Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☒County ☐City ☐Twp ☐Village ☐Other	Jackson County	Jackson

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
December 31, 2006	June 25, 2007	June 27, 2007

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	**Check each applicable box below**. (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☐	☒	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe) (SINGLE AUDIT)	☒	

Certified Public Accountant (Firm Name)	Telephone Number		
Rehmann Robson	517-787-6503		
Street Address	**City**	**State**	**Zip**
675 Robinson Road	Jackson	MI	49203

Authorizing CPA Signature	Printed Name	License Number
David M. Fisher	David M. Fisher, CPA	10337

COUNTY OF JACKSON, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2006

Prepared by:

Randall Treacher, Interim County Administrator/Controller

Gerard Cyrocki, CPA, Finance Officer

INTRODUCTORY SECTION

JACKSON COUNTY, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2006

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* * * * * *

Jackson County
ADMINISTRATOR/CONTROLLER

Randall W. Treacher, Acting Administrator/Controller

June 25, 2007

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, 2006. 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 the absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Jackson County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2006 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, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Jackson County Tower Bldg., 120 W. Michigan Avenue, Jackson, MI 49201
Phone: (517) 788-4335 FAX: (517) 780-4755

PROFILE OF JACKSON COUNTY GOVERNMENT

Jackson County, 707 miles square and with a current population of approximately 163,851, 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, Medial Examiner, and Equalization Director. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State Law. The Medical Examiner performs the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law.

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

The business of the County is carried out on a daily basis by some 530 Full Time Equivalents located at several different locations throughout the County, providing a diverse array of services

in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

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

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

In 2006, the Board of Commissioners entertained a proposal to sell 68 acres of surplus airport property to a national retail developer for the construction of a major shopping center. If successful, this development would lead to almost $100 million in new construction, 1,000 new jobs, and provide some financial security for the operation of the airport by dedicating the proceeds of the sale to that purpose. The Board, in cooperation with the County Treasurer, authorized a Land Bank Fast Track Authority which will accept surplus and tax reverted property for redevelopment and sale in order to place that property back on the tax rolls.

The tax base for Jackson County has grown steadily over the past several years. Property values for the County are estimated at $11.6 billion based on the 2006 Equalization Report. The value of real property increased in 2006 by 5.12% despite a slow economy. The estimated "True Cash Value" translates into a State Equalized Value of $5.8 billion. The total change in the Equalized Value was 5.05% for 2006 or $279,392,494.

The local economy in Jackson County continued to have some success throughout 2006 even as the local economy continued to be sluggish. Over thirty firms increased their local investment by $32,000,000. This investment resulted in the retention of 1,028 jobs and the creation of 421 additional jobs. Plans are underway to develop 1,000 acres of previously state owned prison property into a new industrial park. An Aviation Business Park located on surplus property at the Jackson County Airport is being planned and over $34,000,000 will be invested in the Airport runway realignment project over the next few years. Local Downtown Development Authorities (DDA) and Local Development Financing Authorities (LDFA) continue to receive requests to expand their districts to include new developments.

Long-Term Financial Planning

Unreserved/undesignated fund balance in the general fund (14 percent of total general fund expenditures and transfers out) exceeds policy guidelines set by the Board of Commissioners for budgetary and planning purposes. However, the Board is considering expanding that guideline due to uncertain financial conditions with the State of Michigan.

The county continues to adhere to its plan to reduce FTE's in anticipation of State Revenue Sharing elimination that was approximately $3,000,000 annually. As of December 31, 2006 the county has a achieved a net reduction of 44 FTE's since inception of the "reduction plan. This reduction has been achieved via attrition (retirements & terminations) and departmental reorganizations in conjunction with a new compensation plan discussed below.

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

- Compensation Plan - A reevaluation of county-wide job classifications so as to maintain the same level of customer service and support. In essence do more with less by enhancing pay levels.
- Fringe Benefits Adjustments – Several adjustments were made to reduce future County costs including; increase in age and years of service for vesting in the retirement system, establishing a defined contribution plan for new hires, increase in all employee co-pays for medical and prescription benefits, establishing a charge to receive short term disability coverage, and the elimination of health insurance in retirement for the spouses of new hires.
- Implementation of 5 year CIP (capital improvement plan) and CERP (capital equipment replacement plan) plans to effectively organize and schedule replacement and purchase of the county's fixed asset needs. The implementation of this kind of planning will allow more efficient allocation and spending of limited resources.
- Information Technologies (IT) Schedule - A comprehensive 3 year plan allows for maintaining technology that in turn equates to continued improvement of county operations and customer ease of services, i.e. e-government via the internet.
- Revenue Initiatives - Although more limited in scope, the County Board has considered fee strategies, building space leasing, and a County Parks tax levy.

Cash Management

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

Risk Management

The County is self-insured (up to certain limits) for employees medical expenses and workers' compensation. The County contracts with Blue Cross/Blue Shield and RTW Inc. respectively, to administer these programs for its employees.

The County is covered for liability with traditional insurance through the Michigan Municipal Risk Management Authority (MMRMA). The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

Pension and Other Post Employment Benefits

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

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, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Randall W. Treacher

Randall W. Treacher
Acting Administrator/Controller

2006
COUNTY OF JACKSON

BOARD OF COMMISSIONERS

District #1	**Clifford Herl, Vice-Chairman**	**Board Member**
District #2	**David Lutchka**	**Board Member**
District #3	**Todd Brittain**	**Board Member**
District #4	**Phillip Duckham, III**	**Board Member**
District #5	**Judy Reynolds**	**Board Member**
District #6	**James Videto**	**Board Member**
District #7	**James Shotwell, Jr., Chairman**	**Board Member**
District #8	**Gail Mahoney**	**Board Member**
District #9	**Phil Berkemeier**	**Board Member**
District #10	**Patricia Smith**	**Board Member**
District #11	**Greg Wilson**	**Board Member**
District #12	**DeAnn Gumbert**	**Board Member**

ELECTED OFFICIALS

COUNTY CLERK
Sandra Crowley

COUNTY TREASURER
Janet Rochefort

COUNTY SHERIFF
Dan Heyns

DRAIN COMMISSIONER
Geoffrey Snyder

REGISTER OF DEEDS
Mindy Reilly

PROSECUTOR
Hank Zavislak

COUTY SURVEYOR
Dean R. Gutekunst, R.I.S.

JUDICIARY

4TH CIRCUIT /FAMILY COURT JUDGES
Chad Schmucker, Chief Judge
Edward Grant
John McBain
Charles Nelson
Susan Vandercook

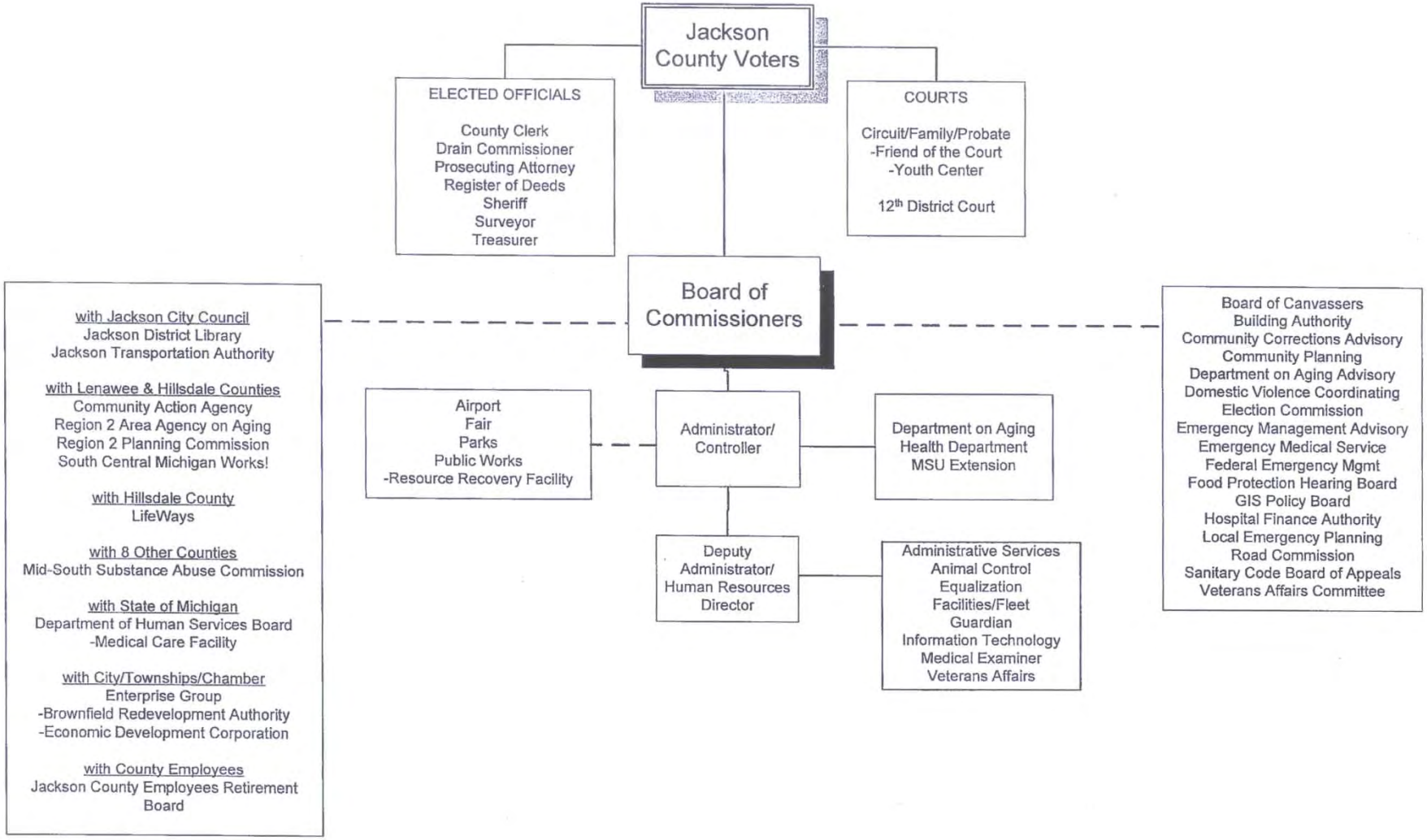
12TH DISTRICT COURT JUDGES
Charles Falahee, Jr., Chief Judge
Joseph Philip
James Justin
R. Darryl Mazur

PROBATE COURT JUDGES
Susan Vandercook, Chief Judge
(Also in Family Court)

ADMINISTRATION

ACTING ADMINISTRATOR/HUMAN RESOURCES DIRECTOR
Randall W. Treacher

FINANCE OFFICER
Gerard Cyrocki


Jackson County Voters
ELECTED OFFICIALS
County Clerk
Drain Commissioner
Prosecuting Attorney
Register of Deeds
Sheriff
Surveyor
Treasurer
COURTS
Circuit/Family/Probate
-Friend of the Court
-Youth Center
12th District Court
Board of Commissioners
with Jackson City Council
Jackson District Library
Jackson Transportation Authority
with Lenawee & Hillsdale Counties
Community Action Agency
Region 2 Area Agency on Aging
Region 2 Planning Commission
South Central Michigan Works!
with Hillsdale County
LifeWays
with 8 Other Counties
Mid-South Substance Abuse Commission
with State of Michigan
Department of Human Services Board
-Medical Care Facility
with City/Townships/Chamber
Enterprise Group
-Brownfield Redevelopment Authority
-Economic Development Corporation
with County Employees
Jackson County Employees Retirement Board
Airport
Fair
Parks
Public Works
-Resource Recovery Facility
Administrator/ Controller
Department on Aging
Health Department
MSU Extension
Deputy Administrator/ Human Resources Director
Administrative Services
Animal Control
Equalization
Facilities/Fleet
Guardian
Information Technology
Medical Examiner
Veterans Affairs
Board of Canvassers
Building Authority
Community Corrections Advisory
Community Planning
Department on Aging Advisory
Domestic Violence Coordinating
Election Commission
Emergency Management Advisory
Emergency Medical Service
Federal Emergency Mgmt
Food Protection Hearing Board
GIS Policy Board
Hospital Finance Authority
Local Emergency Planning
Road Commission
Sanitary Code Board of Appeals
Veterans Affairs Committee

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, 2005

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

President

Executive Director

FINANCIAL SECTION

REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP
an independent member of BAKER TILLY INTERNATIONAL

INDEPENDENT AUDITORS' REPORT

June 25, 2007

Board of Commissioners
County of Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***COUNTY OF JACKSON, MICHIGAN,*** as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. In addition, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represent 62%, 90% and 80%, respectively, of the assets, net assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jackson, Michigan, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

675 Robinson Road · P.O. Box 449 · Jackson, MI 49204 · Phone 517.787.6503 · Fax 517.788.8111 · www.rehmann.com

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007, on our consideration of the ***County of Jackson, Michigan's*** internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Rehmann Robson

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of the County of Jackson, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended December 31, 2006. 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 ii-xii of this report.

I. FINANCIAL HIGHLIGHTS

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by $77.2 million (*net assets*). Of this amount, nearly $51 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain $30.6 million of the unrestricted net assets. The Delinquent Tax Revolving Fund accounts for 79.3% of the business-type unrestricted net assets.

- The County showed an increase in total net assets of $9.4 million dollars.

- At the close of 2006, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of $32.9 million, an increase of $5.6 million in comparison with the prior year. Most of this total is comprised of fund balances of funds created for a specific purpose. The general fund has an *unreserved/undesignated* fund balance of $6.1 million.

- The general fund had a surplus of $628,009 for 2006. At the end of the year, *unreserved* fund balance for the general fund was 14 percent of total general fund expenditures and transfers out.

- Jackson County's total Primary Government net bonded debt decreased by $2.3 million.

II. OVERVIEW of the FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements include not only Jackson County itself, but also 5 legally separate entities, the Road Commission, an Economic Development Corporation, the Drain Commission, the Board of Public Works, and the Brownfield Redevelopment 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 13-15 of this report.

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

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

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

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

Jackson County maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Health Department, the Revenue Sharing Reserve Funds, and the Building Authority Debt Service Fund, each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 16-23 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 seven enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Jackson County's various functions. Jackson County uses internal service funds to account for its self-funded managed care, workers' compensation insurances, land use planning, geographic information system and city/county telephone system. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 24-28 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 29-30 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 34-71 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 74-153 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, 2006. The schedule shows the County's assets exceeded liabilities by $77.2 million.

Jackson County's Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	$49,572,037	$43,233,287	$24,849,802	$21,382,769	$74,421,839	$64,616,056
Capital assets	27,806,214	28,704,438	33,506,001	35,507,343	61,312,215	64,211,781
Total assets	77,378,251	71,937,725	58,355,803	56,890,112	135,734,054	128,827,837
Long-term liabilities outstanding	20,256,473	13,832,721	23,259,109	25,522,329	43,515,582	39,355,050
Other liabilities	8,123,883	13,968,315	6,916,016	6,931,108	15,039,899	20,899,423
Total liabilities	28,380,356	27,801,036	30,175,125	32,453,437	58,555,481	60,254,473
Net assets:						
Invested in capital assets, net of related debt	16,131,214	15,904,438	8,256,892	8,331,629	24,388,106	24,236,067
Restricted	2,248,154	1,598,012	-	-	2,248,154	1,598,012
Unrestricted	30,618,527	26,634,239	19,923,786	16,105,046	50,542,313	42,739,285
Total net assets	$48,997,895	$44,136,689	$28,180,678	$24,436,675	$77,178,573	$68,573,364

Jackson County has a net investment of $24.4 million in capital assets. This represents 32 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 $2.3 million (3 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets,* $50.5 million are the largest portion (65 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

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

Jackson County's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Revenue:						
Program revenue:						
Charges for services	$ 9,208,333	$ 9,725,485	$ 29,232,470	$ 24,809,733	$ 38,440,803	$ 34,535,218
Operating grants and contributions	19,605,978	19,999,106	945,108	1,132,540	20,551,086	21,131,646
General revenues:						
Property taxes	30,548,572	28,674,384	-	-	30,548,572	28,674,384
Other	2,646,218	2,280,865	-	-	2,646,218	2,280,865
Total revenue	**62,009,101**	**60,679,840**	**30,177,578**	**25,942,273**	**92,186,679**	**86,622,113**
Expenses						
Legislative	204,724	214,972	-	-	204,724	214,972
Judicial	11,097,366	10,667,903	-	-	11,097,366	10,667,903
Elections	180,696	77,070	-	-	180,696	77,070
General government	10,018,348	11,032,854	-	-	10,018,348	11,032,854
Public safety	16,090,197	15,373,560	-	-	16,090,197	15,373,560
Health & Welfare	9,687,103	9,640,700	-	-	9,687,103	9,640,700
Recreation and Culture	1,666,183	1,691,953	-	-	1,666,183	1,691,953
Community Development	8,225,733	8,798,015	-	-	8,225,733	8,798,015
Debt service-interest	570,535	536,869	-	-	570,535	536,869
Delinquent tax revolving	-	-	582,566	465,438	582,566	465,438
Foreclosure tax	-	-	382,099	107,519	382,099	107,519
Medical Care Facility	-	-	14,950,198	12,982,116	14,950,198	12,982,116
Fair	-	-	1,175,428	1,374,525	1,175,428	1,374,525
Resource Recovery	-	-	7,682,790	8,094,120	7,682,790	8,094,120
Soil erosion	-	-	108,442	83,665	108,442	83,665
Public works	-	-	59,534	394,249	59,534	394,249
Total expenses	**57,740,885**	**58,033,896**	**24,941,057**	**23,501,632**	**82,681,942**	**81,535,528**
Increase (decrease) in net assets before transfers	4,268,216	2,645,944	5,236,521	2,440,641	9,504,737	5,086,585
Transfers	592,990	1,614,331	(663,226)	(1,594,101)	(70,236)	20,230
Increase in net assets	**4,861,206**	**4,260,275**	**4,573,295**	**846,540**	**9,434,501**	**5,106,815**
Net assets - beginning of year	44,136,689	39,876,414	24,436,675	23,590,135	68,573,364	63,466,549
Restatement	-	-	(829,292)	-	(829,292)	-
Net assets - end of year	**$ 48,997,895**	**$ 44,136,689**	**$ 28,180,678**	**$ 24,436,675**	**$ 77,178,573**	**$ 68,573,364**

Governmental activities. Jackson County's revenue exceeded expenses by approximately $4.2 million which accounted for 87.5% of the increase in net assets for 2006. Key elements of this change are as follows:

- Property taxes increased by approximately $1.9 million (6.3 percent) during the year. This increase is the product of increased taxable values and residential growth.

- The other revenue category increased by $365,353 which is almost entirely attributed to investment interest earnings.

- The above mentioned increases were offset by decreases in charges for services and grants and contributions in the approximate amounts of $517,000 and $394,000, respectively. A decrease in court fees of over $170,000 and recording fees for real estate transfers and new mortgages in the amount of $108,000 were significant components of the overall decrease in charges for services. In the area of grants, the Homeland Security grant was $600,000 less compared to the prior year.

