,425 | 523,425 | 523,425 | -0- |
| Fund balance, end of year | <u>\$ 416,425</u> | <u>\$ 380,425</u> | <u>\$ 440,547</u> | <u>\$ 60,122</u> |

Jackson County, Michigan

Medical Care Facility Maintenance of Effort Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 600,000 | \$ 600,000 | \$ 586,134 | \$ (13,866) |
| Interest | - | 7,000 | 95,192 | 88,192 |
| TOTAL REVENUES | 600,000 | 607,000 | 681,326 | 74,326 |
| EXPENDITURES | | | | |
| Current | | | | |
| Health and welfare | 250,000 | 250,000 | 546,818 | (296,818) |
| EXCESS OF REVENUES OVER EXPENDITURES | 350,000 | 357,000 | 134,508 | (222,492) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 250,000 | 363,051 | - | (363,051) |
| Transfers out | (600,000) | (720,051) | (401,394) | 318,657 |
| TOTAL OTHER FINANCING SOURCES (USES) | (350,000) | (357,000) | (401,394) | (44,394) |
| NET CHANGE IN FUND BALANCE | -0- | -0- | (266,886) | (266,886) |
| Fund balance, beginning of year | 5,423,565 | 5,423,565 | 5,423,565 | -0- |
| Fund balance, end of year | \$ 5,423,565 | \$ 5,423,565 | \$ 5,156,679 | \$ (266,886) |

Jackson County, Michigan
SCHEDULES OF FUNDING PROGRESS
Year Ended December 31, 2011

Defined Benefit Pension Plan

(amounts in thousands)

| Valuation Date December 31, | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|-----------------------------------|---------------------------------|--|---------------------------------|-----------------|--------------------|--|
| 2011 | \$ 124,714 | \$ 166,396 | \$ (41,682) | 75.0% | \$ 27,807 | 149.9% |
| 2010 | 132,409 | 160,320 | (27,911) | 82.6% | 29,092 | 95.9% |
| 2009 | 134,978 | 152,937 | (17,959) | 88.3% | 31,553 | 56.9% |
| 2008 | 138,532 | 146,517 | (7,985) | 94.6% | 32,803 | 24.3% |
| 2007 | 144,465 | 140,898 | 3,567 | 102.5% | 32,298 | -% |
| 2006 | 137,122 | 135,894 | 1,228 | 100.9% | 30,779 | -% |

Other Post-employment Benefits Plan

| Valuation Date December 31, | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|-----------------------------------|---------------------------------|--|---------------------------------|-----------------|--------------------|--|
| 2010 | \$ 2,480,920 | \$ 67,732,142 | \$ (65,251,222) | 3.7% | \$ 19,916,698 | 327.6% |
| 2008 | 2,955,983 | 67,867,311 | (64,911,328) | 4.4% | 21,538,544 | 301.4% |
| 2006 | 4,256,725 | 70,170,573 | (65,913,848) | 6.1% | 22,842,590 | 288.6% |

Jackson County, Michigan

SCHEDULES OF EMPLOYER CONTRIBUTIONS

December 31, 2011

Defined Benefit Pension Plan

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

Other Post-employment Benefits Plan

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

Jackson County, Michigan

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2011

NOTE A: BUDGETARY INFORMATION

The general and special revenue funds are under formal approval budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consists only of those amounts contained in the formal budget approved and amended by the Board of Commissioners. The budgets are adopted at the activity level and control is exercised at that level. Supplemental budgetary appropriations were made during the year. Appropriations lapse at year end.

NOTE B: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

PRIMARY GOVERNMENT

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

During the year ended December 31, 2011, the County incurred expenditures in four (4) Special Revenue Funds and the General Fund in excess of the amounts appropriated as follows:

| | <u>Amounts Appropriated</u> | <u>Amounts Expended</u> | <u>Variance</u> |
|---|---------------------------------|-----------------------------|-----------------|
| General Fund | | | |
| Other | | | |
| Other | \$ 302,884 | \$ 354,360 | \$ (51,476) |
| Transfers out | 5,534,956 | 5,550,456 | (15,500) |
| Friend of the Court | | | |
| Capital outlay | - | 27,580 | (27,580) |
| Michigan Justice Training Fund | | | |
| Transfers out | 40,000 | 42,200 | (2,200) |
| Community Development Block Grant | | | |
| Transfers out | 10,000 | 10,327 | (327) |
| Medical Care Facility Maintenance of Effort | | | |
| Health and welfare | 250,000 | 546,818 | (296,818) |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2011

NOTE C: FUNDED STATUS AND FUNDING PROGRESS

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

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

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

Defined Benefit Pension Plan

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

Other Postemployment Benefit Plan

| | |
|-------------------------------|----------------------|
| Actuarial Valuation: | |
| Frequency | Biennial |
| Latest valuation date | 12/31/2010 |
| Actuarial cost method | Individual Entry Age |
| Amortization method | Level percent open |
| Remaining amortization period | 30 years |
| Asset valuation method | Normal cost |
| Actuarial assumptions: | |
| Investment rates of return | 8.0% |
| Healthcare cost trend rates | |
| Medical | 5.0% |
| Includes inflation at: | 5.0% |

OTHER SUPPLEMENTARY INFORMATION

Jackson County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET

December 31, 2011

| | Special | | | |
|--|---------------------|---------------------------|------------------------------|--------------------------------|
| | Parks Commission | Friend of the Court | Sparks Park Renovation | Omnibus Forfeitures Fund |
| ASSETS | | | | |
| Cash and pooled investments | \$ 84,855 | \$ 76,168 | \$ - | \$ 725 |
| Accounts receivable | - | 464,904 | 376,486 | - |
| Taxes receivable | - | - | - | - |
| Due from other governmental units | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Inventories | 105,133 | - | - | - |
| Prepays | - | - | - | - |
| TOTAL ASSETS | \$ 189,988 | \$ 541,072 | \$ 376,486 | \$ 725 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 1,223 | \$ - | \$ - |
| Accrued wages | 10,574 | 36,433 | - | - |
| Other accrued liabilities | - | - | - | - |
| Advances from other funds | - | 496,630 | - | - |
| Due to other governmental units - State | - | - | - | - |
| Due to other funds | - | 2,505 | 287,176 | - |
| Deferred revenue | - | - | - | - |
| TOTAL LIABILITIES | 10,574 | 536,791 | 287,176 | -0- |
| FUND BALANCES | | | | |
| Nonspendable | 105,133 | - | - | - |
| Restricted | 46,309 | 4,281 | 89,310 | 725 |
| Committed | 27,972 | - | - | - |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCES | 179,414 | 4,281 | 89,310 | 725 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 189,988 | \$ 541,072 | \$ 376,486 | \$ 725 |

Revenue

| Prosecuting Attorney Drug Enforcement Fund | Drug Enforcement Fund | County Law Library | Michigan Justice Training Fund | Social Services Fund |
|---|-----------------------------|--------------------------|---|----------------------------|
| \$ 37,633 | \$ 89,366 | \$ 5,339 | \$ 30,470 | \$ 167,571 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 2,400 | - |
| <u>\$ 37,633</u> | <u>\$ 89,366</u> | <u>\$ 5,339</u> | <u>\$ 32,870</u> | <u>\$ 167,571</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 43,000 |
| - | - | - | - | - |
| - | - | - | - | - |
| -0- | -0- | -0- | -0- | 43,000 |
| - | - | - | 2,400 | - |
| 37,633 | 89,366 | 5,339 | 30,470 | 124,571 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>37,633</u> | <u>89,366</u> | <u>5,339</u> | <u>32,870</u> | <u>124,571</u> |
| <u>\$ 37,633</u> | <u>\$ 89,366</u> | <u>\$ 5,339</u> | <u>\$ 32,870</u> | <u>\$ 167,571</u> |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2011

| | Special | | | |
|--|---------------------------|------------------|----------------------------|--|
| | Veterans Trust Fund | Airport Fund | Joint Narcotics Fund | Community Development Block Grant |
| ASSETS | | | | |
| Cash and pooled investments | \$ 1,749 | \$ 15,364 | \$ 248,774 | \$ 1,867 |
| Accounts receivable | - | - | - | - |
| Taxes Receivable | - | - | - | - |
| Due from other governmental units | - | - | - | 25,502 |
| Advances to other funds | - | - | - | - |
| Inventories | - | - | - | - |
| Prepays | - | - | - | - |
| TOTAL ASSETS | \$ 1,749 | \$ 15,364 | \$ 248,774 | \$ 27,369 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,748 | \$ 8,479 | \$ 2,198 | \$ 27,369 |
| Accrued wages | - | 6,369 | - | - |
| Other accrued liabilities | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Due to other governmental units - State | - | - | - | - |
| Due to other funds | - | - | - | - |
| Deferred revenue | - | 300 | - | - |
| TOTAL LIABILITIES | 1,748 | 15,148 | 2,198 | 27,369 |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 1 | 216 | 246,576 | - |
| Committed | - | - | - | - |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCES | 1 | 216 | 246,576 | -0- |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,749 | \$ 15,364 | \$ 248,774 | \$ 27,369 |

| Revenue | | | | |
|-----------------------------------|-----------------------------|---------------------|------------------|------------------------|
| Register of Deeds Automation Fund | Airport Runway Project Fund | Child Care Fund | Golf Courses | Health Department Fund |
| \$ 397,992 | \$ 425,463 | \$ 3,276,442 | \$ 1,165 | \$ 2,618,311 |
| - | - | 260,177 | - | 71,296 |
| - | - | - | - | - |
| - | - | 50,335 | - | - |
| 71,475 | - | - | - | - |
| - | - | - | 60,011 | - |
| - | - | - | - | - |
| <u>\$ 469,467</u> | <u>\$ 425,463</u> | <u>\$ 3,586,954</u> | <u>\$ 61,176</u> | <u>\$ 2,689,607</u> |
| \$ - | \$ 27,304 | \$ 21,486 | \$ - | \$ 208,138 |
| - | - | 65,505 | 3,918 | 48,760 |
| - | - | - | - | 32,030 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| -0- | 27,304 | 86,991 | 3,918 | 288,928 |
| 71,475 | - | - | 60,011 | - |
| 397,992 | 398,159 | 2,462,258 | - | 1,962,269 |
| - | - | 1,037,705 | - | 438,410 |
| - | - | - | (2,753) | - |
| <u>469,467</u> | <u>398,159</u> | <u>3,499,963</u> | <u>57,258</u> | <u>2,400,679</u> |
| <u>\$ 469,467</u> | <u>\$ 425,463</u> | <u>\$ 3,586,954</u> | <u>\$ 61,176</u> | <u>\$ 2,689,607</u> |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2011

| | Special Revenue | | |
|--|---|------------------------------------|-------------------|
| | Department on Aging Millage Fund | Falling Waters Trail Fund | Fair Fund |
| ASSETS | | | |
| Cash and pooled investments | \$ 576,856 | \$ 255,273 | \$ 265,940 |
| Accounts receivable | - | - | - |
| Taxes receivable | 967,246 | - | - |
| Due from other governmental units | - | - | - |
| Advances to other funds | - | - | - |
| Inventories | - | - | - |
| Prepays | - | - | - |
| TOTAL ASSETS | \$ 1,544,102 | \$ 255,273 | \$ 265,940 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ 6,738 |
| Accrued wages | - | - | 1,560 |
| Other accrued liabilities | - | - | - |
| Advances from other funds | - | - | - |
| Due from other governmental units - State | - | - | - |
| Due to other funds | - | - | 201,711 |
| Deferred revenue | 992,000 | - | 27,700 |
| TOTAL LIABILITIES | 992,000 | -0- | 237,709 |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 552,102 | 255,273 | 28,231 |
| Committed | - | - | - |
| Unassigned | - | - | - |
| TOTAL FUND BALANCES | 552,102 | 255,273 | 28,231 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,544,102 | \$ 255,273 | \$ 265,940 |

Capital Projects

| Equipment Replacement Fund | Sheriff Department Equipment Fund | Building Authority Fund | Justice Center Fund | Public Improvement and Building Fund |
|----------------------------|-----------------------------------|-------------------------|---------------------|--------------------------------------|
| \$ 596,469 | \$ 1,163,740 | \$ 33,138 | \$ - | \$ 2,724,521 |
| 35,690 | - | - | - | 52,448 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 183,250 |
| <u>\$ 632,159</u> | <u>\$ 1,163,740</u> | <u>\$ 33,138</u> | <u>\$ -0-</u> | <u>\$ 2,960,219</u> |
| \$ 67 | \$ - | \$ - | \$ - | \$ 11,243 |
| - | - | - | - | - |
| - | - | - | - | - |
| 71,475 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 33,138 | - | - |
| 71,542 | -0- | 33,138 | -0- | 11,243 |
| - | - | - | - | 183,250 |
| 560,617 | 1,163,740 | - | - | 2,765,726 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>560,617</u> | <u>1,163,740</u> | <u>-0-</u> | <u>-0-</u> | <u>2,948,976</u> |
| <u>\$ 632,159</u> | <u>\$ 1,163,740</u> | <u>\$ 33,138</u> | <u>\$ -0-</u> | <u>\$ 2,960,219</u> |

Jackson County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

December 31, 2011

| | Permanent | | | Total |
|--|---|------------------------------|---------------------------|----------------------|
| | Department on Aging Endowment Fund | Preston Endowment Fund | Cemetery Trust Fund | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 67,220 | \$ 109,689 | \$ 3,072 | \$ 13,275,172 |
| Accounts receivable | 460 | - | - | 1,261,461 |
| Taxes receivable | - | - | - | 967,246 |
| Due from other governmental units | - | - | - | 75,837 |
| Advances to other funds | - | - | - | 71,475 |
| Inventories | - | - | - | 165,144 |
| Prepays | - | - | - | 185,650 |
| TOTAL ASSETS | \$ 67,680 | \$ 109,689 | \$ 3,072 | \$ 16,001,985 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 315,993 |
| Accrued wages | - | - | - | 173,119 |
| Other accrued liabilities | - | - | - | 32,030 |
| Advances from other funds | - | - | - | 568,105 |
| Due to other governmental units - State | - | - | - | 43,000 |
| Due to other funds | - | - | - | 491,392 |
| Deferred revenue | - | - | - | 1,053,138 |
| TOTAL LIABILITIES | -0- | -0- | -0- | 2,676,777 |
| FUND BALANCES | | | | |
| Nonspendable | - | 8,550 | 721 | 431,540 |
| Restricted | 67,680 | 101,139 | 2,351 | 11,392,334 |
| Committed | - | - | - | 1,504,087 |
| Unassigned | - | - | - | (2,753) |
| TOTAL FUND BALANCES | 67,680 | 109,689 | 3,072 | 13,325,208 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 67,680 | \$ 109,689 | \$ 3,072 | \$ 16,001,985 |

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended, December 31, 2011

| | Special | | | |
|---|---------------------|---------------------------|------------------------------|--------------------------------|
| | Parks Commission | Friend of the Court | Sparks Park Renovation | Omnibus Forfeitures Fund |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | 2,317,300 | 376,486 | - |
| Charges for services | 248,141 | 305,435 | - | - |
| Fines and forfeits | - | - | - | 191 |
| Interest and rents | - | - | - | - |
| Other | - | - | 83,000 | - |
| TOTAL REVENUES | 248,141 | 2,622,735 | 459,486 | 191 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | 2,871,550 | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Community and economic development | - | - | - | - |
| Recreation and culture | 772,219 | - | - | - |
| Capital outlay | - | 27,580 | 459,485 | - |
| TOTAL EXPENDITURES | 772,219 | 2,899,130 | 459,485 | -0- |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (524,078) | (276,395) | 1 | 191 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 566,222 | 270,722 | - | - |
| Transfers out | (42,176) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 524,046 | 270,722 | -0- | -0- |
| NET CHANGE IN FUND BALANCES | (32) | (5,673) | 1 | 191 |
| Restated fund balances (deficit), beginning of year | 179,446 | 9,954 | 89,309 | 534 |
| Fund balances, end of year | <u>\$ 179,414</u> | <u>\$ 4,281</u> | <u>\$ 89,310</u> | <u>\$ 725</u> |

| Revenue | | | | |
|---|-----------------------------|--------------------------|---|----------------------------|
| Prosecuting Attorney Drug Enforcement Fund | Drug Enforcement Fund | County Law Library | Michigan Justice Training Fund | Social Services Fund |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | 27,569 | 287,055 |
| - | - | - | - | - |
| 3,960 | 60,829 | - | - | - |
| - | - | - | - | - |
| - | - | - | 60,986 | - |
| <u>3,960</u> | <u>60,829</u> | <u>-0-</u> | <u>88,555</u> | <u>287,055</u> |
| 5,726 | - | 6,383 | - | - |
| - | 62,829 | - | 66,800 | - |
| - | - | - | - | 311,953 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>5,726</u> | <u>62,829</u> | <u>6,383</u> | <u>66,800</u> | <u>311,953</u> |
| (1,766) | (2,000) | (6,383) | 21,755 | (24,898) |
| - | - | 6,500 | - | 29,000 |
| <u>(32,500)</u> | <u>-</u> | <u>-</u> | <u>(42,200)</u> | <u>-</u> |
| <u>(32,500)</u> | <u>-0-</u> | <u>6,500</u> | <u>(42,200)</u> | <u>29,000</u> |
| (34,266) | (2,000) | 117 | (20,445) | 4,102 |
| <u>71,899</u> | <u>91,366</u> | <u>5,222</u> | <u>53,315</u> | <u>120,469</u> |
| <u>\$ 37,633</u> | <u>\$ 89,366</u> | <u>\$ 5,339</u> | <u>\$ 32,870</u> | <u>\$ 124,571</u> |