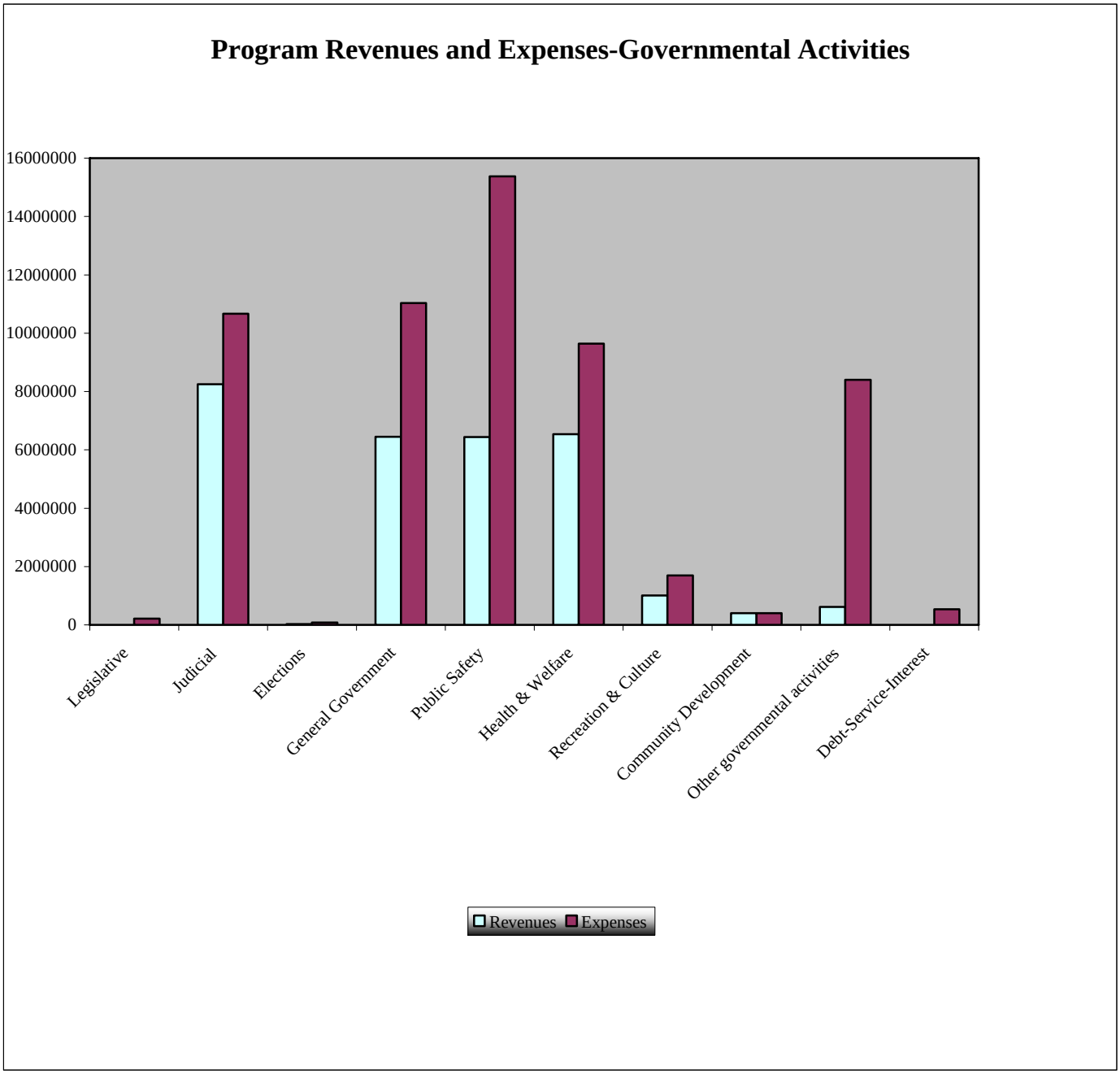
Overall, total expenses for governmental activities decreased by nearly $300,000. Increased operation costs were incurred in jail (public safety) for the year specifically in the inmate medical and foodservice area due to the higher average daily jail population. The county as a whole increased spending on maintenance of buildings and equipment for the year by approximately $250,000 from the prior year. These increased costs were offset by a wide variety of decreases in other costs particularly in the employee fringe benefit area.

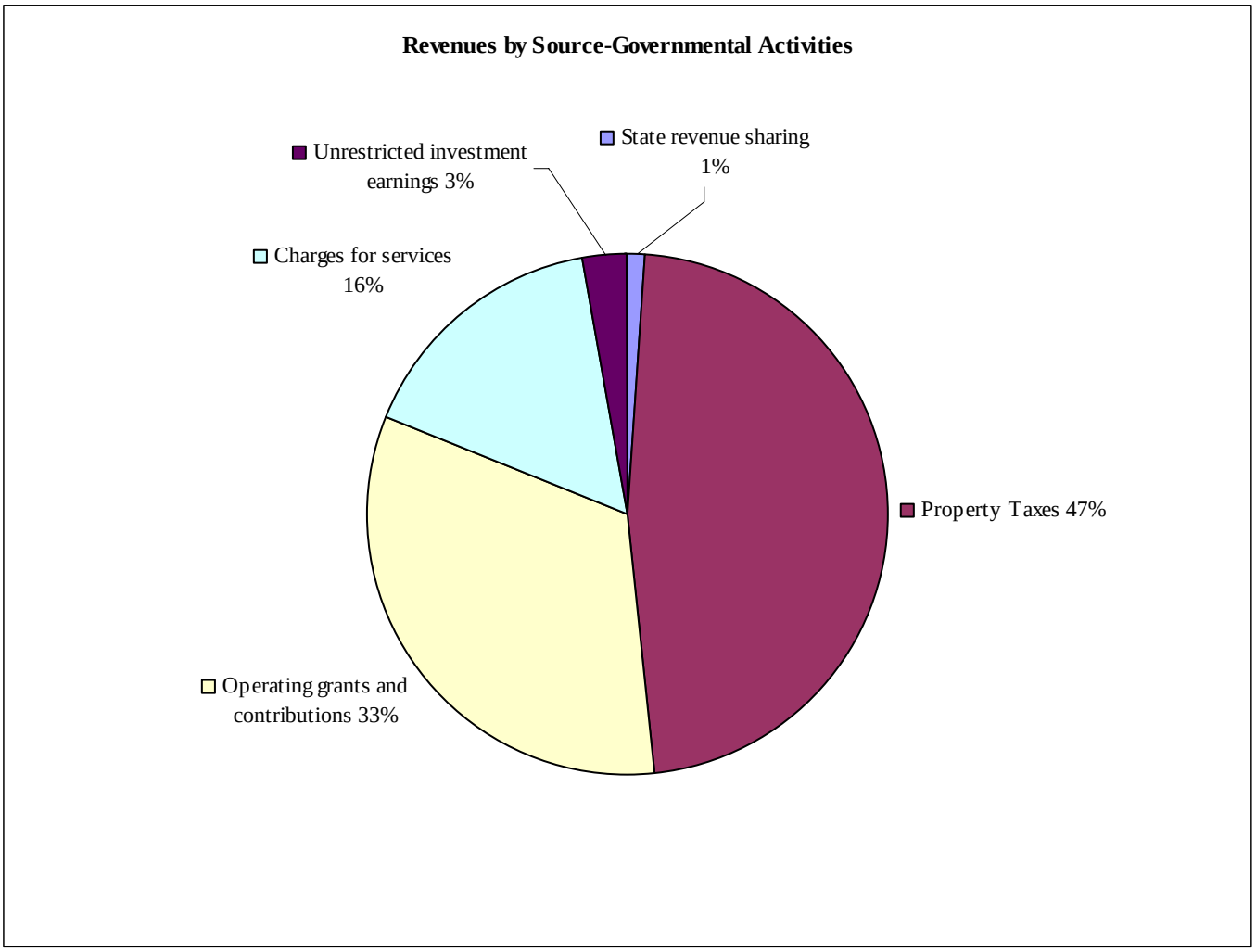
Business-type activities of Jackson County increased the net assets by $3.7 million. Key elements of the current year increase are as follows:

- Charges for services revenue for business-type activities increased $4,422,737 in comparison to the prior year. The Medical Care Facility had an increase in Medicaid revenue that was a result of a new program called Quality Assurance program that was approved by the federal government in 2006 in the amount of $2,207,832. The Resource Recovery experienced an increase in tipping fees related to in an increase of MSW (municipal solid waste) received at the facility by over $500,000 as well as an increase in steam sales to the State of Michigan of over $500,000.

- Business-type expenses increased by over $1.4 million which was mostly attributed to a "provider tax" assessed by the State of Michigan for the Medicaid revenue discussed above.

Transfers- net transfers of $663,226 from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.


Program Revenues and Expenses-Governmental Activities
16000000
14000000
12000000
10000000
8000000
6000000
4000000
2000000
0
Legislative
Judicial
Elections
General Government
Public Safety
Health & Welfare
Recreation & Culture
Community Development
Other governmental activities
Debt-Service-Interest
Revenues
Expenses



Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year, Jackson County's governmental funds reported combined ending fund balances of $32.9 million, an increase of $5.6 million in comparison with the prior year. Most of this total amount (more than $31.8 million) constitutes *unreserved fund balance,* which is available for spending for specific purposes and government discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) for prepaid items & inventory ($207,906), and 2) loaned to other funds or component units ($827,500).

The general fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unreserved fund balance of the general fund was $6.1 million, while total fund balance approached $6.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14 percent of total general fund expenditures and transfers, while total fund balance represents 16.1 percent of that same amount.

The fund balance of the County's general fund increased by $628,009 during the fiscal year. This is primarily attributed to increases in growth in property taxes and transfers in from other funds and offsetting decreases in other revenues, namely interest, fines and forfeits, and charges for services.

The health department's fund balance decrease of $270,375 was attributed to a decrease in Medicaid Cost Reimbursement funding for year as a result of a Federal audit claim against the State of Michigan of questioned costs in the approximate amount of $170,000 (County of Jackson's portion), and an increase in capital outlay of $258,134. The County of Jackson's portion of the audit was subsequently received in 2007. The above items were offset by a decrease in expenditures of $308,829 compared to the prior year.

The revenue sharing reserve fund had a total fund balance $11,040,738, an increase of $3.1 million during 2006. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections to serve as a substitute for state revenue sharing payments. Three annual payments, each equal to 1/3 of the annual property tax levy (2004) were transferred in accordance with state statute. Beginning in late 2004 and continuing until the fund balance is exhausted, the County will be able to draw monies from this fund equal to fiscal 2004 state revenue sharing payments adjusted for inflation. This fund will decline approximately $3,000,000 per year in the future until the fund is exhausted.

The Building Authority Debt Service had a fund balance of $140,039 at the end of the year. This fund accounts for the debt payments of projects constructed through Jackson County Building authority. In 2006, the Building Authority issued bonds for a local health care organization in the amount of $7,045,000 which was recorded as a receivable with a corresponding entry for deferred revenue. This is the reason this fund became a "major" fund.

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

Unrestricted net assets of the delinquent tax, resource recovery, and medical care facility funds were $15,843,679, $1,289,071, and $2,468,968 respectively. The above funds had increases in net assets of $1,208,726, $2,852,734, and $603,687 respectively.

Internal service funds ended the year with net assets of $1,615,947, a decrease of $200,088 from the prior year.

General Fund Budgetary Highlights

General Fund revenue (including transfers in) increased by $1.2 million from the original to the final budget. This was primarily attributed to an increase in investment earnings of $675,000 due to favorable interest rate environment and transfer in from the Department on Aging Millage Fund of $237,699.

There was a corresponding $1.2 million increase between the original and final amended expenditure budget (including transfers out). Some key reasons for this change was the maintenance in the level of services provided by the Department on Aging as mandated with the passage of the senior millage passed in late 2004, and an increase in public safety activities as a result of food services, utility, and medical care costs associated with operating the county's 2 jails.

Overall during the year, actual general fund revenues, including other financing sources, were $181,136 less than final budget. Actual general fund expenditures, including other financing uses were $1,009,145 less than the final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of $628,009 which was more than the final amended budget deficit of ($200,000).

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, 2006, amounts to $61.3 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:

- Completion of the Mobile Data Tower upgrade
- Purchase of property adjacent to county fairgrounds
- Decrease in county vehicles

JACKSON COUNTY'S Capital Assets
(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Land	$1,258,548	$1,158,398	$469,572	$278,832	$1,728,120	$1,437,230
Construction in progress	52,689	847,807	-	-	52,689	2,031,876
Buildings	22,848,013	24,030,157	26,050,902	27,412,362	48,898,915	51,442,519
Equipment and vehicles	3,646,964	2,668,076	6,985,527	7,816,149	10,632,491	10,484,225
	$27,806,214	**$28,704,438**	**$33,506,001**	**$35,507,343**	**$61,312,215**	**$65,395,850**

Additional information on the Jackson County's capital assets can be found in note III C. on pages 49-51.

Long-term debt. At the end of the 2006 fiscal year, Jackson County had net outstanding debt of $38.6 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net assets.

Jackson County's gross outstanding debt increased by $6.4 million during the fiscal year. The key factors in this increase were bonded debt issuances for water & sewer projects of the Board of Public Works.

Jackson County maintains an "A1" rating by Moody's and an "A+" rating by Standard &Poor's for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is $ 495.3 million, which is significantly in excess of Jackson County's outstanding general obligation debt.

Additional information on the Jackson County's long-term debt can be found in note III G. on pages 55-63 of this report.

JACKSON COUNTY'S Outstanding Debt

	2006			2005		
	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding
Building Authority	$34,815,000	$7,045,000	$27,770,000	$28,525,000	-	$28,525,000
Water & Sewer	40,240,000	40,240,000	-	42,745,000	42,745,000	-
Solid Waste General Obligation	6,255,000	-	6,255,000	7,350,000	-	7,350,000
Solid Waste Revenue	4,570,000	-	4,570,000	5,035,000	-	5,035,000
Compensated Absences	1,471,473	-	1,471,473	1,492,721	-	1,492,721
	$87,351,473	$47,285,000	$40,066,473	$85,147,721	$42,745,000	$42,402,721

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2007 fiscal year:

- The County initiated a compensation plan starting on January 1, 2007 effectively increasing step rates to reward employees with seniority and approved a 2% annual COLA increase in salaries for non-union employees and elected officials.

- The economic downturns from previous years and slow recovery of the stock market have affected fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plan. This increased obligation will continue into the near future.

- Unemployment in Jackson County at the end of 2006 stood at 7.05%, which is up from 2005 at 6.52%. This rate continued to be above the State and national averages.

- The County has initiated several cost savings plans that are effective for years beginning in 2007 and 2008. Although immediate impact will be minimal , changes such as increased co-pay for health insurance, and short term disability, elimination of spousal health insurance for retirees hired after 1/1/2007, and approval of a defined contribution plan for new hires effective 1/1/2008, will have significant long term savings.

- The State of Michigan has been dealing with projected budgetary shortfalls for the past three years and is projected to continue into the future, at least until 2008. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2003/04 state revenue sharing payments adjusted for inflation. For Jackson County, this mechanism will last until FY2010. During the next three years, the County intends to implement budgets in anticipation of the elimination of revenue sharing.

- The County has budgeted to increase the General Fund balance by $500,000 and increase the Budget Stabilization Fund by $500,000 in preparation for the total elimination of revenue sharing discussed above.

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, MI 49201.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
DECEMBER 31, 2006

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 27,402,387	$ 12,868,592	$ 40,270,979	$ 5,219,894
Receivables, net	21,237,308	9,590,721	30,828,029	44,283,245
Prepaid items and other assets	932,342	2,390,489	3,322,831	2,827,358
Capital assets not being depreciated	1,311,237	469,572	1,780,809	16,181,262
Capital assets being depreciated, net	26,494,977	33,036,429	59,531,406	59,416,387
Total assets	77,378,251	58,355,803	135,734,054	127,928,146
Liabilities				
Accounts payable and accrued expenses	2,873,750	4,071,491	6,945,241	1,931,264
Unearned revenue	4,540,133	556,415	5,096,548	5,000
Long-term liabilities:				
Due within one year	710,000	2,288,110	2,998,110	2,384,622
Due in more than one year	20,256,473	23,259,109	43,515,582	38,852,734
Total liabilities	28,380,356	30,175,125	58,555,481	43,173,620
Net assets				
Invested in capital assets, net of related debt	16,131,214	8,256,892	24,388,106	75,187,609
Restricted for:				
Debt service	140,039	-	140,039	-
Capital projects	1,971,560	-	1,971,560	-
Endowments - nonexpendable	136,555	-	136,555	-
Unrestricted	30,618,527	19,923,786	50,542,313	9,566,917
Total net assets	$ 48,997,895	$ 28,180,678	$ 77,178,573	$ 84,754,526

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

COUNTY OF JACKSON, MICHIGAN
Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
Legislative	$ 204,724	$ -	$ -	$ -	$ (204,724)
Judicial	11,097,366	3,445,601	4,493,867	-	(3,157,898)
Elections	180,696	-	37,575	-	(143,121)
General government	10,018,348	2,275,850	4,149,998	-	(3,592,500)
Public safety	16,090,197	1,203,630	4,705,933	-	(10,180,634)
Health and welfare	9,687,103	899,984	5,405,763	-	(3,381,356)
Recreation and cultural	1,666,183	875,804	616,635	-	(173,744)
Community development	8,225,733	310,630	190,648	-	(7,724,455)
Other governmental activities	-	196,834	5,559	-	202,393
Interest on long-term debt	570,535	-	-	-	(570,535)
Total governmental activities	57,740,885	9,208,333	19,605,978	-	(28,926,574)
Business-type activities:					
Delinquent tax collections/forfeitures	582,566	1,838,706	600,248	-	1,856,388
Foreclosure tax	382,099	160,311	-	-	(221,788)
Medical Care Facility	14,950,198	15,402,690	151,195	-	603,687
Fair	1,175,428	1,093,342	70,936	-	(11,150)
Resource recovery	7,682,790	10,416,508	119,016	-	2,852,734
Soil erosion	108,442	70,861	629	-	(36,952)
Public works projects	59,534	250,052	3,084	-	193,602
Total business-type activities	24,941,057	29,232,470	945,108	-	5,236,521
Total primary government	$ 82,681,942	$ 38,440,803	$ 20,551,086	$ -	(23,690,053)
Component units					
County roads	$ 15,460,623	$ 2,028,060	$ 15,828,978	$ -	$ 2,396,415
Economic development	184,144	12,000	51,367	-	(120,777)
County drains	4,442,445	-	-	1,668,784	(2,773,661)
Brownfield redevelopment	289,685	-	530,220	-	240,535
County board of public works	8,344,756	-	-	1,969,721	(6,375,035)
Total component units	$ 28,721,653	$ 2,040,060	$ 16,410,565	$ 3,638,505	$ (6,632,523)

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COUNTY OF JACKSON, MICHIGAN
Statement of Activities (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Primary Government			
Functions/Programs	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Changes in net assets				
Net (expense) revenue	$ (28,926,574)	$ 5,236,521	$ (23,690,053)	$ (6,632,523)
General revenues:				
Property taxes	30,548,572	-	30,548,572	-
State shared revenue -unrestricted	656,012	-	656,012	-
Unrestricted investment earnings	1,990,206	-	1,990,206	448,678
Transfers - internal activities	592,990	(663,226)	(70,236)	-
Total general revenues and transfers	33,787,780	(663,226)	33,124,554	448,678
Change in net assets	4,861,206	4,573,295	9,434,501	(6,183,845)
Net assets, beginning of year, as restated	44,136,689	23,607,383	67,744,072	90,938,371
Net assets, end of year	$ 48,997,895	$ 28,180,678	$ 77,178,573	$ 84,754,526

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

FUND FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

		Special Revenue		Debt Service		
ASSETS	**General**	**Health Department**	**Revenue Sharing Reserve**	**Building Authority**	**Other Governmental Funds**	**Total**
ASSETS						
Pooled cash and cash equivalents	$ 4,837,999	$ 1,684,169	$ 4,987,211	$ 140,039	$ 13,820,847	$ 25,470,265
Cash and cash equivalents	15,273	1,750	-	-	55,958	72,981
Receivables:						
Accounts	558,481	166,178	-	-	54,428	779,087
Taxes	7,605,650	-	-	-	3,251,436	10,857,086
Accrued interest	618,086	-	-	-	-	618,086
Due from other funds	-	-	6,053,527	-	-	6,053,527
Due from other governmental units	348,019	-	-	7,820,000	537,261	8,705,280
Advances to component units	327,500	-	-	-	-	327,500
Advances to other funds	500,000	-	-	-	-	500,000
Inventory	-	-	-	-	116,261	116,261
Prepaid items	91,645	-	-	-	-	91,645
TOTAL ASSETS	**$ 14,902,653**	**$ 1,852,097**	**$ 11,040,738**	**$ 7,960,039**	**$ 17,836,191**	**$ 53,591,718**

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

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

LIABILITIES AND FUND BALANCES	General	Special Revenue: Health Department	Special Revenue: Revenue Sharing Reserve	Debt Service: Building Authority	Other Governmental Funds	Total
LIABILITIES						
Accounts payable	$ 500,295	$ 39,233	$ -	$ -	$ 616,127	$ 1,155,655
Accrued payroll	300,272	91,447	-	-	116,561	508,280
Due to other governmental units	-	-	-	-	118,492	118,492
Due to other funds	6,053,527	-	-	-	-	6,053,527
Advances from other funds	-	-	-	-	500,000	500,000
Deferred revenue	1,062,126	13,230	-	7,820,000	3,464,777	12,360,133
Total liabilities	7,916,220	143,910	-	7,820,000	4,815,957	20,696,087
FUND BALANCES						
Reserved						
Inventory and prepaid items	91,645	-	-	-	116,261	207,906
Advances	827,500	-	-	-	-	827,500
Unreserved:						
Designated for future expenditures	-	137,733	-	-	490,806	628,539
Undesignated	6,067,288	1,570,454	11,040,738	140,039		18,818,519
Undesignated, reported in nonmajor:						
Special revenue funds	-	-	-	-	10,305,052	10,305,052
Capital projects funds	-	-	-	-	1,971,560	1,971,560
Permanent funds	-	-	-	-	136,555	136,555
Total fund balances	6,986,433	1,708,187	11,040,738	140,039	13,020,234	32,895,631
TOTAL LIABILITIES AND FUND BALANCES	**$14,902,653**	**$1,852,097**	**$ 11,040,738**	**$ 7,960,039**	**$ 17,836,191**	**$53,591,718**

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

COUNTY OF JACKSON, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2006

Fund balances - total governmental funds	$32,895,631
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	48,338,726
Subtract: accumulated depreciation	(20,532,512)
Other long-term assets are not available to pay for current-period expenditures and therefore not included in the funds.	
Add: long term receivable included in deferred revenues	7,820,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	
Add: net assets of governmental activities accounted for in internal service funds	1,615,947
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: bonds payable	(19,495,000)
Subtract: compensated absences	(1,471,473)
Subtract: accrued interest on long-term liabilities	(173,424)
Net assets of governmental activities	$48,997,895

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

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

		Special Revenue		Debt Service		
	General	Health Department	Revenue Sharing Reserve	Building Authority	Other Governmental Funds	Total
REVENUE						
Taxes	$ 21,074,348	$ -	$ 6,053,527	$ -	$ 3,420,697	$ 30,548,572
Licenses and permits	126,079	397,656	-	-	12,586	536,321
Intergovernmental	6,161,126	1,958,082	-	-	6,347,453	14,466,661
Contributions	-	-	-	1,321,869	-	1,321,869
Charges for services	6,303,080	426,215	-	-	1,474,065	8,203,360
Fines and forfeits	845,866	-	-	-	212,036	1,057,902
Interest and rents	1,981,369	-	48,596	3,877	541,030	2,574,872
Donations	-	-	-	-	359,254	359,254
Other revenue	1,283,861	227,458	-	-	1,400,352	2,911,671
Total revenue	37,775,729	3,009,411	6,102,123	1,325,746	13,767,473	61,980,482
EXPENDITURES						
Current:						
Legislative	204,724	-	-	-	-	204,724
Judicial	5,880,955	-	-	-	4,947,850	10,828,805
Elections	180,727	-	-	-	-	180,727
General government	9,984,893	-	-	-	-	9,984,893
Public safety	12,065,712	-	-	-	2,717,499	14,783,211
Health and welfare	3,103,073	3,707,855	-	-	2,564,351	9,375,279
Recreation and cultural	-	-	-	-	1,556,943	1,556,943
Community development					143,212	143,212
Other functions	5,831,316	-	-	1,268,254	806,512	7,906,082
Debt service:						
Principal	-	-	-	350,000	-	350,000
Interest	-	-	-	531,869	-	531,869
Capital outlay	-	321,593	-	-	7,980,728	8,302,321
Total expenditures	37,251,400	4,029,448	-	2,150,123	20,717,095	64,148,066
Revenue over (under) expenditures	524,329	(1,020,037)	6,102,123	(824,377)	(6,949,622)	(2,167,584)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	7,045,000	7,045,000
Bond discount	-	-	-	-	(42,340)	(42,340)
Transfers in	6,214,717	749,662	-	666,909	5,806,417	13,437,705
Transfers (out)	(6,111,037)	-	(3,045,377)	-	(3,506,771)	(12,663,185)
Total other financing sources (uses)	103,680	749,662	(3,045,377)	666,909	9,302,306	7,777,180
Net change in fund balances	628,009	(270,375)	3,056,746	(157,468)	2,352,684	5,609,596
FUND BALANCES, Beginning of year	6,358,424	1,978,562	7,983,992	297,507	10,667,550	27,286,035
FUND BALANCES, End of year	**$ 6,986,433**	**$ 1,708,187**	**$ 11,040,738**	**$ 140,039**	**$ 13,020,234**	**$ 32,895,631**

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

COUNTY OF JACKSON, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2006

Net change in fund balances - total governmental funds	$ 5,609,596
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation	
Add: capital outlay	1,540,906
Subtract: depreciation expense	(2,439,130)
Certain receivables are recorded in the statement of activities when the amount is earned; they are not reported in the funds unless collected within 60 days of year end	7,002,660
Subtract net effect of principal recognized as revenue at the fund level for long-term receivable collection	(25,000)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net	
Subtract: proceeds of long-term debt	(7,045,000)
Add: principal payments on long-term liabilities	350,000
Add: bond discount	42,340
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Add: prior year accrued interest on bonds	177,098
Subtract: current year accrued interest on bonds	(173,424)
Add: decrease in the accrual of compensated absences	21,248
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	
Add: interest revenue from governmental internal service funds	28,619
Subtract: net operating loss from governmental activities accounted for in internal service funds	(47,177)
Subtract: internal activities (transfers) accounted for in internal service funds	(181,530)
Change in net assets of governmental activities	$ 4,861,206

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

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes	$ 21,288,956	$ 21,081,596	$ 21,074,348	$ (7,248)
Licenses and permits	115,390	121,390	126,079	4,689
Intergovernmental	6,016,218	6,290,483	6,161,126	(129,357)
Charges for services	6,530,184	6,307,084	6,303,080	(4,004)
Fines and forfeits	1,015,000	846,100	845,866	(234)
Interest and rentals	1,170,199	1,845,199	1,981,369	136,170
Other revenue	765,296	1,365,013	1,283,861	(81,152)
Total revenue	36,901,243	37,856,865	37,775,729	(81,136)
EXPENDITURES				
Current:				
Legislative	213,243	213,243	204,724	8,519
Judicial	5,961,494	6,023,281	5,880,955	142,326
Elections	190,076	184,069	180,727	3,342
General government	9,695,598	9,872,525	9,984,893	(112,368)
Public safety	12,020,466	12,355,339	12,065,712	289,627
Health and welfare	2,848,530	3,179,284	3,103,073	76,211
Other functions	6,247,423	6,429,477	5,831,316	598,161
Total expenditures	37,176,830	38,257,218	37,251,400	1,005,818
Revenue over (under) expenditures	(275,587)	(400,353)	524,329	924,682
OTHER FINANCING SOURCES (USES):				
Transfers in	6,072,279	6,314,717	6,214,717	(100,000)
Transfers (out)	(5,996,692)	(6,114,364)	(6,111,037)	3,327
Total other financing (uses)	75,587	200,353	103,680	(96,673)
Net change in fund balances	(200,000)	(200,000)	628,009	828,009
FUND BALANCE, Beginning of year	6,358,424	6,358,424	6,358,424	-
FUND BALANCE, End of year	**$ 6,158,424**	**$ 6,158,424**	**$ 6,986,433**	**$ 828,009**

COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Licenses and permits	$ 425,805	$ 425,805	$ 397,656	$ (28,149)
Intergovernmental	1,862,813	1,961,640	1,958,082	(3,558)
Charges for services	501,489	498,268	426,215	(72,053)
Reimbursements and miscellaneous	441,750	445,525	227,458	(218,067)
Total revenue	3,231,857	3,331,238	3,009,411	(321,827)
EXPENDITURES				
Health and welfare (see detail in Combining and Individual Fund Financial Statements and Schedules)	3,950,555	4,091,868	3,707,855	384,013
Capital outlay	263,289	306,289	321,593	(15,304)
Total expenditures	4,213,844	4,398,157	4,029,448	368,709
Revenue over (under) expenditures	(981,987)	(1,066,919)	(1,020,037)	46,882
OTHER FINANCING SOURCES				
Transfer in	760,630	760,630	749,662	(10,968)
Net change in fund balances	(221,357)	(306,289)	(270,375)	35,914
FUND BALANCE, Beginning of year	1,978,562	1,978,562	1,978,562	-
FUND BALANCE, End of year	$ 1,757,205	$ 1,672,273	$ 1,708,187	$ 35,914

The accompanying notes are an integral part of these financial statements

COUNTY OF JACKSON, MICHIGAN
REVENUE SHARING RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property tax revenue	$ -	$ 6,053,527	$ 6,053,527	$ -
Interest revenue	-	-	48,596	48,596
Total revenue	-	6,053,527	6,102,123	48,596
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(3,045,377)	(3,045,377)	-
Net change in fund balances	-	3,008,150	3,056,746	48,596
FUND BALANCE, Beginning of year	7,983,992	7,983,992	7,983,992	-
FUND BALANCE, End of year	**$ 7,983,992**	**$ 10,992,142**	**$ 11,040,738**	**$ 48,596**

The accompanying notes are an integral part of these financial statements

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2006

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Pooled cash and cash equivalents	$ 7,567,349	$ 256,852	$ 1,548,048	$ 804,442	$ 10,176,691	$ 1,859,141
Cash and cash equivalents	900	200	187,275	724	189,099	-
Receivables:						
Accounts	1,085,000	1,148,587	2,015,277	19,075	4,267,939	217
Taxes	4,431,195	-	-	-	4,431,195	-
Accrued interest	891,587	-	-	-	891,587	-
Due from other funds	1,891,189	-	-	-	1,891,189	-
Inventory	-	1,405,842	-	-	1,405,842	-
Prepaid items	-	326,296	-	1,755	328,051	674,488
Total current assets	15,867,220	3,137,777	3,750,600	825,996	23,581,593	2,533,846
Noncurrent assets						
Deferred expenses	-	525,820	130,776	-	656,596	-
Restricted assets -						
Cash and cash equivalents	-	2,080,365	422,437	-	2,502,802	-
Capital assets, net	61,594	15,209,639	17,028,075	1,206,693	33,506,001	-
Total noncurrent assets	61,594	17,815,824	17,581,288	1,206,693	36,665,399	-
Total assets	**15,928,814**	**20,953,601**	**21,331,888**	**2,032,689**	**60,246,992**	**2,533,846**

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

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2006

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	$ 4,000	$ 873,165	$ 493,566	$ 28,323	$ 1,399,054	$ 2,786
Estimated claims payable	-	-	-	-	-	915,113
Accrued payroll	3,404	349	240,620	3,651	248,024	-
Performance bonds	-	-	-	49,450	49,450	-
Accrued compensated absences	16,137	17	264,330	17,626	298,110	-
Accrued interest payable	-	79,202	114,204	-	193,406	-
Due to other governmental units	-	-	-	137,548	137,548	-
Due to other funds	-	1,642,408	-	248,781	1,891,189	-
Unearned revenue	-	4,750	-	18,549	23,299	-
Deferred capital lease	-	-	533,116	-	533,116	-
Other liabilities	-	-	189,009	-	189,009	-
Current portion of long-term debt	-	1,580,000	410,000	-	1,990,000	-
Estimated closure and post closure monitoring costs - current	-	205,000	-	-	205,000	-
Total current liabilities	23,541	4,384,891	2,244,845	503,928	7,157,205	917,899
Non-current liabilities:						
Estimated closure and post closure monitoring costs	-	1,650,000	-	-	1,650,000	-
General obligation bonds payable	-	9,245,000	14,014,109	-	23,259,109	-
Total non-current liabilities	-	10,895,000	14,014,109	-	24,909,109	-
Total liabilities	23,541	15,279,891	16,258,954	503,928	32,066,314	917,899
Net assets						
Investment in capital assets, net of related debt	61,594	4,384,639	2,603,966	1,206,693	8,256,892	-
Unrestricted	15,843,679	1,289,071	2,468,968	322,068	19,923,786	1,615,947
Total net assets	$ 15,905,273	$ 5,673,710	$ 5,072,934	$ 1,528,761	$ 28,180,678	$ 1,615,947

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

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenses and Changes in Fund Net Assets
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUE						
Charges for services - interest on taxes	$ 1,019,809	$ -	$ -	$ 250,052	$ 1,269,861	$ -
Charges for services	818,897	10,440,182	15,402,690	1,324,514	27,986,283	9,835,825
Other revenue	471,660	-	148,390	9,827	629,877	-
Total operating revenue	2,310,366	10,440,182	15,551,080	1,584,393	29,886,021	9,835,825
OPERATING EXPENSES						
Personnel services	304,494	29,255	7,012,744	377,566	7,724,059	-
Cost of services	89,601	5,324,777	6,699,921	843,909	12,958,208	9,399,511
Depreciation	17,805	1,023,868	544,620	86,905	1,673,198	-
Administration and other	168,829	752,204	-	415,839	1,336,872	483,491
Total operating expenses	580,729	7,130,104	14,257,285	1,724,219	23,692,337	9,883,002
Operating income (loss)	1,729,637	3,310,078	1,293,795	(139,826)	6,193,684	(47,177)
NON-OPERATING REVENUE (EXPENSES)						
State grants	-	-	-	50,043	50,043	-
Interest income	128,588	95,342	2,805	14,779	241,514	28,619
Interest expense	-	(552,686)	(692,913)	(3,121)	(1,248,720)	-
Total non-operating revenue (expenses)	128,588	(457,344)	(690,108)	61,701	(957,163)	28,619
Net income (loss) before transfers	1,858,225	2,852,734	603,687	(78,125)	5,236,521	(18,558)
TRANSFERS IN (OUT)						
Transfers in	70,066	-	-	-	70,066	-
Transfers (out)	(719,565)	-	-	(13,727)	(733,292)	(181,530)
Total transfers in (out)	(649,499)	-	-	(13,727)	(663,226)	(181,530)
Change in net assets	1,208,726	2,852,734	603,687	(91,852)	4,573,295	(200,088)
NET ASSETS, Beginning of year, as restated	14,696,547	2,820,976	4,469,247	1,620,613	23,607,383	1,816,035
NET ASSETS, End of year	**$ 15,905,273**	**$ 5,673,710**	**$ 5,072,934**	**$ 1,528,761**	**$ 28,180,678**	**$ 1,615,947**

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

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers, residents and users	$ 1,110,828	$ 10,255,904	$ 12,743,649	$ 1,765,113	$ 25,875,494	$ 9,517,793
Other operating receipts	471,660	-	139,342	9,827	620,829	-
Cash received from Quality Assurance Supplement Program	-	-	2,207,832	-	2,207,832	-
Cash paid to employees	(299,420)	(29,360)	(7,037,701)	(378,658)	(7,745,139)	(9,950,128)
Cash paid to suppliers	(94,595)	(6,138,840)	(6,156,681)	(1,228,288)	(13,618,404)	
Payments for interfund services used	-	(1,703,225)	-	-	(1,703,225)	-
Receipts for interfund services provided	775,735	-	-	156,519	932,254	-
Net cash provided by (used in) operating activities	1,964,208	2,384,479	1,896,441	324,513	6,569,641	(432,335)
Cash flows from capital and related financing activities						
Principal payments on long-term debt	-	(1,560,000)	(405,000)	-	(1,965,000)	-
Interest payments on long-term debt	-	(552,686)	(657,913)	(3,121)	(1,213,720)	-
State grant	-	-	-	50,043	50,043	-
Sale of capital assets	-	-	-	3,463	3,463	-
Purchase of capital assets	-	(222,434)	(81,398)	(200,779)	(504,611)	-
Net cash provided by(used in) capital and related financing activities	-	(2,335,120)	(1,144,311)	(150,394)	(3,629,825)	-
Cash flows from non-capital financing activities						
Transfers from other funds	70,066	-	-	-	70,066	-
Transfers to other funds	(719,565)	-	-	(13,727)	(733,292)	(181,530)
Net cash provided by (used in) non-capital financing activities	(649,499)	-	-	(13,727)	(663,226)	(181,530)
Cash flows from investing activities						
Resident trust deposits	-	-	2,117	-	2,117	-
Interest income received	128,588	95,342	2,805	14,779	241,514	28,619
Net cash provided by investing activities	128,588	95,342	4,922	14,779	243,631	28,619
Net increase (decrease) in cash and cash equivalents	1,443,297	144,701	757,052	175,171	2,520,221	(585,246)
Cash and cash equivalents, beginning of year	6,124,952	2,192,716	1,400,708	629,995	10,348,371	2,444,387
Cash and cash equivalents, end of year	$ 7,568,249	$ 2,337,417	$ 2,157,760	$ 805,166	$ 12,868,592	$ 1,859,141