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2011

| | Special | | | |
|---|---------------------------|-----------------|----------------------------|--|
| | Veterans Trust Fund | Airport Fund | Joint Narcotics Fund | Community Development Block Grant |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | 13,057 | - | - |
| Intergovernmental | 43,280 | - | - | 263,397 |
| Charges for services | - | 1,809 | - | - |
| Fines and forfeits | - | - | 164,016 | - |
| Interest and rents | - | 226,683 | 287 | - |
| Other | - | 29,032 | - | - |
| TOTAL REVENUES | 43,280 | 270,581 | 164,303 | 263,397 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | 117,775 | - |
| Public safety | - | - | - | - |
| Health and welfare | 46,738 | - | - | - |
| Community and economic development | - | 490,368 | - | 253,070 |
| Recreation and culture | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 46,738 | 490,368 | 117,775 | 253,070 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (3,458) | (219,787) | 46,528 | 10,327 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,000 | 226,089 | - | - |
| Transfers out | - | (27,890) | (52,970) | (10,327) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,000 | 198,199 | (52,970) | (10,327) |
| NET CHANGE IN FUND BALANCES | (2,458) | (21,588) | (6,442) | -0- |
| Restated fund balances (deficit), beginning of year | 2,459 | 21,804 | 253,018 | - |
| Fund balances, end of year | \$ 1 | \$ 216 | \$ 246,576 | \$ -0- |

| Revenue | | | | |
|--|--------------------------------------|-----------------------|------------------|------------------------------|
| Register of Deeds Automation Fund | Airport Runway Project Fund | Child Care Fund | Golf Courses | Health Department Fund |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 275,623 |
| - | 445,310 | 2,179,166 | - | 2,274,435 |
| 132,470 | - | 709 | 474,154 | 402,996 |
| - | - | - | - | - |
| 584 | - | 4,000 | - | - |
| - | - | - | - | 358,777 |
| <u>133,054</u> | <u>445,310</u> | <u>2,183,875</u> | <u>474,154</u> | <u>3,311,831</u> |
| 210,988 | - | 791,743 | - | - |
| - | - | 2,199,158 | - | - |
| - | - | 928,646 | - | 4,492,073 |
| - | 598,365 | - | - | - |
| - | - | - | 461,845 | - |
| - | - | - | - | - |
| <u>210,988</u> | <u>598,365</u> | <u>3,919,547</u> | <u>461,845</u> | <u>4,492,073</u> |
| (77,934) | (153,055) | (1,735,672) | 12,309 | (1,180,242) |
| - | 50,000 | 2,904,322 | - | 565,107 |
| (5,000) | - | (634,319) | (31,146) | - |
| <u>(5,000)</u> | <u>50,000</u> | <u>2,270,003</u> | <u>(31,146)</u> | <u>565,107</u> |
| (82,934) | (103,055) | 534,331 | (18,837) | (615,135) |
| <u>552,401</u> | <u>501,214</u> | <u>2,965,632</u> | <u>76,095</u> | <u>3,015,814</u> |
| <u>\$ 469,467</u> | <u>\$ 398,159</u> | <u>\$ 3,499,963</u> | <u>\$ 57,258</u> | <u>\$ 2,400,679</u> |

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2011

| | Special Revenue | | |
|---|---|------------------------------------|--------------|
| | Department on Aging Millage Fund | Falling Waters Trail Fund | Fair Fund |
| REVENUES | | | |
| Taxes | \$ 1,036,770 | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental | - | - | - |
| Charges for services | - | - | 829,086 |
| Fines and forfeits | - | - | - |
| Interest and rents | 7,221 | - | 130 |
| Other | - | 16,514 | 90,939 |
| TOTAL REVENUES | 1,043,991 | 16,514 | 920,155 |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Health and welfare | - | - | - |
| Community and economic development | - | - | - |
| Recreation and culture | - | 24,616 | 717,242 |
| Capital outlay | - | - | - |
| TOTAL EXPENDITURES | -0- | 24,616 | 717,242 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,043,991 | (8,102) | 202,913 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | (973,561) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (973,561) | -0- | -0- |
| NET CHANGE IN FUND BALANCES | 70,430 | (8,102) | 202,913 |
| Restated fund balances (deficit), beginning of year | 481,672 | 263,375 | (174,682) |
| Fund balances, end of year | \$ 552,102 | \$ 255,273 | \$ 28,231 |

Capital Projects

| Equipment/ Replacement Fund | Sheriff Department Equipment Fund | Building Authority Fund | Justice Center Fund | Public Improvement and Building Fund |
|-----------------------------------|--|-------------------------------|---------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| 69,305 | 5,807 | 559,902 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 25,283 | - | - | - | 18,385 |
| 12,259 | 1,209,865 | - | - | 41,624 |
| <u>106,847</u> | <u>1,215,672</u> | <u>559,902</u> | <u>-0-</u> | <u>60,009</u> |
| - | - | - | - | 314,972 |
| - | - | - | - | - |
| - | - | - | - | 98,342 |
| - | - | - | - | 292 |
| 555,687 | 313,604 | 559,902 | - | 586,354 |
| <u>555,687</u> | <u>313,604</u> | <u>559,902</u> | <u>-0-</u> | <u>999,960</u> |
| (448,840) | 902,068 | -0- | -0- | (939,951) |
| 237,100 | - | - | - | 2,486,115 |
| - | (726,225) | - | (1,029,368) | - |
| <u>237,100</u> | <u>(726,225)</u> | <u>-0-</u> | <u>(1,029,368)</u> | <u>2,486,115</u> |
| (211,740) | 175,843 | -0- | (1,029,368) | 1,546,164 |
| <u>772,357</u> | <u>987,897</u> | <u>-</u> | <u>1,029,368</u> | <u>1,402,812</u> |
| <u>\$ 560,617</u> | <u>\$ 1,163,740</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 2,948,976</u> |

Jackson County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2011

| | Permanent | | | Total |
|---|---|------------------------------|---------------------------|--------------------|
| | Department on Aging Endowment Fund | Preston Endowment Fund | Cemetery Trust Fund | |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,036,770 |
| Licenses and permits | - | - | - | 288,680 |
| Intergovernmental | - | - | - | 8,849,012 |
| Charges for services | - | - | - | 2,394,800 |
| Fines and forfeits | - | - | - | 228,996 |
| Interest and rents | - | 112 | - | 282,685 |
| Other | 8,833 | - | - | 1,911,829 |
| TOTAL REVENUES | 8,833 | 112 | -0- | 14,992,772 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 7,796 | 1,321 | 3 | 4,328,257 |
| Public safety | - | - | - | 2,328,787 |
| Health and welfare | - | - | - | 5,779,410 |
| Community and economic development | - | - | - | 1,440,145 |
| Recreation and culture | - | - | - | 1,976,214 |
| Capital outlay | - | - | - | 2,502,612 |
| TOTAL EXPENDITURES | 7,796 | 1,321 | 3 | 18,355,425 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,037 | (1,209) | (3) | (3,362,653) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 7,342,177 |
| Transfers out | - | - | - | (3,607,682) |
| TOTAL OTHER FINANCING SOURCES (USES) | -0- | -0- | -0- | 3,734,495 |
| NET CHANGE IN FUND BALANCE | 1,037 | (1,209) | (3) | 371,842 |
| Restated fund balances (deficit), beginning of year | 66,643 | 110,898 | 3,075 | 12,953,366 |
| Fund balances, end of year | \$ 67,680 | \$ 109,689 | \$ 3,072 | \$ 13,325,208 |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|---|
| <u>Parks Commission</u> | | | |
| REVENUES | | | |
| Charges for services | | | |
| Cascades Falls | \$ 134,400 | \$ 112,400 | \$ (22,000) |
| Parks | <u>156,625</u> | <u>135,741</u> | <u>(20,884)</u> |
| TOTAL REVENUES | 291,025 | 248,141 | (42,884) |
| EXPENDITURES | | | |
| Current | | | |
| Recreation and culture | | | |
| Administration | 210,589 | 204,984 | 5,605 |
| Cascade Falls | 88,881 | 68,589 | 20,292 |
| Parks | 337,152 | 310,766 | 26,386 |
| Equipment and shop | 152,797 | 133,457 | 19,340 |
| Our-County Parks | <u>80,035</u> | <u>54,423</u> | <u>25,612</u> |
| TOTAL EXPENDITURES | <u>869,454</u> | <u>772,219</u> | <u>97,235</u> |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | (578,429) | (524,078) | 54,351 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 566,222 | 566,222 | -0- |
| Transfers out | <u>(42,176)</u> | <u>(42,176)</u> | <u>-0-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>524,046</u> | <u>524,046</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | (54,383) | (32) | 54,351 |
| Fund balance, beginning of year | <u>179,446</u> | <u>179,446</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ 125,063</u></u> | <u><u>\$ 179,414</u></u> | <u><u>\$ 54,351</u></u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| <u>Friend of the Court</u> | | | |
| REVENUES | | | |
| Intergovernmental | | | |
| Federal | \$ 2,313,289 | \$ 2,317,300 | \$ 4,011 |
| Charges for services | <u>306,616</u> | <u>305,435</u> | <u>(1,181)</u> |
| TOTAL REVENUES | 2,619,905 | 2,622,735 | 2,830 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 2,900,581 | 2,871,550 | 29,031 |
| Capital outlay | <u>-</u> | <u>27,580</u> | <u>(27,580)</u> |
| TOTAL EXPENDITURES | <u>2,900,581</u> | <u>2,899,130</u> | <u>1,451</u> |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | (280,676) | (276,395) | 4,281 |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>280,676</u> | <u>270,722</u> | <u>(9,954)</u> |
| NET CHANGE IN FUND BALANCE | -0- | (5,673) | (5,673) |
| Fund balance, beginning of year | <u>9,954</u> | <u>9,954</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 9,954</u> | <u>\$ 4,281</u> | <u>\$ (5,673)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|-----------------|------------------|---|
| <u>Sparks Park Renovation</u> | | | |
| REVENUES | | | |
| Intergovernmental | | | |
| State | \$ 360,000 | \$ 376,486 | \$ 16,486 |
| Other | 140,000 | 83,000 | (57,000) |
| TOTAL REVENUES | 500,000 | 459,486 | (40,514) |
| EXPENDITURES | | | |
| Capital outlay | 589,310 | 459,485 | 129,825 |
| NET CHANGE IN FUND BALANCE | (89,310) | 1 | 89,311 |
| Fund balance, beginning of year | 89,309 | 89,309 | -0- |
| Fund balance, end of year | <u>\$ (1)</u> | <u>\$ 89,310</u> | <u>\$ 89,311</u> |
| <u>Omnibus Forfeitures Fund</u> | | | |
| REVENUES | | | |
| Fines and forfeitures | \$ 10,000 | \$ 191 | \$ (9,809) |
| EXPENDITURES | | | |
| Current | | | |
| General government | 10,000 | - | 10,000 |
| NET CHANGE IN FUND BALANCE | -0- | 191 | 191 |
| Fund balance, beginning of year | 534 | 534 | -0- |
| Fund balance, end of year | <u>\$ 534</u> | <u>\$ 725</u> | <u>\$ 191</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|---|
| <u>Prosecuting Attorney Drug Enforcement Fund</u> | | | |
| REVENUES | | | |
| Fines and forfeitures | \$ 35,000 | \$ 3,960 | \$ (31,040) |
| EXPENDITURES | | | |
| Current | | | |
| General government | <u>35,000</u> | <u>5,726</u> | <u>29,274</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | -0- | (1,766) | (1,766) |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(32,500)</u> | <u>(32,500)</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | (32,500) | (34,266) | (1,766) |
| Fund balance, beginning of year | <u>71,899</u> | <u>71,899</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ 39,399</u></u> | <u><u>\$ 37,633</u></u> | <u><u>\$ (1,766)</u></u> |
| <u>Drug Enforcement Fund</u> | | | |
| REVENUES | | | |
| Fines and forfeitures | \$ 65,000 | \$ 60,829 | \$ (4,171) |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | <u>65,000</u> | <u>62,829</u> | <u>2,171</u> |
| NET CHANGE IN FUND BALANCE | -0- | (2,000) | (2,000) |
| Fund balance, beginning of year | <u>91,366</u> | <u>91,366</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ 91,366</u></u> | <u><u>\$ 89,366</u></u> | <u><u>\$ (2,000)</u></u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------------|---|
| <u>County Law Library</u> | | | |
| REVENUES | | | |
| Other | \$ - | \$ - | \$ -0- |
| EXPENDITURES | | | |
| Current | | | |
| General government | <u>6,500</u> | <u>6,383</u> | <u>117</u> |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | (6,500) | (6,383) | 117 |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>6,500</u> | <u>6,500</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | -0- | 117 | 117 |
| Fund balance, beginning of year | <u>5,222</u> | <u>5,222</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ 5,222</u></u> | <u><u>\$ 5,339</u></u> | <u><u>\$ 117</u></u> |
| <u>Michigan Justice Training Fund</u> | | | |
| REVENUES | | | |
| Intergovernmental | | | |
| State | \$ 32,000 | \$ 27,569 | \$ (4,431) |
| Other | <u>90,000</u> | <u>60,986</u> | <u>(29,014)</u> |
| TOTAL REVENUES | 122,000 | 88,555 | (33,445) |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | <u>82,000</u> | <u>66,800</u> | <u>15,200</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 40,000 | 21,755 | (18,245) |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(40,000)</u> | <u>(42,200)</u> | <u>(2,200)</u> |
| NET CHANGE IN FUND BALANCE | -0- | (20,445) | (20,445) |
| Fund balance, beginning of year | <u>53,315</u> | <u>53,315</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ 53,315</u></u> | <u><u>\$ 32,870</u></u> | <u><u>\$ (20,445)</u></u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|---|
| <u>Social Services Fund</u> | | | |
| REVENUES | | | |
| Intergovernmental | | | |
| State | \$ 871,000 | \$ 287,055 | \$ (583,945) |
| EXPENDITURES | | | |
| Current | | | |
| Health and welfare | <u>900,000</u> | <u>311,953</u> | <u>588,047</u> |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | (29,000) | (24,898) | 4,102 |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>29,000</u> | <u>29,000</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | -0- | 4,102 | 4,102 |
| Fund balance, beginning of year | <u>120,469</u> | <u>120,469</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 120,469</u> | <u>\$ 124,571</u> | <u>\$ 4,102</u> |
| <u>Veterans Trust Fund</u> | | | |
| REVENUES | | | |
| Intergovernmental | | | |
| State | \$ 55,000 | \$ 43,280 | \$ (11,720) |
| EXPENDITURES | | | |
| Current | | | |
| Health and welfare | <u>55,000</u> | <u>46,738</u> | <u>8,262</u> |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | -0- | (3,458) | (3,458) |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>-</u> | <u>1,000</u> | <u>1,000</u> |
| NET CHANGE IN FUND BALANCE | -0- | (2,458) | (2,458) |
| Fund balance, beginning of year | <u>2,459</u> | <u>2,459</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 2,459</u> | <u>\$ 1</u> | <u>\$ (2,458)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| <u>Airport Fund</u> | | | |
| REVENUES | | | |
| Licenses and permits | \$ 13,020 | \$ 13,057 | \$ 37 |
| Charges for services | 8,500 | 1,809 | (6,691) |
| Interest and rents | 255,286 | 226,683 | (28,603) |
| Other | 37,422 | 29,032 | (8,390) |
| | <u>314,228</u> | <u>270,581</u> | <u>(43,647)</u> |
| TOTAL REVENUES | 314,228 | 270,581 | (43,647) |
| EXPENDITURES | | | |
| Current | | | |
| Community and economic development | | | |
| Personal services | 264,778 | 247,563 | 17,215 |
| Administration | 1,750 | 1,713 | 37 |
| Operating | 177,450 | 176,759 | 691 |
| Repairs and maintenance | 53,950 | 64,333 | (10,383) |
| | <u>497,928</u> | <u>490,368</u> | <u>7,560</u> |
| TOTAL EXPENDITURES | 497,928 | 490,368 | 7,560 |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | (183,700) | (219,787) | (36,087) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 211,589 | 226,089 | (14,500) |
| Transfers out | (27,890) | (27,890) | -0- |
| | <u>183,699</u> | <u>198,199</u> | <u>(14,500)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | 183,699 | 198,199 | (14,500) |
| NET CHANGE IN FUND BALANCE | (1) | (21,588) | (21,587) |
| Fund balance, beginning of year | 21,804 | 21,804 | -0- |
| Fund balance, end of year | <u>\$ 21,803</u> | <u>\$ 216</u> | <u>\$ (21,587)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|---|
| <u>Joint Narcotics Fund</u> | | | |
| REVENUES | | | |
| Fines and forfeitures | \$ 360,000 | \$ 164,016 | \$ (195,984) |
| Interest revenue | <u>10,000</u> | <u>287</u> | <u>(9,713)</u> |
| TOTAL REVENUE | 370,000 | 164,303 | (205,697) |
| EXPENDITURES | | | |
| Current | | | |
| General government | <u>317,030</u> | <u>117,775</u> | <u>199,255</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 52,970 | 46,528 | (6,442) |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(52,970)</u> | <u>(52,970)</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | -0- | (6,442) | (6,442) |
| Fund balance, beginning of year | <u>253,018</u> | <u>253,018</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 253,018</u> | <u>\$ 246,576</u> | <u>\$ (6,442)</u> |