Continued…

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	$ 7,568,249	$ 257,052	$ 1,735,323	$ 805,166	$ 10,365,790	$ 1,859,141
Restricted assets - Cash and cash equivalents	-	2,080,365	422,437	-	2,502,802	-
Total	$ 7,568,249	$ 2,337,417	$ 2,157,760	$ 805,166	$ 12,868,592	$ 1,859,141
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ 1,729,637	$ 3,310,078	$ 1,293,795	$ (139,826)	$ 6,193,684	$ (47,177)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Amortization income - capital lease	-	-	(9,048)	-	(9,048)	-
Amortization expense - bond issue costs	-	-	5,605	-	5,605	-
Depreciation	17,805	1,023,868	544,620	86,905	1,673,198	-
Provision for bad debts	-	-	138,771	-	138,771	-
(Increase) decrease in:						
Accounts receivable	(157,502)	58,687	(420,475)	61,844	(457,446)	14,676
Taxes receivable	(570,376)	-	-	-	(570,376)	-
Deferred charges	-	-	-	-	-	56,415
Inventory	-	(289,580)	-	-	(289,580)	-
Prepaid itesm				(1,755)	(1,755)	-
Due from other governments	-	46,615	-	1,470	48,085	(389,123)
Due from other funds	944,564	-	-	-	944,564	-
Increase (decrease) in:						
Accounts payable	(4,994)	(718,607)	368,130	(682)	(356,153)	(15,282)
Accrued wages and benefits	5,074	(105)	(24,957)	(1,092)	(21,080)	-
Accrued expenses and deposits	-	(9,956)	-	-	(9,956)	-
Performance bonds	-	-	-	4,075	4,075	-
Unearned revenue	-	(500)	-	4,948	4,448	-
Estimated closure/monitoring costs	-	(85,000)	-	-	(85,000)	-
Due to other agencies	-	-	-	308,626	308,626	-
Due to other funds	-	(951,021)	-	-	(951,021)	(51,844)
Net cash provided by (used in) operating activities	$ 1,964,208	$ 2,384,479	$ 1,896,441	$ 324,513	$ 6,569,641	$ (432,335)

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

COUNTY OF JACKSON, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
DECEMBER 31, 2006

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 867,545	$ 10,203,070
Investments, at fair value		
Money market funds	2,555,297	-
U.S. Government Obligations	18,332,952	-
Domestic corporate bonds	22,574,457	-
Domestic stocks	55,403,768	-
Index stock fund	29,950,490	-
International bonds	1,142,007	-
International stocks	12,781,087	-
Receivables:		
Accounts	574,436	-
Other	437,472	139,596
Prepaid expenses	516,382	-
Capital assets	7,329	-
Total assets	145,143,222	$ 10,342,666
Liabilities		
Undistributed receipts and payables	-	10,342,666
Accrued expenses	10,346	-
Total liabilities	10,346	$ 10,342,666
Net Assets		
Held in trust for pension benefits and other purposes	$ 145,132,876	

The accompanying notes are an integral part of these financial statements

COUNTY OF JACKSON, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employees	$ 2,009,862
Employer	2,047,588
Other	868,771
Total contributions	4,926,221
Investment earnings:	
Interest and dividends	3,229,736
Net appreciation in fair value of investments	11,897,367
Less investment expenses	(657,768)
Net investment earnings	14,469,335
Total additions	19,395,556
Deductions	
Pension benefit payments	7,702,643
Contribution refunds	400,487
Administrative expenses	278,004
Total deductions	8,381,134
Change in net assets	11,014,422
Net assets, beginning of year	134,118,454
Net assets, end of year	$ 145,132,876

The accompanying notes are an integral part of these financial statements

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Road Commission	Economic Development Corporation	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Totals
ASSETS						
Pooled cash and cash equivalents	$ -	$ -	$ 2,517,270	$ -	$ 654,760	$ 3,172,030
Cash and cash equivalents	1,247,676	326,040	52,870	12,555	408,723	2,047,864
Receivables, net	2,298,351	1,070,746	21,629,748	803,123	18,481,277	44,283,245
Prepaid items and other assets	2,824,858	-	-	2,500	-	2,827,358
Capital assets not being depreciated	16,181,262	-	-	-	-	16,181,262
Capital assets being depreciated, net	54,746,910	-	4,669,477	-	-	59,416,387
Total assets	77,299,057	1,396,786	28,869,365	818,178	19,544,760	127,928,146
LIABILITIES						
Accounts payable and accrued expenses	1,345,179	9,246	319,433	117,500	139,906	1,931,264
Unearned revenue	-	-	-	5,000	-	5,000
Long-term liabilities:						
Due within one year	-	-	1,664,622	-	720,000	2,384,622
Due in more than one year	674,112	-	20,008,622	-	18,170,000	38,852,734
Total liabilities	2,019,291	9,246	21,992,677	122,500	19,029,906	43,173,620
NET ASSETS						
Invested in capital assets, net of related debt	70,518,132	-	4,669,477	-	-	75,187,609
Restricted for construction	-	-	2,194,756	-	514,854	2,709,610
Unrestricted	4,761,634	1,387,540	12,455	695,678	-	6,857,307
Total net assets	**$ 75,279,766**	**$ 1,387,540**	**$ 6,876,688**	**$ 695,678**	**$ 514,854**	**$ 84,754,526**

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

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

		Program Revenues			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Road Commission					
Governmental Activities:					
Public Works	$ 15,460,623	$ 2,028,060	$ 15,828,978	$ -	$ 2,396,415
Economic Development Corporation					
Governmental Activities:					
Other	184,144	12,000	51,367	-	(120,777)
Drain Commission					
Governmental Activities:					
Public Works	3,485,300	-	-	1,668,784	(1,816,516)
Interest on long-term debt	957,145	-	-	-	(957,145)
Total Drain Commission	4,442,445	-	-	1,668,784	(2,773,661)
Brownfield Redevelopment Authority					
Governmental Activities:					
Public Works	289,685	-	530,220	-	240,535
Board of Public Works					
Governmental Activities:					
Public Works	7,622,162	-	-	1,969,721	(5,652,441)
Interest on long-term debt	722,594	-	-	-	(722,594)
Total Board of Public Works	8,344,756	-	-	1,969,721	(6,375,035)
Total component units	$ 28,721,653	$ 2,040,060	$ 16,410,565	$ 3,638,505	$ (6,632,523)

(continued)

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Component Units					
	Road Commission	Economic Development Corporation	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Total
Change in net assets net (expense) revenue	$ 2,396,415	$ (120,777)	$ (2,773,661)	$ 240,535	$ (6,375,035)	$ (6,632,523)
General revenues:						
Interest income	140,504	9,210	171,332	315	127,317	448,678
Change in net assets	2,536,919	(111,567)	(2,602,329)	240,850	(6,247,718)	(6,183,845)
Net assets, beginning of year	72,742,847	1,499,107	9,479,017	454,828	6,762,572	90,938,371
Net assets, end of year	$75,279,766	$ 1,387,540	$ 6,876,688	$ 695,678	$ 514,854	$ 84,754,526

(concluded)

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

NOTES to the FINANCIAL STATEMENTS

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

Jackson County Drain Commission (the "Drain Commission") - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner, an elected position, has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The nature of the Drain Commission's significance of their relationship to the County is such that exclusion as a component unit would cause the County's financial statements to be misleading.

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

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

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

Administrative Offices

Jackson County Road Commission
2400 North Elm Road
Jackson MI 49201

Jackson County Economic Development Corp.
414 North Jackson
Jackson MI 49201

Funds With Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2006.

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

The *County health fund* accounts for the delivery of a vast array of health services to the residents of Jackson County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

Investments are stated at fair value.

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

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

2. Receivables and Payables

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

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

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

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

3. Inventories, Prepaid Items and Other Assets

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

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items.

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

	Useful Life
Buildings	30-40 years
Equipment	5-15 years
Infrastructure	8-50 years

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Fund Equity

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

9. Budget Stabilization Fund

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

10. Current and Contingent Claims

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budget Violations

During the year ended December 31, 2006, expenditures were incurred in excess of the amounts appropriated as follows:

Fund and Activity or Account	Budget	Actual	Variance
General Fund:			
General Government -			
Public Defender	$ 1,319,500	$ 1,535,736	$ 216,236
Health and Welfare -			
Medical Examiners	274,956	295,598	20,642
Special Revenue Funds:			
Omnibus Forfeitures -			
Judicial	1,500	1,536	36
Social Services -			
Health and Welfare	900,000	1,076,315	176,315
Child Care -			
Judicial -			
Probate Court	1,827,000	1,912,576	85,576

C. Fund Deficit

At December 31, 2006, there was a deficit in the Self-insured Workers Compensation fund in the amount of $35,862. The County plans on eliminating this deficit in the year 2007 by increasing charges to the various funds.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2006:

	Primary Government	Component Units	Total
Statement of Net Assets:			
Cash and pooled investments	$ 40,270,979	$ 5,219,894	$ 45490,873
Statement of Fiduciary Net Assets:			
Cash and pooled investments	11,070,615	-	11,070,615
Investments	142,740,058	-	142,740,054
Total	**$ 194,081,652**	**$ 5,219,894**	**$ 199,301,546**

Deposits and Investments:	
Bank deposits (checking accounts and certificates of deposit)	$ 10,846,988
Investments in securities, mutual funds and similar vehicles:	
Treasurer's investment pool	45,198,407
Employee retirement system	138,274,066
Retiree health insurance fund	4,465,990
Cash on hand	20,948
Net effect of funds with different fiscal year ends	495,147
Total	**$ 199,301,546**

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, 2006, $9,089,741 of the County's total bank balance of $10,878,392 (total book balance was $10,846,988) 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, 2006:

U.S. agencies	$ 40,322,995
Money market	4,875,412
Total	**$ 45,198,407**

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. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk.

As of December 31, 2006, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2006, the County had greater than 5% of its total investment portfolio concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal Home Loan Bank	45.7%
	Federal Home Loan Mortgage Corporation	27.3%
	Federal National Mortgage Association	27.0%

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, 2006, maturities of the County's debt securities were as follows:

	Investment maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-15	More Than 15
U.S. Agencies	$ 40,322,995	$ -	$ 12,400,000	$ 27,922,995	$ -

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

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2006:

Investments at fair value, as determined by quoted market price:	
Equities domestic:	
Not on securities loan	$ 43,091,627
On securities loan	9,195,745
Index fund	29,950,490
Equities international:	
Not on securities loan	10,061,474
On securities loan	2,719,613
U.S. treasuries:	
Not on securities loan	1,096,871
On securities loan	655,763
U.S. agencies:	
Not on securities loan	15,262,084
On securities loan	798,750
Corporate securities domestic:	
Not on securities loan	18,432,031
On securities loan	3,448,750
Corporate securities international:	
Not on securities loan	1,142,007
Money market funds	2,418,861
Total investments	**$ 138,274,066**

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.

As of December 31, 2006, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	$ 1,001,650
AA	563,956
AA-	1,084,939
A+	2,942,792
A	3,464,883
A-	3,208,612
BBB+	2,484,675
BBB	2,869,483
BBB-	1,367,486
BB+	475,313
Not Rated	3,558,999
	$ 23,022,788

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

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

At December 31, 2006, the System's investment portfolio is concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. Agencies	Federal Home Loan Mortgage Association	5.9%
	Federal national Mortgage Association	3.9%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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, 2006, maturities of the System's debt securities were as follows:

		Investment maturities(fair value by years)			
	Fair Value	Less Than 1	1-5	6-15	More Than 15
U.S. Treasuries	$ 1,752,634	$ -	$ 999,684	$ 514,781	$ 238,169
U.S. Agencies	16,060,834	-	6,330,146	6,977,885	2,752,803
Corporate domestic & International bonds	23,022,788	-	2,825,111	5,312,258	14,885,419
Total debt securities	**$ 40,836,256**	**$ -**	**$ 10,154,941**	**$ 12,804,924**	**$ 17,876,391**

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 agent follows the procedure of delivery vs. payment. Following is a summary of the Fund's investments as of December 31, 2006:

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

Equities domestic	$ 3,116,396
U.S. treasuries	98,457
U.S. agencies	421,027
Corporate Bonds	693,676
Money Market	136,434
Total investments	**$ 4,465,990**

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

As of December 31, 2006, the System's investments in securities of U.S. agencies and corporate bonds are rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

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

As of December 31, 2006, maturities of the Fund's debt securities were as follows:

		Investment maturities(fair value by years)			
	Fair Value	**Less Than 1**	**1-5**	**6-15**	**More Than 15**
U.S. Treasuries	$ 98,457	$ -	$ 78,696	$ 11,096	$ 8,665
U.S. Agencies	421,027	-	56,416	209,827	154,784
Corporate Bonds	693,676	-	94,850	598,826	-
Total debt securities	**$ 1,213,160**	**$ -**	**$ 229,962**	**$ 819,749**	**$ 163,449**

The County assumes its callable investments will not be called.

B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	**$ 10,857,086**
Other:	
Accounts	729,356
Interest	618,086
Intergovernmental	9,032,780
	10,380,222
Total	**$ 21,237,308**

Amounts not expected to be collected within one year includes $7,570,000 of intergovernmental receivables.

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

Delinquent property taxes	**$ 4,431,195**
Other:	
Accounts	2,475,174
Interest	891,587
Patient	1,867,335
Less: allowance for doubtful accounts	(74,570)
	5,159,526
Total	**$ 9,590,721**

Receivables in the component units consist of $40,111,025, or 91% as due from other governmental units. The balance, or $4,172,220, consists of trade and other receivables.

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

	Unavailable	Unearned
Property taxes receivable:		
General Fund	$ -	$ 1,062,126
Medical Care Facility – Maintenance of Effort Fund	-	554,981
Jail Millage Fund	-	1,925,785
Department on Aging Fund	-	981,921
Long-term receivable – Building Authority Debt Service	7,820,000	-
Grant revenues received in advance of being earned	-	15,320
	$ 7,820,000	**$ 4,540,133**

C. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

Primary Government

Governmental Activities:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets, not being depreciated:				
Land	$ 1,158,398	$ 100,150	$ -	$ 1,258,548
Construction in progress	847,807	9,088	804,206	52,689
Total capital assets, not being depreciated	2,006,205	109,238	804,206	1,311,237
Capital assets, being depreciated:				
Buildings and improvements	35,624,106	215,745	-	35,839,851
Equipment and furniture	7,261,858	1,717,382	7,294	8,971,946
Vehicles	2,439,308	302,747	526,363	2,215,692
Total capital assets, being depreciated	45,325,272	2,235,874	533,657	47,027,489
Less accumulated depreciation for:				
Buildings and improvements	11,593,949	1,397,889	-	12,991,838
Equipment and furniture	4,753,148	829,663	7,294	5,575,517
Vehicles	2,279,942	211,578	526,363	1,965,157
Total accumulated depreciation	18,627,039	2,439,130	533,657	20,532,512
Total capital assets, being depreciated, net	26,698,233	(203,256)	-	26,494,977
Governmental activities capital assets, net	**$ 28,704,438**	**$ (94,018)**	**$ 804,206**	**$ 27,806,214**

Business-type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets, not being depreciated:				
Land	$ 278,832	$ 190,740	$ -	$ 469,572
Capital assets, being depreciated:				
Land improvements	65,192	-	-	65,192
Buildings and improvements	38,840,577	358,925	1,032,829	38,166,673
Equipment and furniture	15,644,897	11,053	1,341,798	14,314,152
Vehicles	25,845	-	-	25,845
Total capital assets, being depreciated	54,576,511	369,978	2,374,627	52,571,862
Less accumulated depreciation for:				
Land improvements	65,192	-	-	65,192
Buildings and improvements	11,428,214	1,666,479	978,922	12,115,771
Equipment and furniture	7,828,749	625,094	1,125,218	7,328,625
Vehicles	25,845	-	-	25,845
Total accumulated depreciation	19,348,000	2,291,573	2,104,140	19,535,433
Total capital assets, being depreciated, net	35,228,511	(1,921,595)	270,487	33,036,429
Business-type activities capital assets, net	**$ 35,507,343**	**$ (1,730,855)**	**$ 270,487**	**$ 33,506,001**

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

Governmental Activities:	
General government	$ 481,747
Public Safety	919,308
Judicial	136,250
Health and welfare	390,697
Recreation & Culture	181,027
Other	330,101
Total depreciation expense - governmental activities	**$ 2,439,130**
Business-type activities:	
Resource Recovery Facility	$ 1,642,243
Medical Care Facility	544,620
Fair	85,068
Delinquent Tax Fund	17,805
Personal Property Tax Fund	1,837
Total depreciation expense - business-type activities	**$ 2,291,573**

Discretely Presented Component Units

Drain Commission. Activity for the Drain Commission for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Infrastructure	$ 12,242,656	$ -	$ -	$ 12,242,656
Less accumulated depreciation for:				
Infrastructure	7,372,875	200,304	-	7,573,179
Total capital net assets being depreciated	**$ 4,869,781**	**$ (200,304)**	**$ -**	**$ 4,669,477**

Depreciation expense was charged to the Public Works function in the year 2006.

Activity for the Road Commission for the year ended December 31, 2006 was as follows:

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

Depreciation expense was charged to the Public Works function in the year 2006.

D. Interfund Receivables, Payables and Transfers

At December 31, 2006, interfund receivables and payables were as follows:

Fund	Receivable	Payable
General	$ -	$ 6,053,527
Revenue Sharing Reserve	6,053,527	-
Delinquent Tax Revolving	1,891,189	-
Resource Recovery	-	1,642,408
Nonmajor Proprietary Funds	-	248,781
Total	**$ 7,944,716**	**$ 7,944,716**

At December 31, 2006, interfund advances were as follows:

Receivable fund	Payable Fund Friend of the Court
General	**$ 500,000**

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

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

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

Fund	Transfer in	Transfer out
General	$ 6,214,717	$ 6,111,037
Health	749,662	-
Revenue Sharing Reserve	-	3,045,377
Building Authority Debt Service	666,909	-
Delinquent Tax Revolving	70,066	719,565
Nonmajor Governmental Funds	5,806,417	3,506,771
Nonmajor Proprietary Funds	-	13,727
Internal Service Funds	-	181,530
	13,507,771	13,578,007
Adjustments for different fiscal year end:		
Health Department FYE 9/30/06	70,236	-
Total	**$ 13,578,007**	**$ 13,578,007**

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

E. Payables

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

Accounts	$ 1,158,441
Claims	915,113
Wages, fringe benefits and other accrued liabilities	508,280
Intergovernmental	118,492
Accrued interestr	173,424
	$ 2,873,750

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

Trade accounts payable	$ 1,399,054
Accrued interest	193,406
Wages, fringe benefits and other accrued liabilities	486,483
Estimated closure and post-closure monitoring costs	1,855,000
Intergovernmental	137,548
	$ 4,071,491

F. Property Taxes

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

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

For the year ended December 31, 2006, the County recognized the December 1, 2005 tax levy and the July 1, 2006 tax levy. As required, an amount equal to one-third of the December 2005 tax levy was placed in the Revenue Sharing Reserve Fund.