Community Development Block Grant

| | | | |
|---|--------------------|-----------------|------------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Federal | \$ 330,000 | \$ 263,397 | \$ (66,603) |
| EXPENDITURES | | | |
| Current | | | |
| Community and economic development | <u>330,000</u> | <u>253,070</u> | <u>76,930</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | -0- | 10,327 | 10,327 |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(10,000)</u> | <u>(10,327)</u> | <u>(327)</u> |
| NET CHANGE IN FUND BALANCE | (10,000) | -0- | 10,000 |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ (10,000)</u> | <u>\$ -0-</u> | <u>\$ 10,000</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|---|
| <u>Register Of Deeds Automation Fund</u> | | | |
| REVENUES | | | |
| Charges for services | \$ 128,000 | \$ 132,470 | \$ 4,470 |
| Interest | <u>610</u> | <u>584</u> | <u>(26)</u> |
| TOTAL REVENUE | 128,610 | 133,054 | 4,444 |
| EXPENDITURES | | | |
| Current | | | |
| General government | <u>215,351</u> | <u>210,988</u> | <u>4,363</u> |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | (86,741) | (77,934) | 8,807 |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(5,000)</u> | <u>(5,000)</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | (91,741) | (82,934) | 8,807 |
| Fund balance, beginning of year | <u>552,401</u> | <u>552,401</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 460,660</u> | <u>\$ 469,467</u> | <u>\$ 8,807</u> |

Airport Runway Project Fund

| | | | |
|---|-------------------|-------------------|---------------------|
| REVENUES | | | |
| Intergovernmental | | | |
| State | \$ 600,000 | \$ 445,310 | \$ (154,690) |
| EXPENDITURES | | | |
| Current | | | |
| Community and economic development | <u>650,000</u> | <u>598,365</u> | <u>51,635</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (50,000) | (153,055) | (103,055) |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>50,000</u> | <u>50,000</u> | <u>-0-</u> |
| NET CHANGE IN FUND BALANCE | -0- | (103,055) | (103,055) |
| Fund balance, beginning of year | <u>501,214</u> | <u>501,214</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 501,214</u> | <u>\$ 398,159</u> | <u>\$ (103,055)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|
| <u>Child Care Fund</u> | | | |
| REVENUES | | | |
| Intergovernmental | \$ 2,398,961 | \$ 2,179,166 | \$ (219,795) |
| Charges for services | 5,000 | 709 | (4,291) |
| Interest and rents | 4,500 | 4,000 | (500) |
| | <u>2,408,461</u> | <u>2,183,875</u> | <u>(224,586)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES | | | |
| Current | | | |
| General government | 1,712,597 | 791,743 | 920,854 |
| Public safety | 2,255,265 | 2,199,158 | 56,107 |
| Health and welfare | 1,249,431 | 928,646 | 320,785 |
| | <u>5,217,293</u> | <u>3,919,547</u> | <u>1,297,746</u> |
| TOTAL EXPENDITURES | | | |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | | | |
| | (2,808,832) | (1,735,672) | 1,073,160 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,904,322 | 2,904,322 | -0- |
| Transfers out | (634,319) | (634,319) | -0- |
| | <u>2,270,003</u> | <u>2,270,003</u> | <u>-0-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | | | |
| NET CHANGE IN FUND BALANCE | | | |
| | (538,829) | 534,331 | 1,073,160 |
| Restated fund balance, beginning of year | <u>2,965,632</u> | <u>2,965,632</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 2,426,803</u> | <u>\$ 3,499,963</u> | <u>\$ 1,073,160</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|---|
| <u>Golf Courses</u> | | | |
| REVENUES | | | |
| Charges for services | | | |
| Cascades golf course | \$ 523,314 | \$ 415,910 | \$ (107,404) |
| Cascades short course | <u>99,561</u> | <u>58,244</u> | <u>(41,317)</u> |
| TOTAL REVENUES | 622,875 | 474,154 | (148,721) |
| EXPENDITURES | | | |
| Current | | | |
| Recreation and culture | | | |
| Cascades golf course | 431,163 | 388,769 | 42,394 |
| Cascades short course | <u>126,538</u> | <u>73,076</u> | <u>53,462</u> |
| TOTAL EXPENDITURES | <u>557,701</u> | <u>461,845</u> | <u>95,856</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 65,174 | 12,309 | (52,865) |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(68,146)</u> | <u>(31,146)</u> | <u>37,000</u> |
| NET CHANGE IN FUND BALANCE | (2,972) | (18,837) | (15,865) |
| Fund balance, beginning of year | <u>76,095</u> | <u>76,095</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ 73,123</u></u> | <u><u>\$ 57,258</u></u> | <u><u>\$ (15,865)</u></u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|----------------------------|---------------------|---|
| <u>Health Department</u> | | | |
| REVENUES | | | |
| Intergovernmental | \$ 2,637,646 | \$ 2,274,435 | \$ (363,211) |
| Licenses and permits | 268,621 | 275,623 | 7,002 |
| Charges for services | 490,742 | 402,996 | (87,746) |
| Interest and rent | 315 | - | (315) |
| Other | 399,865 | 358,777 | (41,088) |
| | <u>3,797,189</u> | <u>3,311,831</u> | <u>(485,358)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES | | | |
| Current | | | |
| Health and welfare | <u>4,724,831</u> | <u>4,492,073</u> | <u>232,758</u> |
| | EXCESS OF REVENUES | | |
| | (927,642) | (1,180,242) | (252,600) |
| | (UNDER) EXPENDITURES | | |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>550,000</u> | <u>565,107</u> | <u>15,107</u> |
| | NET CHANGE IN FUND BALANCE | (377,642) | (237,493) |
| Fund balance, beginning of year | <u>3,015,814</u> | <u>3,015,814</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 2,638,172</u> | <u>\$ 2,400,679</u> | <u>\$ (237,493)</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|-------------------|---|
| <u>Department of Aging Millage</u> | | | |
| REVENUES | | | |
| Taxes | \$ 1,034,500 | \$ 1,036,770 | \$ 2,270 |
| Interest | - | 7,221 | 7,221 |
| | <u>1,034,500</u> | <u>1,043,991</u> | <u>9,491</u> |
| TOTAL REVENUES | 1,034,500 | 1,043,991 | 9,491 |
| OTHER FINANCING (USES) | | | |
| Transfers out | <u>(1,034,500)</u> | <u>(973,561)</u> | <u>60,939</u> |
| NET CHANGE IN FUND BALANCE | -0- | 70,430 | 70,430 |
| Fund balance, beginning of year | <u>481,672</u> | <u>481,672</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 481,672</u> | <u>\$ 552,102</u> | <u>\$ 70,430</u> |
| <u>Falling Waters Trail Fund</u> | | | |
| REVENUES | | | |
| Other | \$ 15,000 | \$ 16,514 | \$ 1,514 |
| EXPENDITURES | | | |
| Current | | | |
| Recreation and culture | <u>196,101</u> | <u>24,616</u> | <u>171,485</u> |
| NET CHANGE IN FUND BALANCE | (181,101) | (8,102) | 172,999 |
| Fund balance, beginning of year | <u>263,375</u> | <u>263,375</u> | <u>-0-</u> |
| Fund balance, end of year | <u>\$ 82,274</u> | <u>\$ 255,273</u> | <u>\$ 172,999</u> |

Jackson County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended December 31, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------------|-------------------------|---|
| <u>Fair Fund</u> | | | |
| REVENUES | | | |
| Charges for service | \$ 818,575 | \$ 829,086 | \$ 10,511 |
| Interest and rents | 500 | 130 | (370) |
| Other | <u>22,000</u> | <u>90,939</u> | <u>68,939</u> |
| TOTAL REVENUES | 841,075 | 920,155 | 79,080 |
| EXPENDITURES | | | |
| Current | | | |
| Recreation and culture | | | |
| Personnel services | 183,316 | 178,615 | 4,701 |
| Cost of services | <u>560,323</u> | <u>538,627</u> | <u>21,696</u> |
| TOTAL EXPENDITURES | <u>743,639</u> | <u>717,242</u> | <u>26,397</u> |
| NET CHANGE IN FUND BALANCE | 97,436 | 202,913 | 105,477 |
| Fund balance (deficit), beginning of year | <u>(174,682)</u> | <u>(174,682)</u> | <u>-0-</u> |
| Fund balance, end of year | <u><u>\$ (77,246)</u></u> | <u><u>\$ 28,231</u></u> | <u><u>\$ 105,477</u></u> |

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2011

| | Foreclosure Tax Administration | Personal Property Tax | Total |
|---|--------------------------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and pooled investments | \$ 571,523 | \$ 20,376 | \$ 591,899 |
| Due from other governmental units | 100,000 | - | 100,000 |
| Inventories | 657,250 | - | 657,250 |
| | <u>1,328,773</u> | <u>20,376</u> | <u>1,349,149</u> |
| TOTAL ASSETS | 1,328,773 | 20,376 | 1,349,149 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accrued wages | - | 1,634 | 1,634 |
| Due to other governmental units | - | 13,988 | 13,988 |
| Due to other funds | 923,753 | - | 923,753 |
| Current portion of compensated absences | - | 3,622 | 3,622 |
| | <u>923,753</u> | <u>19,244</u> | <u>942,997</u> |
| TOTAL LIABILITIES | 923,753 | 19,244 | 942,997 |
| NET ASSETS | | | |
| Unrestricted | <u>\$ 405,020</u> | <u>\$ 1,132</u> | <u>\$ 406,152</u> |

Jackson County, Michigan

Nonmajor Enterprise Funds

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

Year Ended December 31, 2011

| | Foreclosure Tax Administration | Personal Property Tax | Total |
|-------------------------------|--------------------------------------|-----------------------------|-------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 685,354 | \$ 38,135 | \$ 723,489 |
| OPERATING EXPENSES | | | |
| Personal services | - | 33,293 | 33,293 |
| Other services and charges | 462,740 | 2,057 | 464,797 |
| TOTAL OPERATING EXPENSES | 462,740 | 35,350 | 498,090 |
| OPERATING INCOME | 222,614 | 2,785 | 225,399 |
| OTHER FINANCING (USES) | | | |
| Transfers out | - | (2,599) | (2,599) |
| CHANGE IN NET ASSETS | 222,614 | 186 | 222,800 |
| Net assets, beginning of year | 182,406 | 946 | 183,352 |
| Net assets, end of year | <u>\$ 405,020</u> | <u>\$ 1,132</u> | <u>\$ 406,152</u> |

Jackson County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

| | Foreclosure Tax Administration | Personal Property Tax | Total |
|--|--------------------------------------|-----------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | \$ 685,354 | \$ 38,135 | \$ 723,489 |
| Cash paid to suppliers | (128,838) | 10,664 | (118,174) |
| Cash paid for employee services and benefits | - | (33,111) | (33,111) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 556,516 | 15,688 | 572,204 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers out | - | (2,599) | (2,599) |
| NET INCREASE IN CASH AND POOLED INVESTMENTS | 556,516 | 13,089 | 569,605 |
| Cash and pooled investments, beginning of year | 15,007 | 7,287 | 22,294 |
| Cash and pooled investments, end of year | <u>\$ 571,523</u> | <u>\$ 20,376</u> | <u>\$ 591,899</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | |
| Operating income | \$ 222,614 | \$ 2,785 | \$ 225,399 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| (Increase) in: | | | |
| Inventories | (436,912) | - | (436,912) |
| Increase in: | | | |
| Due to other governmental units | - | 12,721 | 12,721 |
| Due to other funds | 770,814 | - | 770,814 |
| Compensated absences | - | 182 | 182 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 556,516</u> | <u>\$ 15,688</u> | <u>\$ 572,204</u> |

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2011

| | <u>Self - Insured Workers Compensation</u> | <u>Self - Funded Managed Care Insurance</u> | <u>Land Use Planning</u> | <u>Community Planning</u> | <u>Total</u> |
|-----------------------------|--|---|------------------------------|-------------------------------|---------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and pooled investments | \$ 297,764 | \$ 1,232,475 | \$ 23,661 | \$ 3,771 | \$ 1,557,671 |
| Accounts receivable | - | 310,976 | - | - | 310,976 |
| Prepays | 2,500 | 960,402 | - | - | 962,902 |
| TOTAL ASSETS | 300,264 | 2,503,853 | 23,661 | 3,771 | 2,831,549 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 19,026 | 771,379 | - | - | 790,405 |
| NET ASSETS | | | | | |
| Unrestricted | <u>\$ 281,238</u> | <u>\$ 1,732,474</u> | <u>\$ 23,661</u> | <u>\$ 3,771</u> | <u>\$ 2,041,144</u> |

Jackson County, Michigan

Internal Service Funds

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

Year Ended December 31, 2011

| | Self - Insured Workers Compensation | Self - Funded Managed Care Insurance | Land Use Planning | Community Planning | Total |
|---------------------------------|---|--|----------------------|-----------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 185,559 | \$ 11,048,266 | \$ - | \$ - | \$ 11,233,825 |
| OPERATING EXPENSES | | | | | |
| Contractual services | 32,416 | 11,053,529 | - | - | 11,085,945 |
| Other services and charges | 33,337 | 4,419 | - | - | 37,756 |
| TOTAL OPERATING EXPENSES | 65,753 | 11,057,948 | -0- | -0- | 11,123,701 |
| OPERATING INCOME (LOSS) | 119,806 | (9,682) | -0- | -0- | 110,124 |
| NONOPERATING REVENUES | | | | | |
| Interest earned | 2,175 | 22,874 | - | - | 25,049 |
| INCOME BEFORE TRANSFERS | 121,981 | 13,192 | -0- | -0- | 135,173 |
| TRANSFERS | | | | | |
| Transfers out | (2,170) | (35,899) | - | - | (38,069) |
| CHANGE IN NET ASSETS | 119,811 | (22,707) | -0- | -0- | 97,104 |
| Net assets, beginning of year | 161,427 | 1,755,181 | 23,661 | 3,771 | 1,944,040 |
| Net assets, end of year | \$ 281,238 | \$ 1,732,474 | \$ 23,661 | \$ 3,771 | \$ 2,041,144 |

Jackson County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

| | Self - Insured Workers Compensation | Self - Funded Managed Care Insurance | Land Use Planning | Community Planning | Total |
|--|---|--|----------------------|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash receipts from customers | \$ 185,559 | \$ 10,888,451 | \$ - | \$ - | \$ 11,074,010 |
| Cash paid to suppliers | (78,469) | (11,507,847) | - | - | (11,586,316) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 107,090 | (619,396) | -0- | -0- | (512,306) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers out | (2,170) | (35,899) | - | - | (38,069) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest revenue | 2,175 | 22,874 | - | - | 25,049 |
| NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS | 107,095 | (632,421) | -0- | -0- | (525,326) |
| Cash and pooled investments, beginning of year | 190,669 | 1,864,896 | 23,661 | 3,771 | 2,082,997 |
| Cash and pooled investments, end of year | \$ 297,764 | \$ 1,232,475 | \$ 23,661 | \$ 3,771 | \$ 1,557,671 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Operating income (loss) | \$ 119,806 | \$ (9,682) | \$ - | \$ - | \$ 110,124 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| (Increase) in: | | | | | |
| Receivables | - | (159,815) | - | - | (159,815) |
| Prepays | - | (412,302) | - | - | (412,302) |
| (Decrease) in: | | | | | |
| Accounts payable | (12,716) | (37,597) | - | - | (50,313) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 107,090 | \$ (619,396) | \$ -0- | \$ -0- | \$ (512,306) |

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2011

| | Agency | | |
|---------------------------------|----------------------------|-------------------------|---------------------------------------|
| | Trust and Agency | Library Fund | District Court Escrow and Bonds |
| ASSETS | | | |
| Cash and pooled investments | \$ 2,189,367 | \$ 22,566 | \$ 172,144 |
| Accounts receivable | 64,285 | - | - |
| TOTAL ASSETS | <u>\$ 2,253,652</u> | <u>\$ 22,566</u> | <u>\$ 172,144</u> |
| LIABILITIES | | | |
| Due to other governmental units | \$ 783,324 | \$ - | \$ - |
| Bonds payable | 137,292 | - | - |
| Escrow payable | - | - | - |
| Due to individuals and agencies | 1,333,036 | 22,566 | 172,144 |
| TOTAL LIABILITIES | <u>\$ 2,253,652</u> | <u>\$ 22,566</u> | <u>\$ 172,144</u> |

| | Funds | | | |
|---------------------------|-------------------------------|---------------------|----------------------|--|
| Circuit Court Trust | Sheriff Canteen Account | Lifeways | Total | |
| \$ 642,028 | \$ 18,478 | \$ 8,235,989 | \$ 11,280,572 | |
| - | - | - | 64,285 | |
| <u>\$ 642,028</u> | <u>\$ 18,478</u> | <u>\$ 8,235,989</u> | <u>\$ 11,344,857</u> | |
| \$ - | \$ - | \$ 8,235,989 | \$ 9,019,313 | |
| - | - | - | 137,292 | |
| 476,809 | - | - | 476,809 | |
| 165,219 | 18,478 | - | 1,711,443 | |
| <u>\$ 642,028</u> | <u>\$ 18,478</u> | <u>\$ 8,235,989</u> | <u>\$ 11,344,857</u> | |