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 December 1, 2005 levy was $3.99 billion. The general operating tax rate for this levy was at the maximum rate of 5.1471 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.2488 mills for the Department on Aging, 0.4879 mills for the new County Jail Facility and 0.1406 mills for the Medical Care Facility.

The taxable value of real and personal property for the July 1, 2006 levy was $4.22 billion. The general operating tax rate for this levy was at the maximum rate of 5.1259 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution.

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. These receivables ($4.4 million at December 31, 2006, not including accrued interest and collection fees) are pledged to a bank for payment of the notes payable and subsequent collection of the receivables, interest and collection fees thereon, and investment earnings are used to extinguish the debt.

G. Long-Term Debt

PRIMARY GOVERNMENT

Governmental Activities. Long-term liability activity for governmental activities for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority:					
General obligation bonds, Series 1999A	$ 800,000	$ -	$ 25,000	$ 775,000	$ 50,000
General obligation bonds, Series 2002	12,000,000	-	325,000	11,675,000	350,000
General obligation bonds, Series 2006	-	7,045,000	-	7,045,000	200,000
Compensated absences (Primarily accrued sick and vacation pay)	1,492,721	2,999,578	3,020,826	1,471,473	110,000
	$ 14,292,721	**$ 10,044,578**	**$ 3,370,826**	**$ 20,966,473**	**$ 710,000**

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

	Balance December 31, 2006
$950,000 1999A Jackson County Building Authority serial bonds, due in annual installments of $50,000 to $75,000 through 2019; interest at 5.2% to 6.0%	$ 775,000
$12,750,000 2002 Jackson County Building Authority serial bonds, due in annual installments of $350,000 to $1,175,000 through 2022; interest at 3.000% to 4.625%	11,675,000
$7,045,000 2006 Jackson County Building Authority serial bonds, due in annual installments of $200,000 to $520,000 through 2026; interest at 4.75% to 5.00%	7,045,000
Total General Obligation Bonds	**$ 19,495,000**

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

Year Due	Principal	Interest
2007	$ 600,000	$ 893,410
2008	700,000	842,107
2009	700,000	814,580
2010	775,000	786,456
2011	775,000	754,495
2012-2016	5,300,000	3,214,319
2017-2021	7,100,000	1,858,745
2022-2026	3,545,000	421,844
	$ 19,495,000	**$ 9,585,956**

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

Business-type Activities. Long-term liability activity for the business-type activities for the year ended December 31, 2006 was as follows:

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
Bonds Payable					
$6,300,000 Resource and Energy 2005 Revenue Refunding Bonds - maturing serially to 2013 in annual amounts ranging from $370,000 to $950,000 at interest rates ranging from 2.00% to 3.75%	$ 5,035,000	$ -	$ 465,000	$ 4,570,000	$ 525,000
Unlimited Tax General Obligation Refunding Bonds - $10,850,000 Resource Recovery and Energy 2005 - maturing serially to 2013 in annual amounts ranging from $495,000 to $1,150,000 at interest rates ranging from 2.75% to 3.875%	7,350,000	-	1,095,000	6,255,000	1,055,000
Through the Jackson County Building Authority - $14,000,000 Refunding Bonds, Series 2005, interest rates ranging from 3.250% to 5.125% maturing serially in semiannual amounts ranging from $85,000 to $885,000 to May 1, 2030. This debt is being serviced by the Medical Care Facility	14,000,000	-	80,000	13,920,000	85,000
Through the Jackson County Building Authority - $15,500,000 (partial refunding in 2005) Limited Tax General Obligation Bonds, Series 2000 interest rate of 5.5% maturing serially in annual amounts ranging from $325,000 to $375,000 to May 1, 2010. This debt is being serviced by the Medical Care Facility	1,725,000	-	325,000	1,400,000	325,000
Less deferred amount on refinancing	(934,286)	-	(38,395)	(895,891)	-
TOTAL ENTERPRISE FUNDS BONDS PAYABLE	**27,175,714**	**-**	**1,926,605**	**25,249,109**	**1,990,000**
Compensated absences	311,615	50,594	64,099	298,110	298,110
TOTAL ENTERPRISE FUNDS	**$ 27,487,329**	**$ 50,594**	**$ 1,990,704**	**$ 25,547,219**	**$ 2,288,110**

On January 1, 2003, the County issued $10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund $10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was $7,230,000 at December 31, 2006.

Also, on March 1, 2003, the County issued $6,300,000 in Revenue Refunding Bonds with an average rate of 3.23% to advance revenue refund $6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was $5,040,000 at December 31, 2006.

Also on May 1, 2005, the County issued $14,000,000 in Revenue Funding Bonds with interest rates ranging from 3.150% to 5.125% to advance refund $12,900,000 of outstanding 2000 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was $12,900,000 at December 31, 2006.

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

Year Due	Principal	Interest
2007	$ 1,990,000	$ 1,017,637
2008	1,980,000	949,865
2009	2,365,000	872,697
2010	1,800,000	794,546
2011	2,270,000	718,079
2012-2016	5,500,000	2,703,013
2017-2021	3,300,000	1,997,356
2022-2026	3,635,000	1,248,264
2027-2030	3,305,000	344,109
	$ 26,145,000	**$ 10,645,566**

Activity for the estimated closure and post closure monitoring costs for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Estimated closure and postclosure monitoring costs	$1,940,000	$ -	$ 85,000 -	$ 1.855,000	$ 205,000

ROAD COMMISSION

Changes in Long-Term Liabilities. Long-term liability activity for the governmental activities for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Honeywell - Capital lease - Building improvements, $266,372, maturing serially in quarterly amounts of $9,489.50 at an interest rate of 7.84%	$ -	$ 266,372	$ 13,318	$ 253,054	$ -
Caterpillar Financial - Road equipment - Three installment purchase agreements - monthly payments of $2,025 at an interest rate of 4.85%	-	221,199	64,213	156,986	-
Compensated absences (Primarily accrued sick and vacation pay)	285,511	-	21,439	264,072	-
	$ 285,511	**$ 487,571**	**$ 98,970**	**$ 674,112**	**$ -**

DRAIN COMMISSION

Changes in Long-Term Liabilities. During the year ended December 31, 2006, the long-term liability activity for governmental activities of the Drain Commission was as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
General obligation bonds:					
1994 Clark Lake	$ 1,150,000	$ -	$ -	$ 1,150,000	$ -
1993 Village of Grass Lake	1,340,000	-	135,000	1,205,000	140,000
2002 Clark Lake Refunding	3,020,000	-	515,000	2,505,000	510,000
1990 Village of Springport	100,000	-	25,000	75,000	25,000
1997 Village of Brooklyn	1,200,000	-	75,000	1,125,000	75,000
2000 Wolf Lake	3,850,000	-	2,825,000	1,025,000	250,000
2001 Napoleon Township	1,000,000	-	50,000	950,000	50,000
2004 Lake Columbia	11,000,000	-	500,000	10,500,000	500,000
2005 Spring Arbor Township	480,000	-	-	480,000	25,000
2006 Wolf Lake Refunding	-	2,335,000	-	2,335,000	-
Total general obligation bonds	23,140,000	2,335,000	4,125,000	21,350,000	1,575,000
Notes payable:					
Otter Creek and East Branch Intercounty Drain	-	240,000	-	240,000	48,000
Shoemaker Woods Lateral	-	83,244	-	83,244	41,622
Total notes payable	-	323,244	-	323,244	89,622
Total Drain Commission	**$ 23,140,000**	**$ 2,658,244**	**$ 4,125,000**	**$ 21,673,244**	**$ 1,664,622**

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, 2006:

Bonds payable:

Clark Lake 1994 Waste Water Disposal System DPW Bonds – $7,875,000 (Partial refunding in 2002) maturing in annual amounts of $550,000 and $600,000 in 2012 & 2013 at 3% interest	$ 1,150,000
Village of Grass Lake 1993 Sanitary Sewage Disposal System DPW Bonds - $2,700,000 maturing serially in annual amounts ranging from $90,000 to $160,000 through 2014 at an interest rate of 2%	1,205,000

Clark Lake 2002 Refunding Bonds - $4,300,000 maturing serially in annual amounts ranging from $275,000 to $510,000 though 2011 at an interest rate ranging from 3% to 4.25%	$ 2,505,000
Village of Springport 1990 Waste Water Disposal Facility DPW Bonds - $300,000 maturing serially in annual amounts ranging from $5,000 to $25,000 through 2009 at an interest rate ranging from 5.90% to 7.15%	75,000
Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds - $1,550,000 maturing serially in annual amounts ranging from $25,000 to $150,000 through 2016 at an interest rate ranging from 4.25% to 7.25%	1,125,000
Wolf Lake 2000 Waste Water Disposal System Limited Tax General Obligation Bonds - $4,900,000 (partial refunding in 2006) maturing serially in annual amounts ranging from $150,000 to $300,000 through 2019 at an interest rate ranging from 5.25% to 5.7%	1,025,000
Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds - $1,125,000 maturing serially in annual amounts ranging from $25,000 to $75,000 through 2020 at an interest rate ranging from 3.80% to 6.75%	950,000
Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds – $11,000,000 maturing serially in annual amounts ranging from $500,000 to $700,000 through 2024 at an interest rate ranging from 3.25% to 4.75%	10,500,000
Spring Arbor Township 2005 Water Supply Facilities General Obligation Limited Tax Bonds – $480,000 maturing serially in annual amounts ranging from $25,000 to $30,000 through 2025 at an interest rate ranging from 3.50% to 4.75%	480,000

Wolf Lake 2006 Waste Water Disposal System Refunding Bonds – $2,335,000 maturing serially in annual amounts ranging from $250,000 to $270,000 through 2019 at an interest rate ranging from 3.75% to 4.00%	$ 2,335,000
Total Drain Commission - Special Assessment Bonds Payable	**$ 21,350,000**
Notes Payable:	
Otter Creek and East Branch Intercounty Drain Notes - $240,000 maturing serially in annual amounts of $48,000 at an interest rate of 4.98%	$ 240,000
Shoemaker Woods Lateral of the Fisk Drainage District - $83,244 maturing serially in annual amounts of $41,622 at an interest rate of 5.00%	83,244
Total Drain Commission - Special Assessment Notes Payable	**$ 323,244**
Total Drain Commission Bonds and Notes	**$ 21,673,244**

During 2006, the Drain Commission advance refunded a portion of the Wolf Lake 2000 Waste Water Disposal System Bonds by issuing $2,335,000 of Wolf Lake Refunding Bonds, Series 2006. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the balance sheet. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $285,492 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $124,098.

As of December 31, 2006, outstanding Wolf Lake, Series 2000 in the amount of $2,575,000 are considered to be defeased.

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

Year Due	Principal	Interest
2007	$ 1,664,622	$ 802,579
2008	1,664,622	756,094
2009	1,638,000	689,139
2010	1,638,000	622,343
2011	1,723,000	552,735
2012-2016	6,900,000	2,063,751
2017-2021	4,290,000	953,819
2022-2025	2,155,000	157,893
	$ 21,673,244	**$ 6,598,353**

BOARD OF PUBLIC WORKS

Changes in Long-Term Liabilities. During the year ended December 31, 2006, the long-term liability activity for governmental activities of the Board of Public Works was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Board of Public Works:					
General obligation bonds:					
2002 Village of Parma	$ 1,700,000	$ -	$ 50,000	$ 1,650,000	$ 50,000
Revolving Loan Funds - Village of Parma	975,000	-	45,000	930,000	50,000
2003 Vineyard Lake Section	5,850,000	-	250,000	5,600,000	250,000
2002B Grass Lake Section	505,000	-	25,000	480,000	25,000
Revolving Loan Funds - Village of Grass Lake	2,075,000	-	95,000	1,980,000	95,000
2005 Round/Farewell Lakes Section	3,900,000	-	250,000	3,650,000	250,000
2005 Southern Regional Interceptor Section	4,600,000	-	-	4,600,000	-
Total general obligation bonds	**$ 19,605,000**	**$ -**	**$ 715,000**	**$ 18,890,000**	**$ 720,000**

	Balance December 31, 2006
Village of Parma 2002 Water Supply Facilities Bonds - $1,800,000 maturing in annual amounts ranging from $25,000 to $150,000 through 2021 at an interest rate ranging from 2.75% to 5.50%	$ 1,650,000
State Drinking Water Revolving Loan Funds – Village of Parma maturing in annual amounts ranging from $45,000 to $70,000 through 2022 at an interest rate of 2.5%	930,000
Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 maturing in annual amounts ranging from $250,000 to $375,000 through 2023 at an interest rate ranging from 2.5% to 4.5%	5,600,000
Jackson County Water Supply Facility Grass Lake Area Section Series 2002B maturing in annual amounts ranging from $10,000 to $50,000 through 2022 at an interest rate ranging from 3.4% to 6.00%	480,000
State Drinking Water Revolving Loan Funds – Village of Grass Lake maturing in annual amounts ranging from $90,000 to $140,000 through 2023 at an annual interest rate of 2.5%	1,980,000
Jackson County Wastewater Disposal Facility Round/Farwell Lakes Area Section, Series 2005 maturing in annual amounts ranging from $225,000 to $250,000 through 2022 at an interest rate ranging from 3% to 4%	3,650,000
Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section, Series 2005 maturing in annual amounts ranging from $125,000 to $425,000 through 2025 at an interest rate ranging from 4.125% to 4.500%	4,600,000
Total BPW Special Assessment Bonds Payable	**$ 18,890,000**

Annual debt service requirements to maturity for Board of Public Works special assessment debt are as follows:

Year Due	Principal	Interest
2007	$ 720,000	$ 693,505
2008	745,000	673,461
2009	900,000	651,560
2010	925,000	622,969
2011	960,000	592,518
2012-2016	5,425,000	2,424,498
2017-2021	6,290,000	1,310,498
2022-2025	2,925,000	226,646
	$ 18,890,000	**$ 7,195,655**

IV. OTHER INFORMATION

A. Risk Management / Self-Insurance Programs

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

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

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

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2006, the balance of the County's member retention fund was $187,952.

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

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

County of Jackson Self-Funded Managed Care Insurance

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

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2006 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 historical experience, are reported as liabilities in the Internal Service Fund at December 31, 2006. The change in the claims liability for 2006 and 2005 is as follows:

	2006	2005
Claims liability at beginning of period	$ 737,755	$ 638,372
Claims and changes in estimates	8,771,667	7,978,529
Claims payments	(8,696,722)	(7,879,146)
Claims liability at end of fiscal year	**$ 812,700**	**$ 737,755**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $250,000 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:

	2006	2005
Unpaid claims, beginning of year	$ 174,024	$ 154,175
Incurred claims (including IBNR's)	41,968	94,942
Claim payments	(113,579)	(75,093)
Unpaid claims, end of year	**$ 102,413**	**$ 174,024**

Jackson County Road Commission

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

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

B. Commitments and Contingencies

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

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

Jackson County Landfill

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

Grant Agreements

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

Resource and Energy Conversion System

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

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

C. Post-Employment Health Care and Life Insurance Benefits and Employee Retirement System and Plan

Post-Employment Health Care and Life Insurance Benefits

The County provides health insurance benefits for its retired employees and Medical Care Facility employees retired prior to 1988, as established by County Board Resolution. Substantially all of the County's employees may become eligible for this benefit if they reach normal retirement age while working for the County. The Medical Care Facility pays the premiums for its employees retired since 1988. The Road Commission pays for coverage for its retirees. The County's General Fund and Retiree Health Fund covered the cost of insurance for all other eligible employees. The County also provides life insurance for retirees. Retiree benefits for those individuals having retired as of 2/1/2001 and after have been paid from the prefunded Retiree Health Insurance Fund. The amounts paid for those individuals having retired prior to 2/1/2001 are being funded as incurred from the County's General Fund. Those amounts were $1,090,120 and $2,299,009, respectively, and are paid by each unit as follows:

	Health Insurance	Life Insurance
Jackson County Proper	$ 3,389,129	$ 23,564
Jackson County - For pre-1988 Medical Care Facility	240,140	-
Component Unit - Jackson County Road Commission	590,600	
Jackson County Medical Care Facility	459,848	9,255
	$ 4,679,117	**$ 32,819**

As of December 31, 2006, retiree membership data related to post-employment benefits was as follows:

	Receive Benefits	
	Health Insurance	Life Insurance
Jackson County Proper	292	276
Jackson County – For pre-1988 Medical Care Facility	22	-o-
Road Commission	88	-o-
Medical Care Facility	62	103
	464	**379**

The Governmental Accounting Standards Board has recently released Statement No. 45, "Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions." The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008. Management has been assessing the impact of this new accounting standard on the County's financial statements for future reporting periods.

Employee Retirement System and Plan

General

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

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

Membership in the Plan consisted of the following at December 31, 2005, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	579
Terminated plan members entitled to, but not yet receiving benefits	80
Active plan members	861
Total	**1,520**

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 $2,009,862 for the year ended December 31, 2006.

Employer Contributions

The County made $2,047,588 in contributions to the Plan during 2006, as determined by actuarial valuation.

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

The Plan's investments are reported at fair value for investment accounts and are held at a commercial bank acting as a custodian. Administrative costs of the Plan are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution/pension cost	$ 2,047,588
Contribution made	2,047,588
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	**$ -**

The annual required contribution for the current year was determined as part of a December 31, 2004 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 8% investment rate of return on the investments, compounded annually and projected salary increases of 5% per year compounded annually, attributable to inflation, and additional projected salary increases ranging from 0 to 3.8% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. Assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 10 years on an open basis.