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended December 31, 2011

| | Balance January 1, 2011 | Additions | Deductions | Balance December 31, 2011 |
|--|-------------------------------|----------------------|----------------------|---------------------------------|
| <u>Trust and Agency</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 2,431,347 | \$ 51,233,437 | \$ 51,475,417 | \$ 2,189,367 |
| Accounts receivable | 34,931 | 1,092,975 | 1,063,621 | 64,285 |
| TOTAL ASSETS | <u>\$ 2,466,278</u> | <u>\$ 52,326,412</u> | <u>\$ 52,539,038</u> | <u>\$ 2,253,652</u> |
| LIABILITIES | | | | |
| Due to individuals and agencies | \$ 1,432,128 | \$ 21,408,787 | \$ 21,507,879 | \$ 1,333,036 |
| Due to other governmental units | 883,900 | 30,926,583 | 31,027,159 | 783,324 |
| Bonds payable | 150,250 | - | 12,958 | 137,292 |
| TOTAL LIABILITIES | <u>\$ 2,466,278</u> | <u>\$ 52,335,370</u> | <u>\$ 52,547,996</u> | <u>\$ 2,253,652</u> |
| <u>Library Fund</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 17,693 | \$ 277,754 | \$ 272,881 | \$ 22,566 |
| LIABILITIES | | | | |
| Due to individuals and agencies | \$ 17,693 | \$ 277,754 | \$ 272,881 | \$ 22,566 |
| <u>District Court Escrow and Bonds</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 140,538 | \$ 665,818 | \$ 634,212 | \$ 172,144 |
| LIABILITIES | | | | |
| Due to individuals and agencies | \$ 140,538 | \$ 665,818 | \$ 634,212 | \$ 172,144 |
| <u>Circuit Court Trust</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 158,814 | \$ 1,103,780 | \$ 620,566 | \$ 642,028 |
| LIABILITIES | | | | |
| Escrow payable | \$ 6,598 | \$ 470,211 | \$ - | \$ 476,809 |
| Due to individuals and agencies | 152,216 | 633,569 | 620,566 | 165,219 |
| | <u>\$ 158,814</u> | <u>\$ 1,103,780</u> | <u>\$ 620,566</u> | <u>\$ 642,028</u> |

Jackson County, Michigan

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended December 31, 2011

| | Balance January 1, 2011 | Additions | Deductions | Balance December 31, 2011 |
|---------------------------------|-------------------------------|-----------------------|-----------------------|---------------------------------|
| <u>Sheriff Canteen Account</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 67,152 | \$ 249,691 | \$ 298,365 | \$ 18,478 |
| LIABILITIES | | | | |
| Due to individuals and agencies | \$ 67,152 | \$ 249,691 | \$ 298,365 | \$ 18,478 |
| <u>Lifeways</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 7,836,073 | \$ 56,653,505 | \$ 56,253,589 | \$ 8,235,989 |
| LIABILITIES | | | | |
| Due to other governmental units | \$ 7,836,073 | \$ 54,613,527 | \$ 54,213,611 | \$ 8,235,989 |
| <u>Total</u> | | | | |
| ASSETS | | | | |
| Cash and pooled investments | \$ 10,651,617 | \$ 110,183,985 | \$ 109,555,030 | \$ 11,280,572 |
| Accounts receivable | 34,931 | 1,092,975 | 1,063,621 | 64,285 |
| TOTAL ASSETS | \$ 10,686,548 | \$ 111,276,960 | \$ 110,618,651 | \$ 11,344,857 |
| LIABILITIES | | | | |
| Due to other governmental units | \$ 8,719,973 | \$ 85,540,110 | \$ 85,240,770 | \$ 9,019,313 |
| Bonds payable | 150,250 | - | 12,958 | 137,292 |
| Escrow payable | 6,598 | 470,211 | - | 476,809 |
| Due to individuals and agencies | 1,809,727 | 23,235,619 | 23,333,903 | 1,711,443 |
| TOTAL LIABILITIES | \$ 10,686,548 | \$ 109,245,940 | \$ 108,587,631 | \$ 11,344,857 |

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2011

| | <u>Pension</u> | <u>Retiree Health</u> | <u>Total</u> |
|---|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Cash and pooled investments | \$ 306,056 | \$ 5,419 | \$ 311,475 |
| Investments, at fair value | | | |
| Money market funds | 4,989,335 | 53,764 | 5,043,099 |
| U.S. Government Obligations | 8,561,281 | 187,506 | 8,748,787 |
| Domestic corporate bonds | 25,989,862 | 678,645 | 26,668,507 |
| Corporate mortgage obligations | 752,474 | - | 752,474 |
| Domestic stocks | 32,735,687 | 1,466,389 | 34,202,076 |
| Index stock fund | 21,410,202 | - | 21,410,202 |
| International bonds | 763,044 | 32,423 | 795,467 |
| International stocks & ADR's | 22,880,278 | 395,927 | 23,276,205 |
| Accounts receivable | 570,980 | - | 570,980 |
| Prepays | 769,538 | - | 769,538 |
| Accrued interest receivable | 282,495 | - | 282,495 |
| | <u>120,011,232</u> | <u>2,820,073</u> | <u>122,831,305</u> |
| TOTAL ASSETS | | | |
| LIABILITIES | | | |
| Accounts payable | <u>247,486</u> | <u>-</u> | <u>247,486</u> |
| NET ASSETS | | | |
| Held in trust for pension and employee benefits | <u>\$ 119,763,746</u> | <u>\$ 2,820,073</u> | <u>\$ 122,583,819</u> |

Jackson County, Michigan

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2011

ADDITIONS

| | <u>Pension</u> | <u>Retiree Health</u> | <u>Total</u> |
|---|------------------|-----------------------|------------------|
| Investment income | | | |
| Net (decrease) in fair value of investments | \$ (6,541,356) | \$ (134,236) | \$ (6,675,592) |
| Interest and dividends | 2,217,653 | 66,060 | 2,283,713 |
| Less investment expense | <u>(728,253)</u> | <u>(28,798)</u> | <u>(757,051)</u> |
| Net investment (loss) | (5,051,956) | (96,974) | (5,148,930) |
| Contributions | | | |
| Employee | 1,904,614 | - | 1,904,614 |
| Employer | 2,666,058 | - | 2,666,058 |
| Other | <u>-</u> | <u>1,108,797</u> | <u>1,108,797</u> |
| Total contributions | <u>4,570,672</u> | <u>1,108,797</u> | <u>5,679,469</u> |
| TOTAL ADDITIONS | (481,284) | 1,011,823 | 530,539 |

DEDUCTIONS

| | | | |
|-------------------------|-------------------|------------------|-------------------|
| Benefit payments | 10,147,551 | 2,068,539 | 12,216,090 |
| Refund of contributions | 407,280 | - | 407,280 |
| Administrative expenses | <u>251,000</u> | <u>-</u> | <u>251,000</u> |
| TOTAL DEDUCTIONS | <u>10,805,831</u> | <u>2,068,539</u> | <u>12,874,370</u> |

CHANGE IN NET ASSETS

| | | | |
|-------------------------------|-----------------------|---------------------|-----------------------|
| Net assets, beginning of year | <u>131,050,861</u> | <u>3,876,789</u> | <u>134,927,650</u> |
| Net assets, end of year | <u>\$ 119,763,746</u> | <u>\$ 2,820,073</u> | <u>\$ 122,583,819</u> |

Jackson County, Michigan

Component Unit Fund

STATEMENT OF NET ASSETS - LAND BANK AUTHORITY

September 30, 2011

ASSETS

Current assets

Cash and pooled investments

\$ 101,169

Inventories

145,878

Note receivable

17,995

TOTAL ASSETS

265,042

LIABILITIES

Due to other governmental units

100,000

Accounts payable

125

NET ASSETS

Unrestricted

\$ 164,917

Jackson County, Michigan

Component Unit Fund

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

Year Ended September 30, 2011

| | |
|---------------------------------------|--------------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 132,874 |
| Interest | 120 |
| OPERATING EXPENSES | |
| Other | <u>113,167</u> |
| OPERATING INCOME/CHANGE IN NET ASSETS | 19,827 |
| Net assets, beginning of year | <u>145,090</u> |
| Net assets, end of year | <u><u>\$ 164,917</u></u> |

Jackson County, Michigan

Component Unit Fund

STATEMENT OF CASH FLOWS - LAND BANK AUTHORITY

Year Ended September 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|------------------------|------------------|
| Purchase of property | \$ (12,264) |
| Sales of property | 114,999 |
| Cash paid to suppliers | <u>(113,042)</u> |

NET CASH (USED) BY OPERATING ACTIVITIES (10,307)

Cash and pooled investments, beginning of year 111,476

Cash and pooled investments, end of year \$ 101,169

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------|
| Operating income | \$ 19,827 |
| Adjustments to reconcile operating income to net cash (used) by operating activities: | |
| (Increase) in: | |
| Inventories | (12,264) |
| Note receivable | (17,995) |
| Increase in: | |
| Accounts payable | <u>125</u> |

NET CASH (USED) BY OPERATING ACTIVITIES \$ (10,307)

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT
OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2011

| | Debt | | | |
|---|-----------------------------|--------------------------|----------------------------------|------------------------|
| | Village of Grass Lake | Village of Springport | Spring Arbor Water Project | Village of Brooklyn |
| ASSETS | | | | |
| Cash and pooled investments | \$ - | \$ 306 | \$ 6 | \$ 23 |
| Due from other governmental units | - | - | - | - |
| Due from other funds | - | - | - | - |
| Special assessments receivable | - | - | - | - |
| Capital assets being depreciated, net | - | - | - | - |
| TOTAL ASSETS | \$ -0- | \$ 306 | \$ 6 | \$ 23 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Deferred revenue | - | - | - | - |
| Due to other funds | - | - | - | - |
| Due to other governmental units | - | - | - | - |
| Long-term liabilities | - | - | - | - |
| TOTAL LIABILITIES | -0- | -0- | -0- | -0- |
| FUND BALANCES | | | | |
| Restricted for debt service | - | 306 | 6 | 23 |
| Restricted for capital projects | - | - | - | - |
| TOTAL FUND BALANCES | -0- | 306 | 6 | 23 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ -0- | \$ 306 | \$ 6 | \$ 23 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | | | | |
| Restricted for construction | | | | |
| TOTAL NET ASSETS | | | | |

| Service | | | | Capital Projects | |
|------------------|-------------------|--------------------------|-----------------------|----------------------------|-----------------------|
| Clark Lake Drain | Wolf Lake Section | Napoleon Village Section | Lake Columbia Section | Spring Arbor Water Project | Lake Columbia Section |
| \$ 70 | \$ 444 | \$ 786 | \$ 113 | \$ 3,319 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 70</u> | <u>\$ 444</u> | <u>\$ 786</u> | <u>\$ 113</u> | <u>\$ 3,319</u> | <u>\$ -0-</u> |
| \$ - | \$ - | \$ 138 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| -0- | -0- | 138 | -0- | -0- | -0- |
| 70 | 444 | 648 | 113 | 3,319 | - |
| - | - | - | - | - | - |
| <u>70</u> | <u>444</u> | <u>648</u> | <u>113</u> | <u>3,319</u> | <u>-0-</u> |
| <u>\$ 70</u> | <u>\$ 444</u> | <u>\$ 786</u> | <u>\$ 113</u> | <u>\$ 3,319</u> | <u>\$ -0-</u> |

Jackson County, Michigan

Component Unit Funds

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

December 31, 2011

| | Capital Projects | | | |
|---|---------------------|--------------------|-------------------------|-------------------------|
| | Drain Fund | Drain Revolving | Lake Level Districts | Lake Level Revolving |
| ASSETS | | | | |
| Cash and pooled investments | \$ 1,083,461 | \$ 74,286 | \$ 67,809 | \$ - |
| Due from other governmental units | - | - | - | - |
| Due from other funds | - | 125,811 | 240 | 10,240 |
| Special assessments receivable | 99,174 | 6,915 | - | - |
| Capital assets being depreciated, net | - | - | - | - |
| TOTAL ASSETS | \$ 1,182,635 | \$ 207,012 | \$ 68,049 | \$ 10,240 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 18,850 | \$ 97 | \$ 615 | \$ - |
| Deferred revenue | 99,174 | 6,915 | - | - |
| Due to other funds | 126,208 | - | 9,843 | 240 |
| Due to other governmental units | - | 200,000 | - | 10,000 |
| Long-term liabilities | - | - | - | - |
| TOTAL LIABILITIES | 244,232 | 207,012 | 10,458 | 10,240 |
| FUND BALANCES | | | | |
| Restricted for debt service | - | - | - | - |
| Restricted for capital projects | 938,403 | - | 57,591 | - |
| TOTAL FUND BALANCES | 938,403 | -0- | 57,591 | -0- |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,182,635 | \$ 207,012 | \$ 68,049 | \$ 10,240 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | | | | |
| Restricted for construction | | | | |
| TOTAL NET ASSETS | | | | |

| <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Assets</u> |
|---------------------|---------------------|------------------------------------|
| \$ 1,230,623 | \$ - | \$ 1,230,623 |
| -0- | 12,639,554 | 12,639,554 |
| 136,291 | (136,291) | -0- |
| 106,089 | - | 106,089 |
| -0- | 3,798,475 | 3,798,475 |
| <u>\$ 1,473,003</u> | 16,301,738 | 17,774,741 |
| | | |
| \$ 19,700 | - | 19,700 |
| 106,089 | (106,089) | -0- |
| 136,291 | (136,291) | -0- |
| 210,000 | - | 210,000 |
| -0- | 12,634,625 | 12,634,625 |
| <u>472,080</u> | 12,392,245 | 12,864,325 |
| | | |
| 4,929 | (4,929) | |
| 995,994 | (995,994) | |
| <u>1,000,923</u> | <u>(1,000,923)</u> | |
| | | |
| <u>\$ 1,473,003</u> | | |
| | | |
| | 3,798,475 | 3,798,475 |
| | 1,111,941 | 1,111,941 |
| | <u>\$ 4,910,416</u> | <u>\$ 4,910,416</u> |

Jackson County, Michigan

Component Unit Funds

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

December 31, 2011

Total fund balances - component unit funds \$ 1,000,923

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

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

| | | |
|-------------------------------|--------------------|-----------|
| The cost of capital assets is | \$ 12,242,656 | |
| Accumulated depreciation is | <u>(8,444,181)</u> | |
| Capital assets, net | | 3,798,475 |

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

| | | |
|------------------|--|---------|
| Deferred revenue | | 106,089 |
|------------------|--|---------|

| | | |
|---|--|------------|
| Certain receivables are not susceptible to accrual in the governmental funds due to not having met the criteria to be considered available to finance current operations. | | 12,639,554 |
|---|--|------------|

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

| | | |
|--------------------------|----------------|---------------------|
| Bonds and notes payable | 12,500,000 | |
| Accrued interest payable | <u>134,625</u> | |
| | | <u>(12,634,625)</u> |

Net assets of component unit activities \$ 4,910,416

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

| | Debt | | | |
|--|-----------------------------|--------------------------|----------------------------------|------------------------|
| | Village of Grass Lake | Village of Springport | Spring Arbor Water Project | Village of Brooklyn |
| REVENUES | | | | |
| Intergovernmental | \$ 162,500 | \$ - | \$ 40,863 | \$ 137,925 |
| Interest | - | - | - | 2 |
| TOTAL REVENUES | 162,500 | -0- | 40,863 | 137,927 |
| EXPENDITURES/EXPENSES | | | | |
| Current | | | | |
| Public works | - | - | - | - |
| Debt service | | | | |
| Principal | 150,000 | - | 25,000 | 100,000 |
| Interest and fiscal charges | 12,500 | - | 15,863 | 37,925 |
| TOTAL EXPENDITURES/EXPENSES | 162,500 | -0- | 40,863 | 137,925 |
| NET CHANGE IN FUND BALANCES/ NET ASSETS | -0- | -0- | -0- | 2 |
| Fund balances/net assets, beginning of year | - | 306 | 6 | 21 |
| Fund balances/net assets, end of year | \$ -0- | \$ 306 | \$ 6 | \$ 23 |

| Service | | | | Capital Projects | |
|------------------|-------------------|--------------------------|-----------------------|----------------------------|-----------------------|
| Clark Lake Drain | Wolf Lake Section | Napoleon Village Section | Lake Columbia Section | Spring Arbor Water Project | Lake Columbia Section |
| \$ 525,544 | \$ 359,125 | \$ 109,025 | \$ 901,500 | \$ - | \$ - |
| - | 19 | 13 | - | 7 | - |
| 525,544 | 359,144 | 109,038 | 901,500 | 7 | -0- |
| - | - | - | - | - | 2 |
| 505,000 | 270,000 | 75,000 | 550,000 | - | - |
| 20,544 | 89,050 | 33,988 | 351,500 | - | - |
| 525,544 | 359,050 | 108,988 | 901,500 | -0- | 2 |
| -0- | 94 | 50 | -0- | 7 | (2) |
| 70 | 350 | 598 | 113 | 3,312 | 2 |
| \$ 70 | \$ 444 | \$ 648 | \$ 113 | \$ 3,319 | \$ -0- |

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

| | Capital Projects | | | |
|--|-------------------|--------------------|-------------------------|-------------------------|
| | Drain Fund | Drain Revolving | Lake Level Districts | Lake Level Revolving |
| REVENUES | | | | |
| Intergovernmental | \$ 196,422 | \$ - | \$ - | \$ - |
| Interest | 17,692 | - | 71 | - |
| TOTAL REVENUES | 214,114 | -0- | 71 | -0- |
| EXPENDITURES/EXPENSES | | | | |
| Current | | | | |
| Public works | 145,168 | - | 6,100 | - |
| Debt service | | | | |
| Principal | 48,000 | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| TOTAL EXPENDITURES/EXPENSES | 193,168 | -0- | 6,100 | -0- |
| NET CHANGE IN FUND BALANCES/ NET ASSETS | 20,946 | -0- | (6,029) | -0- |
| Fund balances/net assets, beginning of year | 917,457 | - | 63,620 | - |
| Fund balances/net assets, end of year | <u>\$ 938,403</u> | <u>\$ -0-</u> | <u>\$ 57,591</u> | <u>\$ -0-</u> |

| <u>Total</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|---------------------|---------------------|------------------------------------|
| \$ 2,432,904 | \$ (1,678,955) | \$ 753,949 |
| 17,804 | - | 17,804 |
| 2,450,708 | (1,678,955) | 771,753 |
| 151,270 | 164,000 | 315,270 |
| 1,723,000 | (1,723,000) | - |
| 561,370 | (9,206) | 552,164 |
| <u>2,435,640</u> | <u>(1,568,206)</u> | <u>867,434</u> |
| 15,068 | (110,749) | (95,681) |
| <u>985,855</u> | <u>4,020,242</u> | <u>5,006,097</u> |
| <u>\$ 1,000,923</u> | <u>\$ 3,909,493</u> | <u>\$ 4,910,416</u> |

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

Net change in fund balances - total component unit funds \$ 15,068

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 53,100

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

Depreciation expense (164,000)

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not: (1,732,055)

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

Debt principal retirement 1,723,000

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable 9,206

Change in net assets of component unit activities \$ (95,681)

Jackson County, Michigan

Component Unit Fund

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS

BROWNFIELD REDEVELOPMENT AUTHORITY

December 31, 2011

| | Governmental Fund | Adjustments | Statement of Net Assets |
|---|----------------------|-------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and pooled investments | \$ 72,326 | \$ - | \$ 72,326 |
| Accounts receivable | 2,464 | - | 2,464 |
| TOTAL | 74,790 | -0- | 74,790 |
| Noncurrent assets | | | |
| Note receivable - long term | 690,004 | - | 690,004 |
| TOTAL ASSETS | \$ 764,794 | -0- | 764,794 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Due to other governmental units | 117,500 | - | 117,500 |
| TOTAL LIABILITIES | 117,500 | -0- | 117,500 |
| FUND BALANCE | | | |
| Nonspendable | 690,004 | (690,004) | -0- |
| Unassigned | (42,710) | 42,710 | -0- |
| TOTAL FUND BALANCE | 647,294 | (647,294) | -0- |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 764,794 | | |
| NET ASSETS | | | |
| Unrestricted | | \$ 647,294 | \$ 647,294 |

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as fund balance was equal to the net assets as of December 31, 2011.

Jackson County, Michigan

Component Unit Fund

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

BROWNFIELD REDEVELOPMENT AUTHORITY

Year Ended December 31, 2011

| | |
|---|--------------------------|
| REVENUES | |
| Intergovernmental | \$ 181,420 |
| EXPENDITURES/EXPENSES | |
| Community and economic development | <u>188,123</u> |
| NET CHANGE IN FUND BALANCE/ NET ASSETS | (6,703) |
| Restated fund balance/net assets, beginning of year | <u>653,997</u> |
| Fund balance/net assets, end of year | <u><u>\$ 647,294</u></u> |

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities is not required as the net change in fund balance was equal to the change in net assets for the year ended December 31, 2011.

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET ASSETS

BOARD OF PUBLIC WORKS

December 31, 2011

| | Debt | | | |
|--|--------------------------|----------------------------------|-----------------------------|----------------------------|
| | Village of Springport | Village of Parma Revolving | Village of Parma LDFA | Grass Lake Revolving |
| ASSETS | | | | |
| Cash and pooled investments | \$ 71 | \$ - | \$ 21 | \$ - |
| Due from other governmental units | - | - | - | - |
| TOTAL ASSETS | \$ 71 | \$ -0- | \$ 21 | \$ -0- |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Bonds payable | \$ - | \$ - | \$ - | \$ - |
| Accrued interest payable | - | - | - | - |
| TOTAL LIABILITIES | -0- | -0- | -0- | -0- |
| FUND BALANCES | | | | |
| Restricted for debt service | 71 | - | 21 | - |
| Restricted for capital projects | - | - | - | - |
| TOTAL FUND BALANCES | 71 | -0- | 21 | -0- |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 71 | \$ -0- | \$ 21 | \$ -0- |
| NET ASSETS | | | | |
| Restricted for construction | | | | |

Service

| Grass Lake SER 2002B | Vineyard Lake Area Section | Round / Farewell Lake Section | Southern Regional Interceptor | Rives Sanitary Sewer | Village of Parma Waste Water |
|----------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------|------------------------------------|
| \$ 3,234 - | \$ 63 - | \$ 8,842 - | \$ 90,529 - | \$ 23 - | \$ - - |
| <u>\$ 3,234</u> | <u>\$ 63</u> | <u>\$ 8,842</u> | <u>\$ 90,529</u> | <u>\$ 23</u> | <u>\$ -0-</u> |
| \$ - - | \$ - - | \$ - - | \$ - - | \$ - - | \$ - - |
| -0- | -0- | -0- | -0- | -0- | -0- |
| 3,234 - | 63 - | 8,842 - | 90,529 - | 23 - | - - |
| <u>3,234</u> | <u>63</u> | <u>8,842</u> | <u>90,529</u> | <u>23</u> | <u>-0-</u> |
| <u>\$ 3,234</u> | <u>\$ 63</u> | <u>\$ 8,842</u> | <u>\$ 90,529</u> | <u>\$ 23</u> | <u>\$ -0-</u> |

Jackson County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET AND STATEMENT OF NET ASSETS - CONCLUDED

BOARD OF PUBLIC WORKS

December 31, 2011

| | Vineyard Lake Area Section | Debt Service Round/ Farewell Lake Section | Southern Regional Interceptor | Capital Rives Sanitary Sewer |
|--|----------------------------------|--|-------------------------------------|---------------------------------------|
| ASSETS | | | | |
| Cash and pooled investments | \$ 405 | \$ 135 | \$ 1,346 | \$ 62 |
| Due from other governmental units | - | - | - | - |
| TOTAL ASSETS | <u>\$ 405</u> | <u>\$ 135</u> | <u>\$ 1,346</u> | <u>\$ 62</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Bonds payable | \$ - | \$ - | \$ - | \$ - |
| Accrued interest payable | - | - | - | - |
| TOTAL LIABILITIES | -0- | -0- | -0- | -0- |
| FUND BALANCES | | | | |
| Restricted for debt service | 405 | 135 | 1,346 | - |
| Restricted for capital projects | - | - | - | 62 |
| TOTAL FUND BALANCES | <u>405</u> | <u>135</u> | <u>1,346</u> | <u>62</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 405</u> | <u>\$ 135</u> | <u>\$ 1,346</u> | <u>\$ 62</u> |
| NET ASSETS | | | | |
| Restricted for construction | | | | |

| Projects | | | | | |
|---------------------|--------------------------------|-------------------|------------------|----------------------------|--|
| US 127 Extension | Parma Village Wastewater | Total | Adjustments | Statement of Net Assets | |
| \$ - | \$ - | \$ 104,731 | \$ - | \$ 104,731 | |
| - | - | -0- | 18,516,563 | 18,516,563 | |
| <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 104,731</u> | 18,516,563 | 18,621,294 | |
| \$ - | \$ - | \$ -0- | 18,291,598 | 18,291,598 | |
| - | - | -0- | 120,296 | 120,296 | |
| -0- | -0- | -0- | 18,411,894 | 18,411,894 | |
| - | - | 104,669 | (104,669) | | |
| - | - | 62 | (62) | | |
| -0- | -0- | 104,731 | (104,731) | | |
| <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 104,731</u> | | | |
| | | | <u>\$ 63,500</u> | <u>\$ 209,400</u> | |

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

Fund balances - total component unit funds \$ 104,731

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

Certain receivables are not susceptible to accrual in the governmental funds
due to not having met the criteria to be considered available to finance current operations. 18,516,563

Long-term liabilities are not due and payable in the current period
and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

| | | |
|--------------------------|------------------|---------------------|
| Bonds payable | \$ (18,291,598) | |
| Accrued interest payable | <u>(120,296)</u> | |
| | | <u>(18,411,894)</u> |

Net assets of component unit activities \$ 209,400

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

| | Debt | | | |
|--|--------------------------|----------------------------------|-----------------------------|----------------------------|
| | Village of Springport | Village of Parma Revolving | Village of Parma LDFA | Grass Lake Revolving |
| REVENUES | | | | |
| Intergovernmental - local | \$ - | \$ 72,563 | \$ 155,113 | \$ 143,438 |
| Interest | - | - | 3 | - |
| TOTAL REVENUES | -0- | 72,563 | 155,116 | 143,438 |
| EXPENDITURES/EXPENSES | | | | |
| Current | | | | |
| Public works | - | - | - | - |
| Debt service | | | | |
| Principal | - | 55,000 | 100,000 | 105,000 |
| Interest and fiscal charges | - | 17,563 | 55,113 | 38,438 |
| TOTAL EXPENDITURES/EXPENSES | -0- | 72,563 | 155,113 | 143,438 |
| NET CHANGE IN FUND BALANCES/ NET ASSETS | -0- | -0- | 3 | -0- |
| Fund balances/Net assets, beginning of year | 71 | - | 18 | - |
| Fund balances/Net assets, end of year | <u>\$ 71</u> | <u>\$ -0-</u> | <u>\$ 21</u> | <u>\$ -0-</u> |

Service

| Grass Lake SER 2002B | Vineyard Lake Area Section | Round / Farewell Lake Section | Southern Regional Interceptor | Rives Sanitary Sewer | Village of Parma Waste Water |
|----------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------|------------------------------------|
| \$ 42,749 4 | \$ 479,050 - | \$ 323,381 9 | \$ 323,113 57 | \$ 57,797 11 | \$ 171,065 - |
| 42,753 | 479,050 | 323,390 | 323,170 | 57,808 | 171,065 |
| - | - | - | - | - | - |
| 25,000 17,749 | 300,000 179,050 | 225,000 98,381 | 150,000 93,825 | 15,000 42,797 | 110,000 67,024 |
| 42,749 | 479,050 | 323,381 | 243,825 | 57,797 | 177,024 |
| 4 | -0- | 9 | 79,345 | 11 | (5,959) |
| 3,230 | 63 | 8,833 | 11,184 | 12 | 5,959 |
| <u>\$ 3,234</u> | <u>\$ 63</u> | <u>\$ 8,842</u> | <u>\$ 90,529</u> | <u>\$ 23</u> | <u>\$ -0-</u> |

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

| | Debt Service | | | Capital |
|--|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | Vineyard Lake Area Section | Round/ Farewell Lake Section | Southern Regional Interceptor | Rives Sanitary Sewer |
| REVENUES | | | | |
| Intergovernmental - local | \$ - | \$ - | \$ - | \$ - |
| Interest | 1 | - | 1 | - |
| TOTAL REVENUES | 1 | -0- | 1 | -0- |
| EXPENDITURES/EXPENSES | | | | |
| Current | | | | |
| Public works | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| TOTAL EXPENDITURES/EXPENSES | -0- | -0- | -0- | -0- |
| NET CHANGE IN FUND BALANCES/ NET ASSETS | 1 | -0- | 1 | -0- |
| Fund balances/Net assets, beginning of year | 404 | 135 | 1,345 | 62 |
| Fund balances/Net assets, end of year | <u>\$ 405</u> | <u>\$ 135</u> | <u>\$ 1,346</u> | <u>\$ 62</u> |

| Projects | | | | |
|---------------------|--------------------------------|--------------|----------------|----------------------------|
| US 127 Extension | Parma Village Wastewater | Total | Adjustments | Statement of Activities |
| \$ - | \$ - | \$ 1,768,269 | \$ (1,018,726) | \$ 749,543 |
| - | - | 86 | - | 86 |
| -0- | -0- | 1,768,355 | (1,018,726) | 749,629 |
| - | 929 | 929 | - | 929 |
| - | - | 1,085,000 | (1,085,000) | -0- |
| 1 | - | 609,941 | (7,141) | 602,800 |
| 1 | 929 | 1,695,870 | (1,092,141) | 603,729 |
| (1) | (929) | 72,485 | 73,415 | 145,900 |
| 1 | 929 | 32,246 | 31,254 | 63,500 |
| \$ -0- | \$ -0- | \$ 104,731 | \$ 104,669 | \$ 209,400 |

Jackson County, Michigan

Component Unit Funds

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

Year Ended December 31, 2011

Net change in fund balances - total component unit funds \$ 72,485

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

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not. (1,018,726)

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

Debt principal retirement 1,085,000

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable 7,141

Change in net assets of component unit activities \$ 145,900

STATISTICAL SECTION (UNAUDITED)

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 15,599,655 | \$ 16,852,113 | \$ 15,904,438 | \$ 16,131,214 | \$ 16,662,254 | \$ 16,820,741 | \$ 16,533,573 | \$ 15,130,221 | \$ 15,172,343 |
| Restricted | 2,447,451 | 2,072,383 | 1,598,012 | 2,248,154 | 1,999,818 | 1,851,694 | 2,398,320 | 2,970,238 | 17,220,863 |
| Unrestricted | 17,092,802 | 20,951,919 | 26,634,239 | 30,618,527 | 29,152,734 | 28,243,259 | 27,949,778 | 28,418,753 | 14,863,873 |
| Total governmental activities net assets | <u>\$ 35,139,908</u> | <u>\$ 39,876,415</u> | <u>\$ 44,136,689</u> | <u>\$ 48,997,895</u> | <u>\$ 47,814,806</u> | <u>\$ 46,915,694</u> | <u>\$ 46,881,671</u> | <u>\$ 46,519,212</u> | <u>\$ 47,257,079</u> |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 6,418,081 | \$ 7,577,629 | \$ 8,331,629 | \$ 8,256,892 | \$ 9,254,305 | \$ 11,920,478 | \$ 12,124,522 | \$ 13,178,355 | \$ 13,901,502 |
| Unrestricted | 17,758,169 | 16,012,507 | 16,105,046 | 19,923,786 | 22,051,366 | 21,158,429 | 23,646,148 | 24,406,603 | 25,585,370 |
| Total business-type activities net assets | <u>\$ 24,176,250</u> | <u>\$ 23,590,136</u> | <u>\$ 24,436,675</u> | <u>\$ 28,180,678</u> | <u>\$ 31,305,671</u> | <u>\$ 33,078,907</u> | <u>\$ 35,770,670</u> | <u>\$ 37,584,958</u> | <u>\$ 39,486,872</u> |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 22,017,736 | \$ 24,429,742 | \$ 24,236,067 | \$ 24,388,106 | \$ 25,916,559 | \$ 28,741,219 | \$ 28,658,095 | \$ 28,308,576 | \$ 29,073,845 |
| Restricted | 2,447,451 | 2,072,383 | 1,598,012 | 2,248,154 | 1,999,818 | 1,851,694 | 2,398,320 | 2,970,238 | 17,220,863 |
| Unrestricted | 34,850,971 | 36,964,426 | 42,739,285 | 50,542,313 | 51,204,100 | 49,401,688 | 51,595,926 | 52,825,356 | 40,449,243 |
| Total primary government net assets | <u>\$ 59,316,158</u> | <u>\$ 63,466,551</u> | <u>\$ 68,573,364</u> | <u>\$ 77,178,573</u> | <u>\$ 79,120,477</u> | <u>\$ 79,994,601</u> | <u>\$ 82,652,341</u> | <u>\$ 84,104,170</u> | <u>\$ 86,743,951</u> |