Three-Year Trend Information

Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
12/31/04	$1,477,934	100%	$ -
12/31/05	2,110,032	100%	-
12/31/06	2,047,588	100%	-

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

	Pension Retirement	Retiree Health	Total
ASSETS			
Pooled cash and cash equivalents	$ 18,822	$ 88,573	$ 107,395
Cash and cash equivalents	420,150	340,000	760,150
Investments, at fair value:			
Money market funds	2,418,863	136,434	2,555,297
U.S. Government Obligations	17,813,468	519,484	18,332,952
Domestic corporate bonds	21,880,781	693,676	22,574,457
Domestic stocks	52,287,372	3,116,396	55,403,768
Index stock fund	29,950,490	-	29,950,490
International bonds	1,142,007	-	1,142,007
International stocks	12,781,087	-	12,781,087
Accounts receivable	574,436	-	574,436
Prepaid expenses	516,382	-	516,382
Accrued interest	400,360	37,112	437,472
Capital assets	7,329	-	7,329
Total assets	140,211,547	4,931,675	145,143,222
LIABILITIES			
Accounts payable	558	-	558
Accrued payroll	1,123	-	1,123
Accrued compensated absences	8,665	-	8,665
	10,346	-	10,346
NET ASSETS HELD IN TRUST FOR PENSION AND RETIREE HEALTHCARE BENEFITS	**$ 140,201,201**	**$ 4,931,675**	**$ 145,132,876**

	Pension	Retiree Health	Total
ADDITIONS			
Contributions:			
Employee Contributions	$ 2,009,862	$ -	$ 2,009,862
Employer Contributions	2,047,588	-	2,047,588
Other	-	868,771	868,771
Total contributions	4,057,450	868,771	4,926,221
Investment income			
Net appreciation in fair value of investments	11,654,454	242,913	11,897,367
Interest and dividends	3,095,895	133,841	3,229,736
Total investment income	14,750,349	376,754	15,127,103
Less investment expense	(657,768)	-	(657,768)
Net investment income	14,092,581	376,754	14,469,335
Total additions (net)	18,150,031	1,245,525	19,395,556
DEDUCTIONS			
Benefits	6,612,523	1,090,120	7,702,643
Refunds of contributions	400,487	-	400,487
Administrative expense	232,897	45,107	278,004
Total deductions	7,245,907	1,135,227	8,381,134
Net increase	10,904,124	110,298	11,014,422
NET ASSETS, held in trust for pension and retiree healthcare benefits			
Beginning of year	129,297,077	4,821,377	134,118,454
End of year	**$ 140,201,201**	**$ 4,931,675**	**$ 145,132,876**

D. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The $1,855,000 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2006 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. The County has closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

E. Restatements

Net assets of the Resource Recovery Facility Enterprise Fund were restated (reduced) by $829,292 on January 1, 2006, in order to properly state capital asset book values based on engineering estimates.

* * * * * *

GASB STATEMENT 25 REQUIRED SUPPLEMENTARY INFORMATION

GASB STATEMENT 25 AND 27 REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

($ Amounts in Thousands)

Valuation Date Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Radio	Covered Payroll	UAAL as a % of Covered Payroll
1995 (a)	$68,283	$57,717	($10,566)	118.3	$23,040	-%
1996 (a)	76,326	60,129	(16,197)	126.9	22,999	-
1997 (a)	87,010	64,468	(22,542)	135.0	23,802	-
1998	100,030	68,577	(31,453)	145.9	24,209	-
1999 (a)	112,224	77,492	(34,732)	144.8	26,781	-
2000 (a)	120,724	84,373	(36,351)	143.1	27,224	-
2001 (a)	124,551	92,102	(32,449)	135.2	29,687	-
2002 (a)	120,693	104,222	(16,471)	115.8	29,763	-
2003 (a)	118,340	112,314	(6,026)	105.4	29,566	-
2004	121,005	121,440	435	99.6	31,519	-
2005	125,487	128,872	3,385	97.4	31,441	10.8

Schedule of Employer Contributions

Fiscal Year	Valuation Date Dec. 31	Contribution Rates As Percents of Valuation Payroll*	Computed Dollar Contribution Based on Projected Payroll#	Annual Required Contribution Based on Actual Payroll	Percentage Contributed
1996	1994 (a)	2.70%	$614,524	$645,115	100 %
1997	1995 (a)	3.35	830,477	780,271	100
1998	1996 (a)	1.05	262,012	254,050	100
1999	1997	0.22	55,039	59,036	100
2000	1998	0.00	-	-	100
2001	1999 (a)	0.00	-	-	100
2002	2001 (a)	0.00	-	-	100
2003	2002 (a)	0.00	-	-	100
2004	2002 (a)	4.33	1,477,934	1,477,934	100
2005	2003 (a)	6.90	2,110,032	2,110,032	100
2006	2004	6.96	2,047,588	2,047,588	100

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

**** Weighted averages.***

 # Beginning with fiscal year 2004, contribution requirements based upon employer contributions ceasing for members entering the DROP.

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

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

Valuation date:	December 31, 2005
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining amortization period	Overfunded: 10 years (open) Underfunded: 30 year (open)
Asset valuation method:	4 years smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0% - 8.8%
Includes inflation at	5.00%
Cost-of-living adjustments	none

The following members were included in the December 31, 2005 actuarial valuation:

Retirees and Beneficiaries receiving benefits and DROP members	579
Terminated plan members entitled to but not yet receiving benefits	80
Active plan members	861
Total	1,520

COMBINING and INDIVIDUAL FUND FINANCIAL STATEMENTS and SCHEDULES

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
DECEMBER 31, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
ASSETS				
Pooled cash and cash equivalents	$ 11,441,708	$ 2,245,127	$ 134,012	$ 13,820,847
Cash and cash equivalents	52,902	-	3,056	55,958
Accounts receivable	4,480	49,948	-	54,428
Taxes receivable	3,251,436	-	-	3,251,436
Due from other governmental units	537,261	-	-	537,261
Inventory, at cost	116,261	-	-	116,261
TOTAL ASSETS	$ 15,404,048	$ 2,295,075	$ 137,068	$ 17,836,191
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 292,099	$ 323,515	$ 513	$ 616,127
Accrued payroll	116,561	-	-	116,561
Deferred revenue	3,464,777	-	-	3,464,777
Total liabilities	4,491,929	323,515	513	4,815,957
FUND BALANCES				
Reserved for inventories	116,261	-	-	116,261
Unreserved:				
Designated for future expenditures	490,806	-	-	490,806
Undesignated	10,305,052	1,971,560	136,555	12,413,167
Total fund balances	10,912,119	1,971,560	136,555	13,020,234
TOTAL LIABILITIES AND FUND BALANCES	$ 15,404,048	$ 2,295,075	$ 137,068	$ 17,836,191

COUNTY OF JACKSON, MICHIGAN

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUE				
Licenses, fees, taxes and permits	$ 12,586	$ -	$ -	$ 12,586
Property taxes	3,420,697	-	-	3,420,697
Intergovernmental	5,769,049	578,404	-	6,347,453
Charges for services	1,474,065	-	-	1,474,065
Fines and forfeitures	212,036	-	-	212,036
Interest and rentals	536,106	115	4,809	541,030
Donations	346,985	-	12,269	359,254
Other revenue	400,359	999,993	-	1,400,352
Total revenue	12,171,883	1,578,512	17,078	13,767,473
EXPENDITURES				
Current:				
Judicial	4,947,850	-	-	4,947,850
Public safety	2,717,499	-	-	2,717,499
Health and welfare	2,564,351	-	-	2,564,351
Recreation and cultural	1,556,943	-	-	1,556,943
Community development	143,212	-	-	143,212
Other functions	797,441	-	9,071	806,512
Capital outlay	-	7,980,728	-	7,980,728
Total expenditures	12,727,296	7,980,728	9,071	20,717,095
Revenue over (under) expenditures	(555,413)	(6,402,216)	8,007	(6,949,622)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	7,045,000	-	7,045,000
Bond discount	-	(42,340)	-	(42,340)
Transfers in	5,060,974	745,443	-	5,806,417
Transfers (out)	(2,960,487)	(546,284)	-	(3,506,771)
Total other financing sources (uses)	2,100,487	7,201,819	-	9,302,306
Net change in fund balances	1,545,074	799,603	8,007	2,352,684
FUND BALANCE , Beginning of year	9,367,045	1,171,957	128,548	10,667,550
FUND BALANCE, End of year	**$ 10,912,119**	**$ 1,971,560**	**$ 136,555**	**$ 13,020,234**

COUNTY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

DECEMBER 31, 2006

	Parks Commission	Friend of the Court	Public Improvement and Building
ASSETS			
ASSETS			
Pooled cash and cash equivalents	$ 73,774	$ 322,373	$ 2,573,849
Cash and cash equivalents	225	-	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	326,401	-
Inventory, at cost	79,530	-	-
TOTAL ASSETS	**$ 153,529**	**$ 648,774**	**$ 2,573,849**
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 3,072	$ 2,502	$ 292
Accrued payroll	6,434	72,195	-
Advance from other funds	-	500,000	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
Total liabilities	9,506	574,697	292
FUND BALANCES			
Reserved for inventories	79,530	-	-
Unreserved:			
Designated for future expenditures	2,745	-	200,472
Undesignated	61,748	74,077	2,373,085
Total fund balances	144,023	74,077	2,573,557
TOTAL LIABILITIES AND FUND BALANCES	**$ 153,529**	**$ 648,774**	**$ 2,573,849**

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library
$ 447,924	$ 1,899	$ 77,557	$ 45,442	$ 6,219
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 447,924	**$ 1,899**	**$ 77,557**	**$ 45,442**	**$ 6,219**
$ -	$ -	$ 1,718	$ -	$ 929
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,718	-	929
-	-	-	-	-
-	-	-	-	-
447,924	1,899	75,839	45,442	5,290
447,924	1,899	75,839	45,442	5,290
$ 447,924	**$ 1,899**	**$ 77,557**	**$ 45,442**	**$ 6,219**

Continued on next page

COUNTY OF JACKSON, MICHIGAN

Combining Balance Sheet (Continued)

Nonmajor Special Revenue Funds

DECEMBER 31, 2006

	Michigan Justice Training	Social Services	Veteran's Trust
ASSETS			
ASSETS			
Pooled cash and cash equivalents	$ 102,871	$ 125,031	$ 2,239
Cash and cash equivalents	-	50,677	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	-	-
Inventory, at cost	-	-	-
TOTAL ASSETS	**$ 102,871**	**$ 175,708**	**$ 2,239**
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued payroll	-	-	-
Advance from other funds	-	-	-
Due to other governmental units	-	118,492	-
Deferred revenue	-	-	-
Total liabilities	-	118,492	-
FUND BALANCES			
Reserved for inventories	-	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Undesignated	102,871	57,216	2,239
Total fund balances	102,871	57,216	2,239
TOTAL LIABILITIES AND FUND BALANCES	**$ 102,871**	**$ 175,708**	**$ 2,239**

Airport	Joint Narcotics	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
$ 50,400	$ 241,007	$ 38,000	$ 503,322	$ 506,885
100	-	-	-	-
3,840	-	-	-	-
-	-	-	-	-
-	-	15,000	-	-
-	-	-	-	-
$ 54,340	**$ 241,007**	**$ 53,000**	**$ 503,322**	**$ 506,885**
$ 2,122	$ 8,645	$ 53,000	$ 243	$ 4,075
3,230	-	-	-	-
-	-	-	-	-
-	-	-	-	-
747	-	-	-	-
6,099	8,645	53,000	243	4,075
-	-	-	-	-
-	-	-	-	-
48,241	232,362	-	503,079	502,810
48,241	232,362	-	503,079	502,810
$ 54,340	**$ 241,007**	**$ 53,000**	**$ 503,322**	**$ 506,885**

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
DECEMBER 31, 2006

	Child Care	Golf Courses	Jail Millage
ASSETS			
ASSETS			
Pooled cash and cash equivalents	$ 571,119	$ 3,319	$ 496,858
Cash and cash equivalents	900	1,000	-
Accounts receivable	640	-	-
Taxes receivable	-	-	1,807,958
Due from other governmental units	195,860	-	-
Inventory, at cost	-	36,731	-
TOTAL ASSETS	**$ 768,519**	**$ 41,050**	**$ 2,304,816**
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 16,320	$ 239	$ -
Accrued payroll	32,108	2,594	-
Advance from other funds	-	-	-
Due to other governmental units	-	-	-
Deferred revenue	1,343	-	1,925,785
Total liabilities	49,771	2,833	1,925,785
FUND BALANCES			
Reserved for inventories	-	36,731	-
Unreserved:			
Designated for future expenditures	-	-	67,589
Undesignated	718,748	1,486	311,442
Total fund balances	718,748	38,217	379,031
TOTAL LIABILITIES AND FUND BALANCES	**$ 768,519**	**$ 41,050**	**$ 2,304,816**

MCF Maintenance of Effort	Department on Aging Millage	Total
$ 4,901,524	$ 350,096	$ 11,441,708
-	-	52,902
-	-	4,480
521,046	922,432	3,251,436
-	-	537,261
-	-	116,261
$ 5,422,570	**$ 1,272,528**	**$ 15,404,048**

$ 198,942	$ -	$ 292,099
-	-	116,561
-	-	500,000
-	-	118,492
554,981	981,921	3,464,777
753,923	981,921	4,491,929
-	-	116,261
220,000	-	490,806
4,448,647	290,607	10,305,052
4,668,647	290,607	10,912,119
$ 5,422,570	**$ 1,272,528**	**$ 15,404,048**

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Parks Commission	Friend of the Court	Public Improvement and Building
REVENUE			
Licenses, fees, taxes and permits	$ -	$ -	$ -
Property taxes	-	-	-
Intergovernmental	-	2,352,542	-
Charges for services	245,066	350,631	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	20,988
Donations	-	-	346,985
Other revenue	-	-	270,400
Total revenue	245,066	2,703,173	638,373
EXPENDITURES			
Current:			
Judicial	-	2,814,956	73,195
Public safety	-	-	-
Health and welfare	-	-	-
Recreation and cultural	845,310	-	110,424
Community development	-	-	-
Other functions	-	-	214,866
Total expenditures	845,310	2,814,956	398,485
Revenue over (under) expenditures	(600,244)	(111,783)	239,888
OTHER FINANCING SOURCES (USES)			
Transfers in	642,096	114,040	299,375
Transfers (out)	(42,176)	-	-
Total other financing sources (uses)	599,920	114,040	299,375
Net change in fund balances	(324)	2,257	539,263
FUND BALANCE , Beginning of year	144,347	71,820	2,034,294
FUND BALANCE, End of year	**$ 144,023**	**$ 74,077**	**$ 2,573,557**

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	68	4,143	21,739	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,500
-	68	4,143	21,739	6,500
-	1,536	2,088	-	4,819
-	-	-	18,119	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,536	2,088	18,119	4,819
-	(1,468)	2,055	3,620	1,681
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(1,468)	2,055	3,620	1,681
447,924	3,367	73,784	41,822	3,609
$ 447,924	**$ 1,899**	**$ 75,839**	**$ 45,442**	**$ 5,290**

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Michigan Justice Training	Social Services	Veteran's Trust
REVENUE			
Licenses, fees, taxes and permits	$ -	$ -	$ -
Property taxes	-	-	-
Intergovernmental	12,122	1,018,089	30,229
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	-
Donations	-	-	-
Other revenue	58,325	-	-
Total revenue	70,447	1,018,089	30,229
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	13,695	-	-
Health and welfare	-	1,076,315	29,160
Recreation and cultural	-	-	-
Community development	-	-	-
Other functions	-	-	-
Total expenditures	13,695	1,076,315	29,160
Revenue over (under) expenditures	56,752	(58,226)	1,069
OTHER FINANCING SOURCES (USES)			
Transfers in	-	29,000	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	29,000	-
Net change in fund balances	56,752	(29,226)	1,069
FUND BALANCE , Beginning of year	46,119	86,442	1,170
FUND BALANCE, End of year	**$ 102,871**	**$ 57,216**	**$ 2,239**

Airport	Joint Narcotics	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
$ 12,586	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	143,212	-	-
15,897	-	-	196,834	-
-	186,086	-	-	-
282,147	11,612	-	21,290	-
-	-	-	-	-
47,436	-	-	-	-
358,066	197,698	143,212	218,124	-
-	138,680	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	143,212	-	-
451,596	-	-	121,018	9,961
451,596	138,680	143,212	121,018	9,961
(93,530)	59,018	-	97,106	(9,961)
130,501	-	-	-	75,000
(27,890)	(51,258)	-	-	-
102,611	(51,258)	-	-	75,000
9,081	7,760	-	97,106	65,039
39,160	224,602	-	405,973	437,771
$ 48,241	**$ 232,362**	**$ -**	**$ 503,079**	**$ 502,810**

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances (Concluded)
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Child Care	Golf Courses	Jail Millage
REVENUE			
Licenses, fees, taxes and permits	$ -	$ -	$ -
Property taxes	-	-	1,900,090
Intergovernmental	2,212,855	-	-
Charges for services	34,899	630,738	-
Fines and forfeitures	-	-	-
Interest and rentals	154,150	-	-
Donations	-	-	-
Other revenue	2,335	-	8,021
Total revenue	2,404,239	630,738	1,908,111
EXPENDITURES			
Current:			
Judicial	1,912,576	-	-
Public safety	2,685,685	-	-
Health and welfare	1,242,627	-	-
Recreation and cultural	-	601,209	-
Community development	-	-	-
Other functions	-	-	-
Total expenditures	5,840,888	601,209	-
Revenue over (under) expenditures	(3,436,649)	29,529	1,908,111
OTHER FINANCING SOURCES (USES)			
Transfers in	3,722,141	48,821	-
Transfers (out)	-	(40,133)	(1,811,771)
Total other financing sources (uses)	3,722,141	8,688	(1,811,771)
Net change in fund balances	285,492	38,217	96,340
FUND BALANCE , Beginning of year	433,256	-	282,691
FUND BALANCE, End of year	**$ 718,748**	**$ 38,217**	**$ 379,031**

MCF Maintenance of Effort	Department on Aging Millage	Total
$ -	$ -	$ 12,586
559,768	960,839	3,420,697
-	-	5,769,049
-	-	1,474,065
-	-	212,036
45,919	-	536,106
-	-	346,985
-	7,342	400,359
605,687	968,181	12,171,883
-	-	4,947,850
-	-	2,717,499
216,249	-	2,564,351
-	-	1,556,943
-	-	143,212
-	-	797,441
216,249	-	12,727,296
389,438	968,181	(555,413)
-	-	5,060,974
-	(987,259)	(2,960,487)
-	(987,259)	2,100,487
389,438	(19,078)	1,545,074
4,279,209	309,685	9,367,045
$ 4,668,647	**$ 290,607**	**$ 10,912,119**

COUNTY OF JACKSON, MICHIGAN
PARKS COMMISSION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Falls	$ 105,442	$ 105,294	$ (148)
Parks	126,514	139,772	13,258
Total revenue	231,956	245,066	13,110
EXPENDITURES			
Recreation and cultural:			
Administration	270,712	261,139	9,573
Cascades Falls	63,518	60,639	2,879
Parks	176,028	168,577	7,451
Equipment and Shop	281,799	281,205	594
Out-County parks	85,510	73,750	11,760
Total expenditures	877,567	845,310	32,257
Revenue over (under) expenditures	(645,611)	(600,244)	45,367
OTHER FINANCING SOURCES (USES)			
County appropriation	560,330	560,330	-
Transfers in	81,757	81,766	9
Transfers (out)	(42,176)	(42,176)	-
Total other financing sources	599,911	599,920	9
Net change in fund balances	(45,700)	(324)	45,376
FUND BALANCE, Beginning of year	144,347	144,347	-
FUND BALANCE, End of year	**$ 98,647**	**$ 144,023**	**$ 45,376**