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

Source: Jackson County Administrative Services Department

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 20,524,277 | \$ 21,196,404 | \$ 21,992,799 | \$ 21,501,134 | \$ 23,777,304 | \$22,601,423 | \$ 23,650,817 | \$ 22,366,906 | \$22,951,626 |
| Public safety | 14,784,198 | 14,785,492 | 15,373,560 | 16,090,197 | 16,944,208 | 18,171,168 | 18,196,223 | 18,336,839 | 18,882,372 |
| Health | 9,060,387 | 5,723,355 | 9,640,700 | 9,687,103 | 9,878,983 | 9,254,566 | 9,521,311 | 10,487,852 | 10,664,522 |
| Culture and recreation | 1,536,627 | 1,607,037 | 1,691,953 | 1,666,183 | 1,732,731 | 1,766,639 | 3,188,894 | 2,843,700 | 2,844,926 |
| Community development | 7,370,705 | 11,226,594 | 8,798,015 | 8,225,733 | 8,253,892 | 7,494,081 | 1,463,740 | 1,033,799 | 2,006,522 |
| Interest on long-term debt | 528,227 | 544,615 | 536,869 | 570,535 | 856,277 | 831,753 | 803,914 | 1,156,503 | 443,479 |
| Total governmental activities expenses | <u>53,804,421</u> | <u>55,083,497</u> | <u>58,033,896</u> | <u>57,740,885</u> | <u>61,443,395</u> | <u>60,119,630</u> | <u>56,824,899</u> | <u>56,225,599</u> | <u>57,793,447</u> |
| Business-type activities: | | | | | | | | | |
| Delinquent tax collection/forfeitures | 219,945 | 584,691 | 465,438 | 582,566 | 543,975 | 523,433 | 560,542 | 345,126 | 490,959 |
| Foreclosure tax | 192,716 | 80,434 | 107,519 | 382,099 | 233,853 | 301,988 | 426,210 | 494,072 | 462,740 |
| Medical care facility | 12,481,811 | 12,478,688 | 12,982,116 | 14,950,198 | 15,375,425 | 15,758,850 | 16,060,347 | 16,681,276 | 17,816,002 |
| Fair | 1,434,475 | 1,582,177 | 1,374,525 | 1,175,428 | 1,127,027 | 1,168,697 | - | - | - |
| Resource recovery | 7,516,817 | 7,422,625 | 8,094,120 | 7,682,790 | 8,602,557 | 8,640,601 | 8,991,113 | 8,893,948 | 8,242,890 |
| Personal Property Tax | 13,873 | 98,706 | 394,249 | 59,534 | 70,351 | 66,944 | 66,998 | 66,631 | 35,350 |
| Soil erosion | - | 35,528 | 83,665 | 108,442 | 98,247 | 65,186 | - | - | - |
| Total business-type activities expenses | <u>21,859,637</u> | <u>22,282,849</u> | <u>23,501,632</u> | <u>24,941,057</u> | <u>26,051,435</u> | <u>26,525,699</u> | <u>26,105,210</u> | <u>26,481,053</u> | <u>27,047,941</u> |
| Total primary government expenses | <u>75,664,058</u> | <u>77,366,346</u> | <u>81,535,528</u> | <u>82,681,942</u> | <u>87,494,830</u> | <u>86,645,329</u> | <u>82,930,109</u> | <u>82,706,652</u> | <u>84,841,388</u> |
| Program revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | 6,554,975 | 5,908,588 | 6,042,546 | 5,721,451 | 5,919,618 | 4,990,931 | 6,745,421 | 6,448,052 | 6,279,516 |
| Public safety | 1,060,630 | 1,172,088 | 1,226,579 | 1,203,630 | 1,225,488 | 1,139,985 | 1,148,390 | 1,203,977 | 1,441,373 |
| Health | 1,075,893 | 1,074,443 | 1,014,150 | 899,984 | 803,243 | 852,737 | 799,753 | 791,184 | 780,492 |
| Culture and recreation | 901,627 | 927,955 | 912,318 | 875,804 | 870,466 | 881,788 | 882,320 | 869,020 | 757,368 |
| Community development | - | - | - | 310,630 | 337,918 | 273,898 | 279,240 | 285,455 | 256,783 |
| Other activities | 311,457 | 303,256 | 529,892 | 196,834 | - | - | - | - | - |
| Operating grants and contributions | 17,929,004 | 17,821,584 | 19,999,106 | 19,605,978 | 20,002,956 | 19,534,191 | 16,131,328 | 16,857,973 | 17,845,207 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | 382,293 |
| Total governmental activities program revenues | <u>27,833,586</u> | <u>27,207,914</u> | <u>29,724,591</u> | <u>28,814,311</u> | <u>29,159,689</u> | <u>27,673,530</u> | <u>25,986,452</u> | <u>26,455,661</u> | <u>27,743,032</u> |

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Program revenues - concluded | | | | | | | | | |
| Business-type activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| Delinquent tax collection/forfeitures | \$ 1,514,001 | \$ 1,411,667 | \$ 1,629,077 | \$ 1,838,706 | \$ 2,115,532 | \$ 2,283,553 | \$ 2,497,605 | \$ 2,567,768 | \$ 2,714,617 |
| Foreclosure tax | 361,807 | 75,248 | 201,356 | 160,311 | 229,487 | 65,979 | 580,854 | 421,951 | 685,354 |
| Medical care facility | 11,746,818 | 12,630,867 | 12,474,369 | 15,402,690 | 15,754,525 | 15,523,903 | 15,992,786 | 16,731,793 | 17,265,521 |
| Fair | 1,267,161 | 1,231,734 | 1,174,506 | 1,093,342 | 905,402 | 967,391 | - | - | - |
| Resource recovery | 9,135,568 | 8,668,358 | 9,065,673 | 10,416,508 | 10,825,070 | 11,662,945 | 11,445,736 | 9,732,880 | 9,038,085 |
| Personal Property Tax | 46,942 | 103,333 | 194,748 | 250,052 | 154,886 | 47,285 | 52,915 | 81,078 | 38,135 |
| Soil erosion | - | 50,148 | 70,004 | 70,861 | 78,915 | 35,070 | - | - | - |
| Operating grants and contributions | 334,299 | 449,893 | 1,132,540 | 945,108 | 427,996 | 338,959 | - | - | - |
| Total business-type activities program revenues | <u>24,406,596</u> | <u>24,621,248</u> | <u>25,942,273</u> | <u>30,177,578</u> | <u>30,491,813</u> | <u>30,925,085</u> | <u>30,569,896</u> | <u>29,535,470</u> | <u>29,741,712</u> |
| Total primary government program revenues | <u>52,240,182</u> | <u>51,829,162</u> | <u>55,666,864</u> | <u>58,991,889</u> | <u>59,651,502</u> | <u>58,598,615</u> | <u>56,556,348</u> | <u>55,991,131</u> | <u>57,484,744</u> |
| Net (Expense)/Revenue | | | | | | | | | |
| Government activities | (25,970,835) | (27,875,583) | (28,309,305) | (28,926,574) | (32,283,706) | (32,446,100) | (30,838,447) | (29,769,938) | (30,050,415) |
| Business-type activities | <u>2,546,959</u> | <u>2,338,399</u> | <u>2,440,641</u> | <u>5,236,521</u> | <u>4,440,378</u> | <u>4,399,386</u> | <u>4,464,686</u> | <u>3,054,417</u> | <u>2,693,771</u> |
| Total primary government net expense | <u>(23,423,876)</u> | <u>(25,537,184)</u> | <u>(25,868,664)</u> | <u>(23,690,053)</u> | <u>(27,843,328)</u> | <u>(28,046,714)</u> | <u>(26,373,761)</u> | <u>(26,715,521)</u> | <u>(27,356,644)</u> |
| General Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Property taxes | 19,645,354 | 26,781,837 | 28,674,384 | 30,548,572 | 26,632,998 | 26,301,985 | 26,383,232 | 25,542,916 | 24,779,304 |
| State shared revenue | 3,598,156 | 2,232,993 | 612,647 | 656,012 | 686,772 | 736,391 | 1,236,701 | 2,361,911 | 3,297,426 |
| Investment earnings | 1,137,795 | 1,519,268 | 1,668,218 | 1,990,206 | 2,206,053 | 1,829,418 | 1,114,709 | 663,497 | 1,303,344 |
| Transfers | 2,833,792 | 2,873,036 | 1,614,331 | 592,990 | 1,574,795 | 2,679,194 | 1,122,574 | 1,233,954 | 960,559 |
| Other | - | - | - | - | - | - | 63,107 | 78,408 | 200,941 |
| Total governmental activities | <u>27,215,097</u> | <u>33,407,134</u> | <u>32,569,580</u> | <u>33,787,780</u> | <u>31,100,618</u> | <u>31,546,988</u> | <u>29,920,323</u> | <u>29,880,686</u> | <u>30,541,574</u> |

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| General Revenues - concluded | | | | | | | | | |
| Business-type activities: | | | | | | | | | |
| Investment earnings | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 93,033 | \$ 30,474 | \$ 131,423 |
| Transfers | (2,833,792) | (2,924,513) | (1,594,101) | (663,226) | (1,565,385) | (2,626,150) | (1,123,027) | (1,225,023) | (948,952) |
| Other | - | - | - | - | - | - | 141,172 | 24,471 | 25,672 |
| Total business-type activities | <u>(2,833,792)</u> | <u>(2,924,513)</u> | <u>(1,594,101)</u> | <u>(663,226)</u> | <u>(1,565,385)</u> | <u>(2,626,150)</u> | <u>(888,822)</u> | <u>(1,170,078)</u> | <u>(791,857)</u> |
| Total primary government | <u>24,381,305</u> | <u>30,482,621</u> | <u>30,975,479</u> | <u>33,124,554</u> | <u>29,535,233</u> | <u>28,920,838</u> | <u>29,031,501</u> | <u>28,710,608</u> | <u>29,749,717</u> |
| Change in Net Assets | | | | | | | | | |
| Government activities | 1,244,262 | 5,531,551 | 4,260,275 | 4,861,206 | (1,183,088) | (899,112) | (918,124) | 110,748 | 491,159 |
| Business-type activities | <u>(286,833)</u> | <u>(586,114)</u> | <u>846,540</u> | <u>4,573,295</u> | <u>2,874,993</u> | <u>1,773,236</u> | <u>3,575,864</u> | <u>1,884,339</u> | <u>1,901,914</u> |
| Total primary government | <u>\$ 957,429</u> | <u>\$ 4,945,437</u> | <u>\$ 5,106,815</u> | <u>\$ 9,434,501</u> | <u>\$ 1,691,905</u> | <u>\$ 874,124</u> | <u>\$ 2,657,740</u> | <u>\$ 1,995,087</u> | <u>\$ 2,393,073</u> |

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

Source: Jackson County Administrative Services Department

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | |
| Reserved | \$ 856,227 | \$ 823,857 | \$ 887,987 | \$ 881,264 | \$ 881,943 | \$ 878,826 | \$ 879,589 | \$ 880,467 | \$ - |
| Unreserved | 5,901,904 | 4,745,938 | 5,470,437 | 6,105,169 | 8,333,984 | 10,211,100 | 12,834,704 | 13,012,690 | - |
| Nondisposable | - | - | - | - | - | - | - | - | 876,332 |
| Restricted | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | 1,447,924 |
| Assigned | - | - | - | - | - | - | - | - | 830,299 |
| Unassigned | - | - | - | - | - | - | - | - | 12,965,088 |
| Total general fund | <u>\$ 6,758,131</u> | <u>\$ 5,569,795</u> | <u>\$ 6,358,424</u> | <u>\$ 6,986,433</u> | <u>\$ 9,215,927</u> | <u>\$ 11,089,926</u> | <u>\$ 13,714,293</u> | <u>\$ 13,893,157</u> | <u>\$ 16,119,643</u> |
| All Other Governmental Funds | | | | | | | | | |
| Reserved | \$ 5,587,515 | \$ 2,260,783 | \$ 1,577,476 | \$ 2,227,860 | \$ 1,988,260 | \$ 1,815,135 | \$ 1,886,987 | \$ 3,038,560 | \$ - |
| Unreserved, reported in: | | | | | | | | | |
| Special revenue funds | 9,898,431 | 14,994,195 | 19,221,587 | 23,544,783 | 20,596,873 | 19,461,048 | 17,334,858 | 16,882,432 | - |
| Permanent funds | 139,295 | 128,790 | 128,548 | 136,555 | 149,945 | 176,986 | 181,134 | 180,616 | - |
| Nondisposable | - | - | - | - | - | - | - | - | 431,540 |
| Restricted | - | - | - | - | - | - | - | - | 17,150,425 |
| Committed | - | - | - | - | - | - | - | - | 1,504,087 |
| Unassigned | - | - | - | - | - | - | - | - | (2,753) |
| Total all other governmental funds | <u>\$15,625,241</u> | <u>\$17,383,768</u> | <u>\$20,927,611</u> | <u>\$25,909,198</u> | <u>\$22,735,078</u> | <u>\$ 21,453,169</u> | <u>\$ 19,402,979</u> | <u>\$ 20,101,608</u> | <u>\$ 19,083,299</u> |

(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.

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

Source: Jackson County Administrative Services Department

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$16,381,298 | \$19,139,904 | \$26,211,661 | \$28,674,384 | \$30,548,572 | \$26,632,998 | \$26,301,985 | \$26,383,232 | \$25,541,044 | \$24,779,305 |
| Licenses and permits | 508,251 | 539,133 | 588,399 | 568,405 | 536,321 | 497,887 | 474,069 | 437,296 | 471,432 | 459,766 |
| Intergovernmental | 17,494,083 | 18,405,174 | 16,580,471 | 16,591,458 | 15,788,530 | 15,701,183 | 14,098,155 | 13,904,984 | 15,498,755 | 17,817,486 |
| Charges for services | 7,999,085 | 9,081,440 | 8,835,069 | 8,647,694 | 8,203,360 | 8,006,369 | 8,873,750 | 7,589,130 | 7,920,575 | 7,603,096 |
| Fines and forfeits | 1,408,083 | 1,346,436 | 1,221,828 | 1,178,027 | 1,057,902 | 1,211,283 | 999,836 | 1,021,582 | 987,318 | 929,517 |
| Investment income | 2,144,420 | 1,564,378 | 1,921,629 | 2,010,888 | 2,574,872 | 2,848,441 | 2,389,750 | 1,548,242 | 1,136,906 | 1,759,834 |
| Other revenues | 2,632,822 | 2,264,659 | 2,353,691 | 2,934,004 | 3,270,925 | 3,761,527 | 3,385,049 | 4,181,788 | 3,871,363 | 4,300,043 |
| Total revenues | 48,568,042 | 52,341,124 | 57,712,748 | 60,604,860 | 61,980,482 | 58,659,688 | 56,522,594 | 55,066,254 | 55,427,393 | 57,649,047 |
| Expenditures | | | | | | | | | | |
| General government | 20,211,244 | 21,050,030 | 20,539,483 | 20,765,931 | 21,199,149 | 21,682,119 | 21,063,018 | 20,540,737 | 19,928,198 | 19,954,588 |
| Public safety | 11,111,692 | 12,010,987 | 14,061,504 | 14,690,942 | 14,783,211 | 15,579,716 | 15,805,365 | 14,871,330 | 15,132,380 | 15,434,422 |
| Public works | 1,635 | - | - | - | - | - | - | - | - | - |
| Health | 8,578,048 | 9,011,706 | 9,080,571 | 9,618,667 | 9,375,279 | 9,446,914 | 8,703,895 | 7,901,528 | 8,808,954 | 8,937,570 |
| Culture and recreation | 1,586,854 | 1,495,417 | 1,482,387 | 1,661,674 | 1,556,943 | 2,080,699 | 1,775,068 | 2,448,636 | 2,112,047 | 1,985,441 |
| Community development | - | - | - | - | 143,212 | 2,002,491 | 1,090,014 | 1,290,775 | 919,684 | 1,775,957 |
| Other activities | 5,920,602 | 7,461,000 | 10,157,473 | 8,023,440 | 7,906,082 | 7,580,626 | 6,563,892 | 5,771,014 | 5,932,361 | 5,769,282 |
| Capital outlay | 10,377,200 | 13,375,120 | 3,742,658 | 2,488,485 | 8,302,321 | 1,559,476 | 2,177,165 | 917,416 | 1,030,778 | 2,502,612 |
| Debt service | | | | | | | | | | |
| Principal | 245,000 | 275,000 | 275,000 | 275,000 | 350,000 | 600,000 | 700,000 | 700,000 | 775,000 | 905,000 |
| Interest | 927,638 | 502,681 | 1,389,257 | 539,369 | 531,869 | 860,645 | 836,969 | 809,331 | 779,925 | 421,334 |
| Total expenditures | 58,959,913 | 65,181,941 | 60,728,333 | 58,063,508 | 64,148,066 | 61,392,686 | 58,715,386 | 55,250,767 | 55,419,327 | 57,686,206 |
| Revenues over (under) expenditures | (10,391,871) | (12,840,817) | (3,015,585) | 2,541,352 | (2,167,584) | (2,732,998) | (2,192,792) | (184,513) | 8,066 | (37,159) |
| Other financing sources (uses) | | | | | | | | | | |
| Issuance of bonds | 12,654,424 | - | - | - | 7,045,000 | - | - | - | 10,100,000 | - |
| Bond discount | - | - | - | - | (42,340) | - | - | - | - | - |
| Bond issuance cost | - | - | - | - | - | - | - | - | (82,333) | - |
| Transfers to escrow agent | - | - | - | - | - | - | - | - | (10,018,468) | - |
| Transfers in | 7,938,714 | 8,645,681 | 16,835,716 | 14,008,313 | 13,437,705 | 15,652,285 | 15,375,975 | 14,747,892 | 13,543,829 | 12,695,160 |
| Transfers out | (6,352,850) | (5,698,732) | (13,249,940) | (12,217,191) | (12,663,185) | (13,863,913) | (12,591,093) | (13,809,630) | (12,215,610) | (11,696,532) |
| Total other financing sources (uses) | 14,240,288 | 2,946,949 | 3,585,776 | 1,791,122 | 7,777,180 | 1,788,372 | 2,784,882 | 938,262 | 1,327,418 | 998,628 |
| Net changes in fund balances | \$ 3,848,417 | \$ (9,893,868) | \$ 570,191 | \$ 4,332,474 | \$ 5,609,596 | \$ (944,626) | \$ 592,090 | \$ 753,749 | \$ 1,335,484 | \$ 961,469 |
| Debt service as a percentage of noncapital expenditures | 2.1% | 1.4% | 3.1% | 1.5% | 1.4% | 2.5% | 2.8% | 2.8% | 2.9% | 2.4% |

Source: Jackson County Administrative Services Department

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

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|---------------------|---------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 15,946,600 | \$ 17,015,900 | \$ 17,956,661 | \$ 19,398,287 | \$ 21,074,348 | \$ 23,036,819 | \$ 22,536,049 | \$ 22,553,464 | \$ 21,700,151 | \$ 21,109,245 |
| Licenses and permits | 98,020 | 101,723 | 138,631 | 140,166 | 126,079 | 119,539 | 135,192 | 156,335 | 175,006 | 171,086 |
| Intergovernmental | 9,516,797 | 9,067,839 | 8,026,159 | 6,181,855 | 6,161,126 | 6,153,948 | 5,961,239 | 6,141,528 | 7,862,620 | 8,968,474 |
| Charges for services | 6,340,523 | 7,086,481 | 6,837,104 | 6,573,634 | 6,303,080 | 6,218,903 | 5,338,369 | 5,079,399 | 5,491,690 | 5,208,296 |
| Fines and forfeits | 1,220,720 | 1,129,809 | 1,066,752 | 906,658 | 845,866 | 941,868 | 749,644 | 732,132 | 728,241 | 700,521 |
| Investment income | 1,085,480 | 1,091,967 | 1,561,669 | 1,470,154 | 1,981,369 | 2,255,763 | 1,897,465 | 1,205,421 | 869,110 | 1,374,972 |
| Other revenues | 895,325 | 679,688 | 756,016 | 1,382,861 | 1,283,861 | 1,329,233 | 1,474,543 | 580,749 | 525,441 | 631,080 |
| Total revenues | <u>35,103,465</u> | <u>36,173,407</u> | <u>36,342,992</u> | <u>36,053,615</u> | <u>37,775,729</u> | <u>40,056,073</u> | <u>38,092,501</u> | <u>36,449,028</u> | <u>37,352,259</u> | <u>38,163,674</u> |
| Expenditures | | | | | | | | | | |
| Elections | 162,667 | 82,590 | 168,639 | 101,107 | 180,727 | 127,981 | 277,010 | - | - | - |
| Legislative | 275,223 | 206,663 | 212,660 | 214,972 | 204,724 | 222,134 | 223,025 | - | - | - |
| Judicial | 5,643,113 | 6,005,642 | 5,791,244 | 5,820,832 | 5,880,955 | 6,051,352 | 5,934,204 | - | - | - |
| General government | 9,707,292 | 9,673,984 | 10,101,306 | 9,811,231 | 9,984,893 | 10,062,268 | 9,858,185 | 15,908,581 | 15,835,320 | 15,626,331 |
| Public safety | 8,954,086 | 9,839,612 | 11,684,741 | 11,869,900 | 12,065,712 | 12,745,940 | 12,681,662 | 12,531,637 | 12,925,272 | 13,105,635 |
| Health | 2,319,172 | 2,372,338 | 2,417,480 | 2,868,936 | 3,103,073 | 3,232,085 | 3,032,634 | 2,602,846 | 2,601,208 | 2,611,342 |
| Other activities | 5,368,139 | 4,650,364 | 5,156,890 | 5,326,414 | 5,831,316 | 5,674,330 | 5,493,801 | 5,051,238 | 5,497,645 | 5,007,331 |
| Total expenditures | <u>32,429,692</u> | <u>32,831,193</u> | <u>35,532,960</u> | <u>36,013,392</u> | <u>37,251,400</u> | <u>38,116,090</u> | <u>37,500,521</u> | <u>36,094,302</u> | <u>36,859,445</u> | <u>36,350,639</u> |
| Revenues over (under) expenditures | <u>2,673,773</u> | <u>3,342,214</u> | <u>810,032</u> | <u>40,223</u> | <u>524,329</u> | <u>1,939,983</u> | <u>591,980</u> | <u>354,726</u> | <u>492,814</u> | <u>1,813,035</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 961,733 | 1,444,094 | 3,599,125 | 6,226,447 | 6,214,717 | 6,599,333 | 6,671,943 | 7,780,600 | 5,646,699 | 4,515,983 |
| Transfers out | (3,863,750) | (3,751,156) | (5,597,493) | (5,478,041) | (6,111,037) | (6,309,822) | (5,389,924) | (5,510,959) | (5,591,401) | (5,550,456) |
| Total other financing sources (uses) | <u>(2,902,017)</u> | <u>(2,307,062)</u> | <u>(1,998,368)</u> | <u>748,406</u> | <u>103,680</u> | <u>289,511</u> | <u>1,282,019</u> | <u>2,269,641</u> | <u>55,298</u> | <u>(1,034,473)</u> |
| Net changes in fund balances | <u>\$ (228,244)</u> | <u>\$ 1,035,152</u> | <u>\$ (1,188,336)</u> | <u>\$ 788,629</u> | <u>\$ 628,009</u> | <u>\$ 2,229,494</u> | <u>\$ 1,873,999</u> | <u>\$ 2,624,367</u> | <u>\$ 548,112</u> | <u>\$ 778,562</u> |

Source: Jackson County Administrative Services Department

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

| <u>Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Agricultural</u> | <u>Other</u> | <u>Personal Property</u> | <u>Assessed Taxable Value</u> | <u>*State Equalized Value</u> | <u>Total Direct Tax Rate</u> |
|-------------|---------------------------------|--------------------------------|--------------------------------|---------------------|--------------|------------------------------|---------------------------------------|---------------------------------------|----------------------------------|
| 2002 | \$ 2,180,598 | \$ 398,610 | \$ 162,711 | \$ 155,523 | \$ 12,415 | \$ 357,442 | \$ 3,267,299 | \$ 4,007,667 | 5.5024 |
| 2003 | 2,344,031 | 462,314 | 265,483 | 152,297 | 14,851 | 356,899 | 3,595,875 | 4,443,468 | 5.9176 |
| 2004 | 2,520,199 | 483,912 | 256,259 | 156,791 | 14,147 | 329,263 | 3,760,571 | 4,963,371 | 6.0876 |
| 2005 | 2,702,975 | 505,751 | 247,242 | 158,885 | 16,424 | 356,962 | 3,988,239 | 5,234,043 | 6.0244 |
| 2006 | 2,900,367 | 532,560 | 241,307 | 162,175 | 13,294 | 370,865 | 4,220,568 | 5,815,259 | 5.9994 |
| 2007 | 3,086,703 | 564,281 | 246,554 | 170,502 | 13,253 | 368,855 | 4,450,148 | 6,033,906 | 5.9909 |
| 2008 | 3,153,655 | 586,814 | 238,922 | 176,195 | 9,399 | 366,925 | 4,531,910 | 5,962,893 | 5.9909 |
| 2009 | 3,152,609 | 594,997 | 242,768 | 183,178 | 6,973 | 370,891 | 4,551,416 | 5,604,766 | 5.9909 |
| 2010 | 3,010,501 | 593,343 | 217,483 | 181,464 | 5,667 | 364,718 | 4,373,176 | 5,225,510 | 5.9909 |
| 2011 | 2,918,037 | 585,050 | 212,279 | 183,094 | 4,647 | 375,068 | 4,278,175 | 4,971,653 | 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>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| County direct rates | | | | | | | | | | |
| Operating | 5.3559 | 5.2734 | 5.2022 | 5.1471 | 5.1259 | 5.1187 | 5.1187 | 5.1187 | 5.1187 | 5.1187 |
| Medical Care facility | 0.1465 | 0.1442 | 0.1422 | 0.1406 | 0.1400 | 0.1398 | 0.1398 | 0.1398 | 0.1398 | 0.1398 |
| Jail | | 0.5000 | 0.4932 | 0.4879 | 0.4858 | 0.4851 | 0.4851 | 0.4851 | 0.4851 | 0.4851 |
| Senior Services | | | 0.2500 | 0.2488 | 0.2477 | 0.2473 | 0.2473 | 0.2473 | 0.2473 | 0.2473 |
| Total direct rate | <u>5.5024</u> | <u>5.9176</u> | <u>6.0876</u> | <u>6.0244</u> | <u>5.9994</u> | <u>5.9909</u> | <u>5.9909</u> | <u>5.9909</u> | <u>5.9909</u> | <u>5.9909</u> |
| Overlapping rates | | | | | | | | | | |
| Cities: | | | | | | | | | | |
| Jackson | 15.5718 | 15.2982 | 15.7482 | 15.8785 | 15.3289 | 14.6889 | 14.5889 | 15.8089 | 15.3589 | 15.8389 |
| Townships (average) (A) | 1.6957 | 1.5206 | 1.8247 | 1.7763 | 1.7185 | 1.6796 | 1.7737 | 1.7709 | 1.8980 | 1.9418 |
| Villages (average) (B) | 11.0025 | 10.3166 | 10.3812 | 10.7263 | 10.6623 | 10.0423 | 9.4123 | 10.9535 | 10.7720 | 10.7496 |
| School districts (average) (C) | 22.7631 | 22.3200 | 22.4380 | 22.2208 | 22.3375 | 22.3495 | 22.4486 | 22.3737 | 22.3737 | 22.8728 |
| Intermediate school district (average) (D) | 5.8925 | 5.6821 | 5.8137 | 6.0999 | 5.9006 | 5.8883 | 5.8986 | 5.9528 | 5.9528 | 5.9692 |
| Community college | 1.1980 | 1.1798 | 1.1638 | 1.1565 | 1.1463 | 1.1446 | 1.1446 | 1.1446 | 1.1446 | 1.1446 |
| District Library | 0.8995 | 0.8556 | 0.8736 | 0.8682 | 0.8606 | 0.8593 | 1.2593 | 1.2593 | 1.2593 | 1.2593 |
| (A) - Rates range from: | | | | | | | | | | |
| Low | 0.7994 | 0.7854 | 0.7749 | 0.7642 | 0.7603 | 0.7603 | 0.7603 | 0.7603 | 0.7603 | 0.7603 |
| High | 4.2992 | 3.1654 | 5.7618 | 5.7409 | 3.3088 | 2.6809 | 5.3386 | 5.3386 | 5.3386 | 5.3386 |
| (B) - Rates range from: | | | | | | | | | | |
| Low | 5.1200 | 5.1200 | 4.3860 | 4.9786 | 4.4180 | 4.5694 | 0.0000 | 4.6766 | 4.6766 | 4.3256 |
| High | 19.0053 | 18.5477 | 17.8835 | 17.4205 | 17.3560 | 17.0409 | 16.6124 | 16.4509 | 16.4509 | 16.4536 |
| (C) - Rates range from: | | | | | | | | | | |
| Low | 17.2210 | 17.8018 | 17.6658 | 17.3796 | 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 |
| High | 26.4736 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 | 26.9500 |
| (D) - Rates range from: | | | | | | | | | | |
| Low | 3.1050 | 3.0738 | 3.0550 | 3.8488 | 3.8342 | 3.8342 | 3.8342 | 3.9745 | 3.9745 | 4.0729 |
| High | 8.4928 | 7.4217 | 8.2207 | 8.1704 | 8.1111 | 8.0963 | 8.1100 | 8.1100 | 8.1100 | 8.1100 |

Source: Jackson County Administrative Services Department

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

| Taxpayer | 2011 | | | 2002 | | |
|---------------------------------|-------------------------------|------|--|------------------------------|------|--|
| | Assessed* Taxable Value | Rank | Percentage of Total County Taxable Assessed Value | Assessed Taxable Value | Rank | Percentage of Total County Taxable Assessed Value |
| Consumers Energy | \$ 161,777,136 | 1 | 3.70% | \$ 110,370,050 | 1 | 3.65% |
| Kinder Morgan Michigan LLC | 87,121,202 | 2 | 1.99% | 39,162,930 | 3 | 1.30% |
| MACI | 56,810,271 | 3 | 1.30% | 77,923,093 | 2 | 2.58% |
| Gerdau MAC Steel | 33,102,553 | 4 | 0.76% | 17,902,147 | 4 | 0.59% |
| Ramco Jackson LTD | 18,108,919 | 5 | 0.41% | 6,934,662 | 10 | 0.23% |
| TAC Manufacturing Inc. | 17,207,437 | 6 | 0.39% | 15,978,008 | 5 | 0.53% |
| Meijer Inc. | 14,741,435 | 7 | 0.34% | 9,469,467 | 9 | 0.31% |
| Wal-mart Stores Inc. | 12,663,380 | 8 | 0.29% | - | - | - |
| Vista Grande Villa | 11,754,770 | 9 | 0.27% | - | - | - |
| Tenneco/Walker | 11,608,283 | 10 | 0.27% | - | - | - |
| Lloyd Ganton | 11,157,002 | 11 | 0.26% | - | - | - |
| John Ganton | 10,922,014 | 12 | 0.25% | 8,094,191 | 11 | 0.27% |
| Wolverine Tech/Certainteed | 10,184,550 | 13 | 0.23% | 11,339,763 | 8 | 0.38% |
| Comcast | 10,108,332 | 14 | 0.23% | - | - | - |
| Adco | 8,686,116 | 15 | 0.20% | - | - | - |
| Allegiance Health/health Center | 8,392,490 | 16 | 0.19% | - | - | - |
| Federal National Mortgage | 8,157,939 | 17 | 0.19% | - | - | - |
| Vector Pipeline LP | 7,705,293 | 18 | 0.18% | - | - | - |
| Sears Roebuck | 7,151,922 | 19 | 0.16% | - | - | - |
| ALRO | 6,706,407 | 20 | 0.15% | - | - | - |
| Quanex | - | - | - | 15,025,919 | 6 | 0.50% |
| TRW Automotive | - | - | - | 14,882,813 | 7 | 0.49% |
| | <u>\$ 514,067,451</u> | | <u>11.76%</u> | <u>\$ 327,083,043</u> | | <u>10.82%</u> |

Source: Jackson County Equalization & Administrative Services Departments

* values include Industrial Facilities Tax Abatements

JACKSON COUNTY
Property Tax Levies and Collections
Last Ten Years

| <u>Year</u> | <u>Taxes Levied 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> |
| 2002 | \$ 16,304,245 | \$ 14,523,906 | 89.08% | \$ 1,313,971 | \$ 15,837,877 | 97.14% |
| 2003 | 18,646,958 | 17,156,334 | 92.01% | 1,471,726 | 18,628,060 | 99.90% |
| 2004 | 20,823,011 | 18,760,676 | 90.10% | 1,692,104 | 20,452,780 | 98.22% |
| 2005 | 21,626,845 | 19,709,618 | 91.13% | 1,660,868 | 21,370,486 | 98.81% |
| 2006 | 22,764,241 | 20,944,310 | 92.01% | 1,702,934 | 22,647,244 | 99.49% |
| 2007 | 25,334,259 | 23,532,388 | 92.89% | 1,605,031 | 25,137,419 | 99.22% |
| 2008 | 25,805,606 | 24,135,002 | 93.53% | 1,439,464 | 25,574,466 | 99.10% |
| 2009 | 25,772,909 | 23,450,825 | 90.99% | 1,699,356 | 25,150,181 | 97.58% |
| 2010 | 24,776,520 | 22,980,074 | 92.75% | 1,568,371 | 24,548,445 | 99.08% |
| 2011 | 24,191,799 | 22,635,414 | 93.57% | 1,460,958 | 24,096,372 | 99.61% |