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

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	$ 2,323,418	$ 2,352,542	$ 29,124
Charges for services - fees	308,560	350,631	42,071
Total revenue	2,631,978	2,703,173	71,195
EXPENDITURES			
Judicial:			
Personnel services	2,934,641	2,814,956	119,685
Revenue under expenditures	(302,663)	(111,783)	190,880
OTHER FINANCING SOURCES			
Transfers in	302,663	114,040	(188,623)
Net change in fund balances	-	2,257	2,257
FUND BALANCE, Beginning of year	71,820	71,820	-
FUND BALANCE, End of year	**$ 71,820**	**$ 74,077**	**$ 2,257**

COUNTY OF JACKSON, MICHIGAN
PUBLIC IMPROVEMENT AND BUILDING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Interest - General	$ -	$ 20,988	$ 20,988
Donations	-	346,985	346,985
Miscellaneous revenue	-	270,400	270,400
Total revenue	-	638,373	638,373
EXPENDITURES			
Repairs and maintenance:			
Judicial - Juvenile	28,465	20,892	7,573
Judicial - Courthouse	105,000	52,303	52,697
Parks	116,380	110,424	5,956
Other - General	358,935	214,866	144,069
Total expenditures	608,780	398,485	210,295
Revenue over (under) expenditures	(608,780)	239,888	848,668
OTHER FINANCING SOURCES			
Transfers in	299,375	299,375	-
Net change in fund balances	(309,405)	539,263	848,668
FUND BALANCE, Beginning of year	2,034,294	2,034,294	-
FUND BALANCE, End of year	**$ 1,724,889**	**$ 2,573,557**	**$ 848,668**

COUNTY OF JACKSON, MICHIGAN
BUDGET STABILIZATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING (USES)			
Transfers in	$ -	$ -	$ -
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
FUND BALANCE, Beginning of year	447,924	447,924	-
FUND BALANCE, End of year	**$ 447,924**	**$ 447,924**	**$ -**

COUNTY OF JACKSON, MICHIGAN
OMNIBUS FORFEITURES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	$ 1,500	$ 68	$ (1,432)
EXPENDITURES			
Judicial costs	1,500	1,536	(36)
Net change in fund balances	-	(1,468)	(1,468)
FUND BALANCE, Beginning of year	3,367	3,367	-
FUND BALANCE, End of year	**$ 3,367**	**$ 1,899**	**$ (1,468)**

COUNTY OF JACKSON, MICHIGAN
PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	$ 10,000	$ 4,143	$ (5,857)
EXPENDITURES			
Judicial - Personnel costs	10,000	2,088	7,912
Net change in fund balances	-	2,055	2,055
FUND BALANCE, Beginning of year	73,784	73,784	-
FUND BALANCE, End of year	**$ 73,784**	**$ 75,839**	**$ 2,055**

COUNTY OF JACKSON, MICHIGAN
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	$ 35,000	$ 21,739	$ (13,261)
EXPENDITURES			
Public safety	35,000	18,119	16,881
Net change in fund balances	-	3,620	3,620
FUND BALANCE, Beginning of year	41,822	41,822	-
FUND BALANCE, End of year	**$ 41,822**	**$ 45,442**	**$ 3,620**

COUNTY OF JACKSON, MICHIGAN
COUNTY LAW LIBRARY FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	$ 6,500	$ 6,500	$ -
EXPENDITURES			
Judicial	6,500	4,819	1,681
Net change in fund balance	-	1,681	1,681
FUND BALANCE, Beginning of year	3,609	3,609	-
FUND BALANCE, End of year	**$ 3,609**	**$ 5,290**	**$ 1,681**

COUNTY OF JACKSON, MICHIGAN
MICHIGAN JUSTICE TRAINING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	$ 15,000	$ 12,122	$ (2,878)
Other revenue	60,000	58,325	(1,675)
Total revenue	75,000	70,447	(4,553)
EXPENDITURES			
Public Safety -			
Employee training	75,000	13,695	61,305
Net change in fund balances	-	56,752	56,752
FUND BALANCE, Beginning of year	46,119	46,119	-
FUND BALANCE, End of year	**$ 46,119**	**$ 102,871**	**$ 56,752**

COUNTY OF JACKSON, MICHIGAN
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	$ 871,000	$ 1,018,089	$ 147,089
EXPENDITURES			
Health and welfare	900,000	1,076,315	(176,315)
Revenue under expenditures	(29,000)	(58,226)	(29,226)
OTHER FINANCING SOURCES			
Tranfers in	29,000	29,000	-
Net change in fund balances	-	(29,226)	(29,226)
FUND BALANCE, Beginning of year	86,442	$ 86,442	-
FUND BALANCE, End of year	**$ 86,442**	**$ 57,216**	**$ (29,226)**

COUNTY OF JACKSON, MICHIGAN
VETERAN'S TRUST FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	$ 50,000	$ 30,229	$ (19,771)
EXPENDITURES			
Health and welfare	50,000	29,160	20,840
Net change in fund balances	-	1,069	(1,069)
FUND BALANCE, Beginning of year	1,170	$ 1,170	-
FUND BALANCE, End of year	**$ 1,170**	**$ 2,239**	**$ (1,069)**

COUNTY OF JACKSON, MICHIGAN
AIRPORT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Licenses and permits -			
Commercial operating agreements	$ 12,726	$ 12,586	$ (140)
Charges for services:			
Landing fees	18,200	15,782	(2,418)
Aircraft parking	1,000	115	(885)
Interest and rentals:			
Ground leases	74,593	72,579	(2,014)
Other leases	47,346	47,346	-
Air traffic control tower rental	49,680	37,274	(12,406)
Restaurant lease	16,824	16,916	92
Other rentals	105,399	108,032	2,633
Other:			
Advertising	4,588	4,961	373
Utilities reimbursements	10,000	10,139	139
Aviation fuel flow charges	22,800	22,141	(659)
Other	10,050	10,195	145
Total revenue	373,206	358,066	(15,140)
EXPENDITURES			
Other functions:			
Personnel services	251,367	249,934	1,433
Office and administration	3,000	2,490	510
Operating expenses	157,850	129,458	28,392
Repairs and maintenance	60,900	67,114	(6,214)
Utilities	2,500	2,600	(100)
Capital outlay	200	-	200
Total expenditures	475,817	451,596	24,221
Revenue under expenditures	(102,611)	(93,530)	9,081
OTHER FINANCING SOURCES (USES)			
Transfers in	130,501	130,501	-
Transfers (out)	(27,890)	(27,890)	-
Total other financing sources (uses)	102,611	102,611	-
Net change in fund balances	-	9,081	9,081
FUND BALANCE, Beginning of year	39,160	39,160	-
FUND BALANCE, End of year	**$ 39,160**	**$ 48,241**	**$ 9,081**

COUNTY OF JACKSON, MICHIGAN
JOINT NARCOTICS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	$ 150,000	$ 186,086	$ 36,086
Interest revenue	-	11,612	11,612
Total revenue	150,000	197,698	47,698
EXPENDITURES			
Judicial	150,000	138,680	11,320
Revenue over expenditures	-	59,018	59,018
OTHER FINANCING (USES)			
Transfers (out)	(51,528)	(51,258)	270
Net change in fund balances	(51,528)	7,760	59,288
FUND BALANCE, Beginning of year	224,602	224,602	-
FUND BALANCE, End of year	**$ 173,074**	**$ 232,362**	**$ 59,288**

COUNTY OF JACKSON, MICHIGAN
COMMUNITY DEVELOMENT BLOCK GRANT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	$ 300,000	$ 143,212	$ (156,788)
EXPENDITURES			
Community development	300,000	143,212	156,788
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE, End of year	**$ -**	**$ -**	**$ -**

COUNTY OF JACKSON, MICHIGAN
REGISTER OF DEEDS AUTOMATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services	$ 225,000	$ 196,834	$ (28,166)
Interest revenue	8,000	21,290	13,290
Total revenue	233,000	218,124	(14,876)
EXPENDITURES			
Other functions	335,018	121,018	214,000
Net change in fund balances	(102,018)	97,106	199,124
FUND BALANCE, Beginning of year	405,973	405,973	-
FUND BALANCE, End of year	**$ 303,955**	**$ 503,079**	**$ 199,124**

COUNTY OF JACKSON, MICHIGAN
AIRPORT RUNWAY PROJECT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Other revenue	$ -	-	-
EXPENDITURES			
Other functions	75,000	9,961	65,039
Revenue (under) expenditures	(75,000)	(9,961)	65,039
OTHER FINANCING SOURCES			
Transfers in	75,000	75,000	-
Net change in fund balances	-	65,039	65,039
FUND BALANCE, Beginning of year	437,771	437,771	-
FUND BALANCE, End of year	**$ 437,771**	**$ 502,810**	**$ 65,039**

COUNTY OF JACKSON, MICHIGAN
CHILD CARE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	$ 2,234,142	$ 2,212,855	$ (21,287)
Charges for services -			
FIA	-	34,899	34,899
Other:			
Rentals - Youth Home	54,350	154,150	99,800
Other	500	2,335	1,835
Total revenue	2,288,992	2,404,239	115,247
EXPENDITURES			
Judicial -			
Probate Court - Child Care	1,827,000	1,912,576	(85,576)
Public Safety:			
Youth Center:			
General	1,328,579	1,303,860	24,719
Cooks	113,913	113,636	277
Building maintenance	173,835	172,964	871
Supervision	462,131	460,803	1,328
Administration	641,967	634,422	7,545
Total public safety	2,720,425	2,685,685	34,740
Health and Welfare:			
In Home Detention	73,200	69,361	3,839
Intensive Probation	45,913	45,176	737
Child Care	1,080,000	862,956	217,044
JCCP	272,595	265,134	7,461
Total health and welfare	1,471,708	1,242,627	229,081
Total expenditures	6,019,133	5,840,888	178,245
Revenue over (under) expenditures	(3,730,141)	(3,436,649)	293,492
OTHER FINANCING SOURCES			
Transfers in	3,722,141	3,722,141	-
Net change in fund balances	(8,000)	285,492	293,492
FUND BALANCE, Beginning of year	433,256	433,256	-
FUND BALANCE, End of year	**$ 425,256**	**$ 718,748**	**$ 293,492**

COUNTY OF JACKSON, MICHIGAN
GOLF COURSES
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Golf Course	616,100	551,887	(64,213)
Cascades Short Course	111,300	78,851	(32,449)
Total revenue	727,400	630,738	(96,662)
EXPENDITURES			
Recreation and cultural:			
Cascades Golf Course	647,296	565,832	81,464
Cascades Short Course	43,101	35,377	7,724
Total expenditures	690,397	601,209	89,188
Revenue over (under) expenditures	37,003	29,529	(7,474)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,130	48,821	45,691
Transfers (out)	(40,133)	(40,133)	-
Total other financing sources	(37,003)	8,688	45,691
Net change in fund balances	-	38,217	38,217
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE, End of year	**$ -**	**$ 38,217**	**$ 38,217**

COUNTY OF JACKSON, MICHIGAN
JAIL MILLAGE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property tax revenue	$ 1,850,000	$ 1,900,090	$ 50,090
Other revenue	-	8,021	8,021
Total revenue	1,850,000	1,908,111	58,111
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,811,773)	(1,811,771)	(2)
Net change in fund balances	38,227	96,340	58,109
FUND BALANCE, Beginning of year	282,691	282,691	-
FUND BALANCE, End of year	**$ 320,918**	**$ 379,031**	**$ 58,109**

COUNTY OF JACKSON, MICHIGAN
MEDICAL CARE FACILITY MAINTENANCE OF EFFORT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
ND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAI
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property taxes	$ 525,000	$ 559,768	$ 34,768
Interest and rentals	-	45,919	45,919
Total revenue	525,000	605,687	80,687
EXPENDITURES			
Health and welfare	745,000	216,249	528,751
Net change in fund balances	(220,000)	389,438	609,438
FUND BALANCE, Beginning of year	4,279,209	4,279,209	-
FUND BALANCE, End of year	$ 4,059,209	$ 4,668,647	$ 609,438

COUNTY OF JACKSON, MICHIGAN
DEPARTMENT ON AGING MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property tax revenue	$ 952,000	$ 960,839	$ 8,839
Other revenue	-	7,342	7,342
Total revenue	952,000	968,181	16,181
OTHER FINANCING (USES)			
Transfers (out)	(987,259)	(987,259)	-
Net change in fund balances	(35,259)	(19,078)	16,181
FUND BALANCE, Beginning of year	309,685	309,685	-
FUND BALANCE, End of year	**$ 274,426**	**$ 290,607**	**$ 16,181**

COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

ASSETS	Equipment/ Replacement	Sheriff Department Equipment	Building Authority	Justice Center	Total
ASSETS					
Pooled cash and cash equivalents	$ 161,949	$ 732,195	$ 915,080	$ 435,903	$ 2,245,127
Prepaid items	49,948	-	-	-	49,948
TOTAL ASSETS	**$ 211,897**	**$ 732,195**	**$ 915,080**	**$ 435,903**	**$ 2,295,075**
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 58,640	$ 3,129	$ 261,746	$ -	$ 323,515
FUND BALANCES					
Unreserved:					
Undesignated	153,257	729,066	653,334	435,903	1,971,560
Total fund balance	153,257	729,066	653,334	435,903	1,971,560
TOTAL LIABILITIES AND FUND EQUITY	**$ 211,897**	**$ 732,195**	**$ 915,080**	**$ 435,903**	**$ 2,295,075**

COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006

	Equipment/ Replacement	Sheriff Department Equipment	Building Authority	Justice Center	Total
REVENUE					
Intergovernmental	$ 117,525	$ 460,879	$ -	$ -	$ 578,404
Interest and rentals	-	-	115	-	115
Other	70,816	929,177	-	-	999,993
Total revenue	188,341	1,390,056	115	-	1,578,512
EXPENDITURES					
Current Operations:					
Capital outlay	871,201	760,201	6,349,326	-	7,980,728
Revenue over (under) expenditures	(682,860)	629,855	(6,349,211)	-	(6,402,216)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	7,045,000	-	7,045,000
Bond discount	-	-	(42,340)	-	(42,340)
Transfers in	600,770	-	-	144,673	745,443
Transfers (out)	-	(495,423)	(50,861)	-	(546,284)
Total other financing sources (uses)	600,770	(495,423)	6,951,799	144,673	7,201,819
Net change in fund balances	(82,090)	134,432	602,588	144,673	799,603
FUND BALANCE, Beginning of year	235,347	594,634	50,746	291,230	1,171,957
FUND BALANCE, End of year	**$ 153,257**	**$ 729,066**	**$ 653,334**	**$ 435,903**	**$ 1,971,560**

COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

ASSETS	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
ASSETS				
Pooled cash and cash equivalents	$ 25,336	$ 108,676	$ -	$ 134,012
Cash and cash equivalents	-	-	3,056	3,056
TOTAL ASSETS	**$ 25,336**	**$ 108,676**	**$ 3,056**	**$ 137,068**
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 513	$ -	$ -	$ 513
FUND EQUITY				
Unreserved	24,823	108,676	3,056	136,555
Total fund equity	24,823	108,676	3,056	136,555
TOTAL LIABILITIES AND FUND BALANCE	**$ 25,336**	**$ 108,676**	**$ 3,056**	**$ 137,068**

COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
OPERATING REVENUE				
Interest	$ -	$ 4,809	$ -	$ 4,809
Other revenue -				
Donations	12,269	-	-	12,269
Total operating revenue	12,269	4,809	-	17,078
OPERATING EXPENSES				
Cost of services	7,465	1,606	-	9,071
Revenue over expenditures	4,804	3,203	-	8,007
FUND BALANCE, Beginning of year	20,019	105,473	3,056	128,548
FUND BALANCE, End of year	**$ 24,823**	**$ 108,676**	**$ 3,056**	**$ 136,555**

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
DECEMBER 31, 2006

ASSETS	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
ASSETS					
Current assets:					
Pooled cash and cash equivalents	$ 218,779	$ 90,258	$ 37,486	$ 457,919	$ 804,442
Cash and cash equivalents	724	-	-	-	724
Accounts receivable	19,075	-	-	-	19,075
Prepaid items	1,755	-	-	-	1,755
Total current assets	240,333	90,258	37,486	457,919	825,996
Capital assets, net	1,204,236	-	-	2,457	1,206,693
TOTAL ASSETS	**1,444,569**	**90,258**	**37,486**	**460,376**	**2,032,689**
LIABILITIES					
Accounts payable	7,537	-	20,790	(4)	28,323
Accrued payroll	2,900	-	-	751	3,651
Perfomance bonds	-	-	49,450	-	49,450
Due to other governmental units	-	-	-	137,548	137,548
Due to other funds	248,781	-	-	-	248,781
Unearned revenue	18,549	-	-	-	18,549
Compensated absences payable	13,150	-	-	4,476	17,626
Total liabilities (all current)	290,917	-	70,240	142,771	503,928
Net assets					
Invested in capital assets	1,204,236	-	-	2,457	1,206,693
Unrestricted	(50,584)	90,258	(32,754)	315,148	322,068
Total Net assets	**$ 1,153,652**	**$ 90,258**	**$ (32,754)**	**$ 317,605**	**$ 1,528,761**

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
OPERATING REVENUE					
Charges for services - interest on taxes	$ -	$ -	$ -	$ 250,052	$ 250,052
Charges for services	1,093,342	160,311	70,861	-	1,324,514
Other revenue	9,827	-	-	-	9,827
Total operating revenue	1,103,169	160,311	70,861	250,052	1,584,393
OPERATING EXPENSES					
Personnel services	320,586	-	-	56,980	377,566
Cost of services	736,831	-	107,078	-	843,909
Depreciation	85,068	-	-	1,837	86,905
Administration and other	29,822	382,099	1,364	2,554	415,839
Total operating expenses	1,172,307	382,099	108,442	61,371	1,724,219
Operating income (loss)	(69,138)	(221,788)	(37,581)	188,681	(139,826)
NON-OPERATING REVENUE (EXPENSES)					
State grants	50,043	-	-	-	50,043
Interest income	11,066	-	629	3,084	14,779
Interest expense	(3,121)	-	-	-	(3,121)
Total non-operating revenue (expenses)	57,988	-	629	3,084	61,701
Net income (loss) before transfers	(11,150)	(221,788)	(36,952)	191,765	(78,125)
TRANSFERS IN (OUT)					
Transfers (out)	-	-	-	(13,727)	(13,727)
Change in net assets	(11,150)	(221,788)	(36,952)	178,038	(91,852)
Net assets, beginning of year	1,164,802	312,046	4,198	139,567	1,620,613
Netassets, end of year	**$ 1,153,652**	**$ 90,258**	**$ (32,754)**	**$ 317,605**	**$ 1,528,761**