Source: Jackson County Treasurer's Office

JACKSON COUNTY
Ratios of Outstanding Debt by Type
Last Ten Years

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| General Obligation Bonds | | | | | | | | | | |
| Jail | \$ 12,750,000 | \$ 12,500,000 | \$ 12,250,000 | \$ 12,000,000 | \$ 11,675,000 | \$ 11,325,000 | \$ 10,925,000 | \$ 10,525,000 | \$ 10,550,000 | \$ 9,970,000 |
| For the benefit of | | | | | | | | | | |
| Lifeways Mental Health Agency | 875,000 | 850,000 | 825,000 | 800,000 | 7,820,000 | 7,570,000 | 7,988,195 | 6,970,000 | 6,645,000 | 6,320,000 |
| | <u>13,625,000</u> | <u>13,350,000</u> | <u>13,075,000</u> | <u>12,800,000</u> | <u>19,495,000</u> | <u>18,895,000</u> | <u>18,913,195</u> | <u>17,495,000</u> | <u>17,195,000</u> | <u>16,290,000</u> |
| Business-type activities | | | | | | | | | | |
| Resource Recovery | 16,755,000 | 15,505,000 | 13,950,000 | 12,385,000 | 10,825,000 | 9,245,000 | 7,675,000 | 5,775,000 | 4,445,000 | 2,695,000 |
| Medical Care Facility | 15,500,000 | 15,225,000 | 14,950,000 | 14,790,714 | 14,424,109 | 14,052,505 | 13,680,900 | 13,254,295 | 12,822,690 | 12,341,085 |
| | <u>32,255,000</u> | <u>30,730,000</u> | <u>28,900,000</u> | <u>27,175,714</u> | <u>25,249,109</u> | <u>23,297,505</u> | <u>21,355,900</u> | <u>19,029,295</u> | <u>17,267,690</u> | <u>15,036,085</u> |
| Total Debt | <u>\$ 45,880,000</u> | <u>\$ 44,080,000</u> | <u>\$ 41,975,000</u> | <u>\$ 39,975,714</u> | <u>\$ 44,744,109</u> | <u>\$ 42,192,505</u> | <u>\$ 40,269,095</u> | <u>\$ 36,524,295</u> | <u>\$ 34,462,690</u> | <u>\$ 31,326,085</u> |
| Taxable value (000's) | \$ 3,267,299 | \$ 3,595,875 | \$ 3,760,571 | \$ 3,988,239 | \$ 4,220,568 | \$ 4,450,148 | \$ 4,531,910 | \$ 4,551,416 | \$ 4,373,176 | \$ 4,278,175 |
| Ratio of total debt to taxable value | 1.40% | 1.23% | 1.12% | 1.00% | 1.06% | 0.95% | 0.89% | 0.80% | 0.79% | 0.73% |
| Total population | 161,156 | 162,580 | 162,653 | 163,629 | 163,851 | 163,006 | 160,180 | 159,828 | 160,248 | 160,248 |
| Total debt per capita | \$ 284.69 | \$ 271.13 | \$ 258.06 | \$ 244.31 | \$ 273.08 | \$ 258.84 | \$ 251.40 | \$ 228.52 | \$ 215.06 | \$ 195.49 |
| % of personal income | 0.07% | 0.06% | 0.06% | 0.06% | 0.07% | 0.06% | 0.07% | 0.07% | 0.08% | 0.09% |

Source: Jackson County Administrative Services Department

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2011

| | Gross Amount Outstanding | Self-Supporting or Paid by Benefited Entity | Net Amount Outstanding |
|--|---|--|---------------------------------------|
| Direct debt | | | |
| General obligation bonds | \$ 16,290,000 | \$ 6,465,000 | \$ 9,825,000 |
| Resource recovery bonds | 2,695,000 | 2,695,000 | - |
| Medical care facility bonds | 12,341,085 | 12,341,085 | - |
| County Road Commission debt | 410,507 | 410,507 | - |
| Drain bonds and notes | 12,500,000 | 12,500,000 | - |
| Public Works-water and sewer debt | 18,340,000 | 18,340,000 | - |
| Net direct debt | <u>\$ 62,576,592</u> | <u>\$ 52,751,592</u> | <u>9,825,000</u> |
| Overlapping debt | | | |
| School districts | | | 164,250,582 |
| Cities | | | 51,400,000 |
| Townships | | | 29,186,831 |
| Villages | | | 10,445,000 |
| Intermediate school district | | | 910,001 |
| Community colleges | | | 39,260,000 |
| Net overlapping debt | | | <u>295,452,414</u> |
| Net direct and overlapping debt | | | <u>\$ 305,277,414</u> |

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

JACKSON COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2011

| | |
|---|------------------------------|
| Assessed value | \$ 4,971,653,000 |
| Debt limit (10% of assessed value) | \$ 497,165,300 |
| Debt applicable to limit - gross direct bonds | <u>62,576,592</u> |
| Legal debt margin | <u>\$ 434,588,708</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> |
|------|-----------------------|---|------------------------------|---|
| 2002 | \$ 400,766,761 | \$ 63,550,341 | \$ 337,216,420 | 15.86% |
| 2003 | 444,346,818 | 69,500,000 | 374,846,818 | 15.64% |
| 2004 | 496,337,185 | 77,250,000 | 419,087,185 | 15.56% |
| 2005 | 523,440,388 | 83,655,000 | 439,785,388 | 15.98% |
| 2006 | 581,211,455 | 85,880,000 | 495,331,455 | 14.78% |
| 2007 | 603,390,600 | 80,995,000 | 522,395,600 | 13.42% |
| 2008 | 596,294,900 | 76,808,255 | 519,486,645 | 12.88% |
| 2009 | 560,476,600 | 73,033,008 | 487,443,592 | 13.03% |
| 2010 | 522,551,000 | 68,521,152 | 454,029,848 | 13.11% |
| 2011 | 497,165,300 | 62,576,592 | 434,588,708 | 12.59% |

Source: Jackson County Finance Department

JACKSON COUNTY
Demographic and Economic Statistics
Last Ten Years

| <u>Year</u> | <u>Population</u> | <u>Labor Force</u> | <u>Personal Income (thousands of dollars)</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|-------------------|--------------------|---|-----------------------------------|--------------------------|
| 2002 | 161,156 | 78,046 | \$ 4,092,008 | \$ 25,400 | 6.60% |
| 2003 | 162,580 | 77,453 | 4,206,743 | 25,906 | 7.98% |
| 2004 | 162,653 | 78,187 | 4,304,049 | 26,480 | 7.50% |
| 2005 | 163,629 | 78,700 | 4,461,465 | 27,266 | 6.77% |
| 2006 | 163,851 | 78,612 | 4,475,638 | 27,315 | 7.16% |
| 2007 | 163,006 | 77,442 | 4,644,937 | 28,495 | 7.56% |
| 2008 | 160,180 | 76,513 | 4,767,939 | 29,766 | 8.71% |
| 2009 | 159,828 | 76,470 | 4,713,086 | 29,488 | 13.48% |
| 2010 | 160,248 | 72,338 | 4,713,086 a | 29,411 | 10.95% |
| 2011 | 160,248 | 71,890 | 3,516,963 a,b | 21,947 | 8.64% |

a Census Data not available at time of publication

b Estimate used from US Census Bureau

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

JACKSON COUNTY
Principal Employers
Current Year and Ten Years Ago

| <u>Employer</u> | <u>2011 (1)</u> | | | <u>2002 (2)</u> | | |
|--|------------------|-------------|---|------------------|-------------|---|
| | <u>Employees</u> | <u>Rank</u> | <u>% of Total County Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>% of Total County Employment</u> |
| Foote Health Systems | 3,620 | 1 | 5.51% | 2,589 | 1 | 3.55% |
| Consumers Energy | 2,400 | 2 | 3.65% | 2,025 | 3 | 2.78% |
| Michigan Department of Corrections | 2,040 | 3 | 3.11% | 2,301 | 2 | 3.16% |
| Great Lakes Home & Health | 1,118 | 4 | 1.70% | | | |
| Local Government | 870 | 5 | 1.32% | 955 | 5 | 1.31% |
| Jackson Public Schools | 782 | 6 | 1.19% | | | |
| Meijer Inc | 755 | 7 | 1.15% | 1,400 | 4 | 1.92% |
| MACI | 750 | 8 | 1.14% | 500 | 8 | 0.69% |
| Jackson Community College | 650 | 9 | 0.99% | 833 | 6 | 1.14% |
| Eaton Corporation | 650 | 10 | 0.99% | 600 | 7 | 0.82% |
| TAC Manufacturing | 580 | 11 | 0.88% | 300 | 12 | 0.41% |
| Wal-Mart Inc | 568 | 12 | 0.86% | | | |
| Jackson County Intermediate School District | 500 | 13 | 0.76% | 350 | 10 | 0.48% |
| McDonald's 8 Jackson locations | 450 | 14 | 0.69% | | | |
| Dawn Food products | 400 | 15 | 0.61% | | | |
| Mac Steel-Div of Quanex | 385 | 16 | 0.59% | | | |
| Tenneco | 350 | 17 | 0.53% | | | |
| Spring Arbor University | 300 | 18 | 0.46% | | | |
| Anesthesia Business Consultants | 284 | 19 | 0.43% | | | |
| Lifeways/Community Connections | 275 | 20 | 0.42% | | | |
| Michigan Seat Company | | | | 400 | 9 | 0.55% |
| Wolverine Vinyl Siding | | | | 350 | 11 | 0.48% |
| | <u>17,727</u> | | <u>26.99%</u> | <u>12,603</u> | | <u>17.29%</u> |

Source (1): Enterprise Group of Jackson Inc.

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

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

| <u>Function/Program</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Legislative | | | | | | | | | | |
| Board of Commissioners | 15.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Judicial | | | | | | | | | | |
| Circuit Court | 30.0 | 31.0 | 30.5 | 30.5 | 31.5 | 30.0 | 29.0 | 29.0 | 28.0 | 28.0 |
| District Court | 60.0 | 60.0 | 57.0 | 55.0 | 55.0 | 55.0 | 55.0 | 54.5 | 51.0 | 49.0 |
| Friend of the Court | 51.8 | 51.5 | 50.0 | 47.5 | 47.5 | 47.5 | 46.5 | 44.5 | 43.5 | 44.0 |
| County Guardian | 3.3 | 3.3 | 3.4 | 3.3 | 3.0 | - | - | - | - | - |
| General Government and Elections | | | | | | | | | | |
| County Administration | 3.5 | 3.5 | 3.8 | 3.0 | 3.0 | 2.0 | 2.0 | 3.0 | 3.5 | 2.5 |
| Administrative Services | 5.0 | 5.0 | 4.0 | 4.8 | 4.5 | 4.5 | 4.3 | 7.5 | 6.5 | 3.5 |
| Information & Tech Systems | 8.0 | 9.0 | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 9.0 | 9.0 |
| *Human Resources | 7.0 | 6.0 | 6.0 | 5.0 | 3.0 | 3.0 | 3.0 | - | - | 4.8 |
| Equalization | 8.0 | 8.0 | 9.0 | 9.0 | 8.0 | 8.0 | 8.0 | 8.0 | 7.0 | 7.0 |
| GIS | - | - | - | - | - | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 |
| Facilities Management | 25.8 | 27.3 | 24.8 | 18.0 | 18.0 | 17.8 | 21.5 | 20.5 | 17.0 | 14.8 |
| Fleet Operations | 5.0 | 5.0 | 5.0 | 3.0 | 3.0 | 2.0 | - | - | - | - |
| Clerk | 20.3 | 20.5 | 21.0 | 19.5 | 20.3 | 20.4 | 20.7 | 21.0 | 20.0 | 19.3 |
| Register of Deeds | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 4.0 | 5.0 |
| Treasurer | 8.0 | 7.0 | 3.0 | 1.5 | 2.0 | 1.5 | 1.5 | 1.5 | 1.0 | 1.0 |
| MSU Extension | 3.8 | 3.5 | 3.5 | 3.5 | 3.5 | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 |
| Drain Commissioner | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Print Department | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - |
| ****Retirement Board | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.3 | 1.3 | 1.3 | 1.3 | - |
| Public Safety | | | | | | | | | | |
| Prosecuting Attorney | 28.8 | 26.0 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 25.6 | 25.6 |
| Sheriff | 66.0 | 60.0 | 65.0 | 65.0 | 65.0 | 62.0 | 60.0 | 59.0 | 54.0 | 55.0 |
| Emergency Management | 17.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 19.0 | 19.0 |
| Jail | 32.0 | 56.0 | 57.5 | 56.3 | 58.0 | 56.0 | 56.0 | 55.0 | 54.0 | 54.0 |
| Animal Control | 7.0 | 7.0 | 7.8 | 7.8 | 7.3 | 7.3 | 7.0 | 4.0 | 3.0 | 3.0 |
| Youth Center | 40.8 | 38.5 | 42.8 | 39.5 | 39.5 | 38.0 | 36.6 | 35.8 | 32.4 | 32.4 |
| Health and Welfare | | | | | | | | | | |
| Environmental Health | - | - | - | - | 13.0 | 13.0 | 9.8 | 8.3 | 8.0 | 8.0 |
| Public Health | 62.8 | 60.0 | 59.3 | 56.0 | 43.7 | 40.7 | 39.0 | 41.8 | 40.2 | 41.5 |
| Medical Examiner | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Department On Aging | 31.8 | 27.0 | 24.2 | 26.5 | 26.3 | 30.4 | 29.9 | 28.8 | 28.6 | 27.7 |
| Veterans Services | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| **Animal Shelter | - | - | - | - | - | - | - | 3.0 | 3.5 | 3.5 |
| Culture & Recreation | | | | | | | | | | |
| Parks & Recreation | 11.0 | 10.0 | 10.0 | 10.0 | 8.0 | 8.0 | 8.0 | 8.0 | 6.0 | 6.0 |
| Golf Course | - | - | - | - | 1.0 | 4.6 | 4.0 | 4.0 | 2.6 | 2.8 |
| ***Fair | | | | | | | | | 2.5 | 1.0 |
| Other | | | | | | | | | | |
| Airport | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.5 | 3.5 | 3.5 |
| Enterprise Funds | 3.5 | 3.5 | 7.5 | 9.0 | 8.5 | 7.5 | 7.5 | 8.5 | 6.0 | 6.0 |
| Total | 574.2 | 578.6 | 580.4 | 558.1 | 557.0 | 550.0 | 540.1 | 533.5 | 503.2 | 499.2 |

Source: Jackson County Finance Department

* Human Resources was combined with Administrative Services in 2009 and seperated in 2011

** Animal Shelter was separated in 2009 from Animal Control

*** Fair Fund became a Special Revenue Fund

**** Retirement was combined with Human resources in 2011

JACKSON COUNTY
Operating Indicators by Function/Program
Last Ten Years

| <u>Function/Program</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety | | | | | | | | | | |
| Sheriff: | | | | | | | | | | |
| Number of complaints | - | - | 25,110 | 23,795 | 24,669 | 26,641 | 26,792 | 33,034 | 30,069 | 39,448 |
| Number of dispatches | - | - | 136,800 | 140,099 | 134,028 | 129,691 | 127,895 | 146,669 | 138,673 | 149,663 |
| Number of arrests | - | - | 1,562 | 1,610 | 1,871 | 1,856 | 1,875 | 1,551 | 1,506 | 1,335 |
| Number of bookings | - | - | 7,448 | 8,376 | 8,991 | 9,576 | 8,996 | 9,543 | 11,104 | 10,779 |
| Health | | | | | | | | | | |
| Public Health: | | | | | | | | | | |
| Immunizations administered | 11,277 | 10,839 | 10,558 | 12,586 | 7,859 | 7,645 | 7,575 | 7,133 | 14,921 | 10,052 |
| WIC participants | 4,896 | 5,031 | 5,200 | 5,243 | 5,082 | 5,272 | 5,534 | 5,687 | 5,725 | 5,485 |
| Vision/hearing screening | 17,998 | 17,208 | 16,855 | 15,411 | 9,518 | 14,964 | 16,433 | 10,472 | 16,392 | 17,597 |
| Culture & Recreation | | | | | | | | | | |
| Parks & Recreation: | | | | | | | | | | |
| Special events participation | 180,000 | 200,000 | 210,000 | 215,000 | 215,000 | 200,000 | 220,000 | 220,000 | 220,000 | 220,000 |
| Cascades Falls participation | 26,500 | 25,000 | 25,000 | 28,000 | 27,500 | 40,000 | 29,750 | 29,750 | 29,750 | 29,750 |
| Rounds of Golf | 50,000 | 43,620 | 44,056 | 45,665 | 40,700 | 30,000 | 38,550 | 33,700 | 33,400 | 33,400 |
| Camper participation | 13,500 | 12,540 | 12,590 | 14,500 | 15,300 | 13,300 | 15,550 | 15,550 | 33,700 | 33,700 |

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

Note: data for years 2000 thru 2003 are not available

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

| Function/Program | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------|------|------|------|------|-------|-------|------|------|------|-------|
| Public safety | | | | | | | | | | |
| Corrections facility capacities | 186 | 426 | 426 | 426 | 426 | 426 | 426 | 426 | 426 | 426 |
| Vehicle: | | | | | | | | | | |
| Sheriff | 36 | 35 | 38 | 40 | 43 | 38 | 39 | 47 | 41 | 49 |
| Animal control | 4 | 4 | 5 | 4 | 4 | 4 | 4 | 5 | 4 | 4 |
| Parks and recreation | | | | | | | | | | |
| Parks: | | | | | | | | | | |
| County | 15 | 15 | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 |
| Park acreage: | | | | | | | | | | |
| Parkland | 591 | 591 | 591 | 591 | 591 | 1,000 | 900 | 900 | 900 | 900 |
| Picnic areas | 15 | 15 | 15 | 15 | 15 | 17 | 17 | 17 | 17 | 17 |
| Buildings: | | | | | | | | | | |
| Restaurant/meeting | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| County recreation center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Picnic shelter/pavilions | 10 | 10 | 10 | 10 | 10 | 10 | 15 | 15 | 15 | 15 |
| Concession | 2 | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 4 | 4 |
| Swimming beach areas | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Golf Courses: | | | | | | | | | | |
| 18 hole course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Par 3 course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Driving range | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Trails/paths/sidewalks | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Playgrounds | 15 | 15 | 15 | 15 | 15 | 15 | 9 | 9 | 10 | 10 |
| Boat launch | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Campgrounds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public works | | | | | | | | | | |
| Miles of streets | | | | | | | | | | |
| Paved primary | 540 | 542 | 652 | 652 | 652 | 652 | 546 | 544 | 544 | 544 |
| Paved local | 656 | 722 | 972 | 972 | 1,010 | 1,010 | 788 | 790 | 796 | 1,042 |
| Gravel | 369 | 312 | 312 | 312 | 283 | 283 | 249 | 248 | 253 | 250 |

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