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
Cash flows from operating activities					
Cash received from customers, residents and users	$ 1,095,217	$ 160,311	$ 70,861	$ 438,724	$ 1,765,113
Other operating receipts	9,827	-	-	-	9,827
Cash paid to employees	(321,460)	-	-	(57,198)	(378,658)
Cash paid to suppliers	(740,207)	(382,174)	(103,351)	(2,556)	(1,228,288)
Receipts for interfund services provided	156,519	-	-	-	156,519
Net cash provided by (used in) operating activities	199,896	(221,863)	(32,490)	378,970	324,513
Cash flows from capital and related financing activities					
Interest payments on long-term debt	(3,121)	-	-	-	(3,121)
Sale of capital assets	3,463	-	-	-	3,463
Purchase of capital assets	(200,779)	-	-	-	(200,779)
State grant	50,043	-	-	-	50,043
Net cash provided by (used in) capital and related financing activities	(150,394)	-	-	-	(150,394)
Cash flows from non-capital financing activities					
Transfers to other funds	-	-	-	(13,727)	(13,727)
Net cash used by non-capital financing activitie	-	-	-	(13,727)	(13,727)
Cash flows from investing activities					
Interest income received	11,066	-	629	3,084	14,779
Net increase (decrease) in cash and cash equivalents	60,568	(221,863)	(31,861)	368,327	175,171
Cash and cash equivalents, beginning of year	158,935	312,121	69,347	89,592	629,995
Cash and cash equivalents, end of year	$ 219,503	$ 90,258	$ 37,486	$ 457,919	$ 805,166

Continued…

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
Balance Sheet Classification of Cash					
Current assets - Cash and cash equivalents	$ 219,503	$ 90,258	$ 37,486	$ 457,919	$ 805,166
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (69,138)	$ (221,788)	$ (37,581)	$ 188,681	$ (139,826)
Depreciation	85,068	-	-	1,837	86,905
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) decrease in:					
Accounts receivable	(3,073)	-	-	64,917	61,844
Due from other governments	-	-	-	1,470	1,470
Prepaid items	(1,755)	-	-	-	(1,755)
Increase (decrease) in:					
Accounts payable	(1,621)	(75)	1,016	(2)	(682)
Accrued wages and benefits	(874)	-	-	(218)	(1,092)
Accrued expenses	-	-	-	-	-
Performance bonds	-	-	4,075	-	4,075
Unearned revenue	4,948	-	-	-	4,948
Due to other agencies	186,341	-	-	122,285	308,626
Net cash provided by (used in) operating activities	$ 199,896	$ (221,863)	$ (32,490)	$ 378,970	$ 324,513

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
DECEMBER 31, 2006

ASSETS	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
CURRENT ASSETS						
Pooled cash and cash equivalents	$ 36,551	$ (217)	$ 1,795,375	$ 23,661	$ 3,771	$ 1,859,141
Receivables:						
Accounts	-	217	-	-	-	217
Due from other governmental units	-	-	-	-	-	-
Deferred charges	-	-	-	-	-	-
Prepaid expenses	30,000	-	644,488	-	-	674,488
Total assets (all current)	**66,551**	**-**	**2,439,863**	**23,661**	**3,771**	**2,533,846**
LIABILITIES						
Estimated claims payable	102,413	-	812,700	-	-	915,113
Accounts payable	-	-	2,786	-	-	2,786
Total liabilities, all current	102,413	-	815,486	-	-	917,899
NET ASSETS						
Unrestricted, deficit	**$ (35,862)**	**$ -**	**$ 1,624,377**	**$ 23,661**	**$ 3,771**	**$ 1,615,947**

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses and Changes in Net assets
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
OPERATING REVENUE						
Charges for services	$ 19,831	$ 166,208	$ 9,649,731	$ -	$ 55	$ 9,835,825
OPERATING EXPENSES						
Cost of services	104,103	102,851	9,192,557	-	-	9,399,511
General and administrative	111,568	63,357	305,906	2,660	-	483,491
Total operating expenses	215,671	166,208	9,498,463	2,660	-	9,883,002
Operating income (loss)	(195,840)	-	151,268	(2,660)	55	(47,177)
NON-OPERATING REVENUE						
Interest revenue	2,076	-	26,543	-	-	28,619
Total non-operating revenue	2,076	-	26,543	-	-	28,619
Net income (loss) before transfers	(193,764)	-	177,811	(2,660)	55	(18,558)
TRANSFERS						
Transfers (out)	(65,895)	-	(115,635)	-	-	(181,530)
Change in net assets	(259,659)	-	62,176	(2,660)	55	(200,088)
Net assets, beginning of year	223,797	-	1,562,201	26,321	3,716	1,816,035
Net assets, end of year	**$ (35,862)**	**$ -**	**$ 1,624,377**	**$ 23,661**	**$ 3,771**	**$ 1,615,947**

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Cash flows from operating activities						
Cash received from customers, residents and users	$ 39,253	$ 237,332	$ 9,241,153	$ -	$ 55	$ 9,517,793
Cash paid to employees, suppliers and claimants	(287,282)	(237,549)	(9,422,637)	(2,660)	-	(9,950,128)
Net cash provided by (used in) operating activities	(248,029)	(217)	(181,484)	(2,660)	55	(432,335)
Cash flows from non-capital financing activities						
Transfers to other funds	(65,895)	-	(115,635)	-	-	(181,530)
Cash flows from investing activities						
Interest income received	2,076	-	26,543	-	-	28,619
Net increase (decrease) in cash and cash equivalents	(311,848)	(217)	(270,576)	(2,660)	55	(585,246)
Cash and cash equivalents, beginning of year	348,399	-	2,065,951	26,321	3,716	2,444,387
Cash and cash equivalents, end of year	$ 36,551	$ (217)	$ 1,795,375	$ 23,661	$ 3,771	$ 1,859,141

Continued…

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2006

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	$ 36,551	$ (217)	$ 1,795,375	$ 23,661	$ 3,771	$ 1,859,141
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ (195,840)	$ -	$ 151,268	$ (2,660)	$ 55	$ (47,177)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
(Increase) decrease in:						
Accounts receivable	-	14,676	-	-	-	14,676
Deferred charges	-	56,415	-	-	-	56,415
Prepaid items	19,422	33	(408,578)	-	-	(389,123)
Increase (decrease) in:						
Accounts payable	(71,611)	(19,497)	75,826	-	-	(15,282)
Due to other funds	-	(51,844)	-	-	-	(51,844)
Net cash provided by (used in) operating activities	$ (248,029)	$ (217)	$ (181,484)	$ (2,660)	$ 55	$ (432,335)

COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

ASSETS	Trust and Agency	Library	District Court Bonds	Circuit Court Trust	Delinquent Tax/Incinerator Contingency	Region II Planning Commission	Lifeways	Total
ASSETS								
Pooled cash and cash equivalents	$ 2,021,109	$ 28,500	$ -	$ 152,437	$ 1,085,000	$ -	$ 6,758,914	$ 10,045,960
Cash and cash equivalents	-	-	125,961	31,149	-	-	-	157,110
Accounts receivable	139,596	-	-	-	-	-	-	139,596
TOTAL ASSETS	**$ 2,160,705**	**$ 28,500**	**$ 125,961**	**$ 183,586**	**$ 1,085,000**	**$ -**	**$ 6,758,914**	**$ 10,342,666**
LIABILITIES								
LIABILITIES								
Undistributed fees/collections	$ 1,585,949	$ -	$ -	$ 128,478	$ 1,085,000	$ -	$ -	$ 2,799,427
Due to other governments	528,565	28,500	-	-	-	-	6,758,914	7,315,979
Escrow payable	-	-	92,818	31,149	-	-	-	123,967
Bonds payable	46,191	-	33,143	23,959	-	-	-	103,293
TOTAL LIABILITIES	**$ 2,160,705**	**$ 28,500**	**$ 125,961**	**$ 183,586**	**$ 1,085,000**	**$ -**	**$ 6,758,914**	**$ 10,342,666**

COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
TRUST AND AGENCY FUND:				
ASSETS				
Pooled cash and cash equivalents	$ 2,067,674	$ 68,739,035	$ 68,785,600	$ 2,021,109
Accounts receivable	72,410	823,988	756,802	139,596
	$ 2,140,084	**$ 69,563,023**	**$ 69,542,402**	**$ 2,160,705**
LIABILITIES				
Undistributed fees/collections	$ 1,865,599	$ 21,458,074	$ 21,737,724	$ 1,585,949
Due to other governments	223,794	48,091,449	47,786,678	528,565
Bonds payable	50,691	13,500	18,000	46,191
Total liabilities	**$ 2,140,084**	**$ 69,563,023**	**$ 69,542,402**	**$ 2,160,705**
LIBRARY FUND:				
ASSETS				
Pooled cash and cash equivalents	**$ 33,159**	**$ 508,074**	**$ 512,733**	**$ 28,500**
LIABILITIES				
Due to other governments	**$ 33,159**	**$ 508,074**	**$ 512,733**	**$ 28,500**

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COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
DISTRICT COURT BONDS:				
ASSETS				
Cash	**$ 122,028**	**$ 775,609**	**$ 771,676**	**$ 125,961**
LIABILITIES				
Escrow payable	$ 62,627	$ 578,927	$ 548,736	$ 92,818
Bonds payable	59,401	196,682	222,940	33,143
Total liabilities	**$ 122,028**	**$ 775,609**	**$ 771,676**	**$ 125,961**
CIRCUIT COURT TRUST FUND:				
ASSETS				
Pooled cash and cash equivalents	$ 134,006	$ 544,013	$ 525,582	$ 152,437
Cash and cash equivalents	178,436	-	147,287	31,149
Total assets	**$ 312,442**	**$ 544,013**	**$ 672,869**	**$ 183,586**
LIABILITIES				
Undistributed fees/collections	$ 113,047	$ 504,263	$ 488,832	$ 128,478
Escrow payable	178,436	-	147,287	31,149
Bonds payable	20,959	39,750	36,750	23,959
Total liabilities	**$ 312,442**	**$ 544,013**	**$ 672,869**	**$ 183,586**

Continued on next page

COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
DELINQUENT TAX/ INCINERATOR CONTINGENCY:				
ASSETS				
Pooled cash and cash equivalents	$ 1,085,000	$ -	$ -	$ 1,085,000
LIABILITIES				
Undistributed fees/collections	$ 1,085,000	$ -	$ -	$ 1,085,000
REGION II PLANNING COMMISSION				
ASSETS				
Pooled cash and cash equivalents	$ -	$ 475,456	$ 475,456	$ -
LIABILITIES				
Due to other governments	$ -	$ 475,456	$ 475,456	$ -

Continued on next page

COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2006
LIFEWAYS				
ASSETS				
Pooled cash and cash equivalents	**$ 8,961,729**	**$ -**	**$ 2,202,815**	**$ 6,758,914**
LIABILITIES				
Due to other governments	**$ 8,961,729**	**$ -**	**$ 2,202,815**	**$ 6,758,914**
TOTALS-ALL AGENCY FUNDS				
ASSETS				
Pooled cash and cash equivalents	$ 12,281,568	$ 70,266,578	$ 72,502,186	$ 10,045,960
Cash and cash equivalents	300,464	775,609	918,963	157,110
Accounts receivable	72,410	823,988	756,802	139,596
Total assets	**$ 12,654,442**	**$ 71,866,175**	**$ 74,177,951**	**$ 10,342,666**
LIABILITIES				
Undistributed fees/collections	$ 3,063,646	$ 21,962,337	$ 22,226,556	$ 2,799,427
Due to other governments	9,218,682	49,074,979	50,977,682	7,315,979
Escrow payable	241,063	578,927	696,023	123,967
Bonds payable	131,051	249,932	277,690	103,293
Total liabilities	**$ 12,654,442**	**$ 71,866,175**	**$ 74,177,951**	**$ 10,342,666**

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes:				
Current real property taxes	$ 20,789,072	$ 20,556,112	$ 20,497,492	$ (58,620)
Delinquent Personal Property Taxes	100,000	100,000	147,324	47,324
Industrial/Commercial Facilities Tax	315,884	341,484	344,435	2,951
Trailer tax	24,000	24,000	23,449	(551)
Payment in lieu of taxes	60,000	60,000	61,648	1,648
Total Taxes	21,288,956	21,081,596	21,074,348	(7,248)
Licenses and Permits:				
Dog licenses	92,000	98,000	104,821	6,821
Marriage Licenses	5,200	5,200	5,980	780
Gun Permits	18,190	18,190	15,278	(2,912)
Total Licenses and Permits	115,390	121,390	126,079	4,689
Intergovernmental:				
Cigarette Tax	27,357	27,357	27,519	162
Liquor Tax	597,446	619,852	619,852	-
Liquor License	9,000	9,000	8,641	(359)
State court funding distribution	1,117,700	1,117,700	1,137,050	19,350
Child abuse and neglect	50,808	50,808	24,482	(26,326)
Crime Victim's Rights	100,500	100,500	100,294	(206)
Remonumentation	128,609	128,609	122,587	(6,022)
Judges Supplement	615,027	615,027	579,311	(35,716)
Road Patrol	246,528	256,158	257,661	1,503
Marine Safety	43,200	59,000	67,540	8,540
Community Corrections Board	519,688	519,688	348,775	(170,913)
Senior Citizens Programs	251,145	279,745	285,666	5,921
Senior Citizens - Home Delivered Meals	377,970	379,370	379,166	(204)
Senior Citizens - Congregate Meals	166,000	155,000	157,478	2,478
Medicaid Waiver	203,140	270,440	285,827	15,387
Circuit Court Reimbursement	12,000	12,000	12,113	113
District Court Reimbursement	150,000	158,000	184,268	26,268
Parole Violators - County Jail	90,000	159,000	212,485	53,485
Diverted Felons - County Jail	55,000	62,000	73,950	11,950

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Continued)				
Intergovernmental: (Concluded)				
Cooperative Reimbursement - Prosecuting Attorney	$ 181,840	$ 193,840	$ 194,685	$ 845
LAWNET Narcotics	53,505	62,505	61,575	(930)
Emergency Management	30,000	30,000	28,839	(1,161)
CDBG	1,000	-	-	-
Jackson County Abstinence Program	157,385	166,735	166,035	(700)
Grandparents Initiative	70,480	70,480	69,458	(1,022)
Police Service Contracts	481,520	481,520	477,375	(4,145)
Non Profit Organizations - Sheriff	99,340	107,616	107,616	-
Emergency Dispatch	82,530	92,530	89,066	(3,464)
Gun Grant	37,500	37,500	32,239	(5,261)
Other Grants	60,000	68,503	49,573	(18,930)
Total Intergovernmental Revenue	6,016,218	6,290,483	6,161,126	(129,357)
Charges for Services:				
12th District Court Costs	2,050,000	1,923,000	1,927,087	4,087
12th District Court - Other	1,540,000	1,427,500	1,496,450	68,950
Prosecuting Attorney	1,500	1,500	728	(772)
Probate Court	119,500	130,100	146,421	16,321
County Guardian	121,253	131,253	132,978	1,725
County Clerk - Court Costs	245,000	245,000	166,172	(78,828)
County Clerk - Other	318,455	318,455	344,264	25,809
Printing	123,000	123,000	96,216	(26,784)
Equalization Dept. - Tax Roll Prep, Map Project	25,000	25,000	17,860	(7,140)
Register of Deeds - Real Estate Transfer Tax	485,000	485,000	555,760	70,760
Register of Deeds - Recording Charges	897,100	897,100	819,876	(77,224)
Treasurer	10,476	10,476	12,748	2,272
Sheriff's Department	64,500	64,500	71,391	6,891
County Jail	450,000	432,000	412,255	(19,745)
Community Corrections Fees	6,000	6,000	6,921	921
Animal Shelter	36,400	50,200	54,739	4,539
Medical Examiner	37,000	37,000	41,214	4,214
Total Charges for Services	6,530,184	6,307,084	6,303,080	(4,004)

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Concluded)				
Fines and Forfeitures:				
Ordinance Fines	$ 1,010,000	$ 840,000	$ 844,608	$ 4,608
Bonds Forfeited	5,000	6,100	1,258	(4,842)
Total Fines and Forfeitures	1,015,000	846,100	845,866	(234)
Interest and Rentals:				
Interest	1,000,000	1,675,000	1,793,827	118,827
Rentals - General	170,199	170,199	187,542	17,343
Total Interest and Rentals	1,170,199	1,845,199	1,981,369	136,170
Other Revenue:				
Administrative Reimbursements	120,500	510,295	510,408	113
Reimbursements - Insurance	-	-	5,542	5,542
Reimbursements - Election	17,800	36,847	37,145	298
Reimbursements - Fleet Management	231,500	218,500	141,286	(77,214)
Reimbursements - Prosecuting Attorney	15,000	15,000	12,131	(2,869)
Contributions	-	130,000	130,000	-
Donations - Senior Programs	3,000	3,000	3,198	198
Donations - Senior Home Delivered Meals	110,000	127,000	125,006	(1,994)
Donations - Seniors Congregate Meals	70,000	70,000	65,667	(4,333)
Other - Animal Shelter	1,600	4,000	4,359	359
Other - Clerk	15,000	15,000	17,200	2,200
Other - Treasurer	12,000	56,700	60,085	3,385
Other - Sheriff	32,500	32,500	23,836	(8,664)
Other - Senior Programs	59,450	100,125	101,519	1,394
Other - Senior Home Delivered Meals	2,000	2,000	3,533	1,533
Other - Senior Congregate Meals	6,500	8,100	8,695	595
Other - Other	68,446	35,946	34,251	(1,695)
Total Other Revenue	765,296	1,365,013	1,283,861	(81,152)
Total Revenue	36,901,243	37,856,865	37,775,729	(81,136)

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES				
Legislative -				
Board of Commissioners	$ 213,243	$ 213,243	$ 204,724	$ 8,519
Judicial:				
Circuit Court	2,198,627	2,199,844	2,136,820	63,024
Jury Commission	207,170	205,369	203,476	1,893
12th District Court	3,353,419	3,415,462	3,342,512	72,950
County Guardian	182,363	182,691	179,630	3,061
Adult Probation - Circuit Court	19,915	19,915	18,517	1,398
Total Judicial	5,961,494	6,023,281	5,880,955	142,326
Elections -				
Public Elections	190,076	184,069	180,727	3,342
General Government:				
County Administrator	288,844	301,671	295,947	5,724
County Clerk	850,799	885,884	885,638	246
County Controller	320,428	277,897	262,352	15,545
Printing	117,649	120,064	112,198	7,866
Equalization	494,042	507,849	507,596	253
Personnel	268,495	278,443	278,315	128
Prosecuting Attorney	1,596,545	1,667,492	1,667,432	60
Prosecuting Attorney - Social Services	253,485	251,077	247,431	3,646
Prosecuting Attorney - Victim/Witness Program	222,640	222,348	220,222	2,126
Public Defender	1,319,500	1,319,500	1,535,736	(216,236)
Register of Deeds	280,292	301,409	297,036	4,373
Remonumentation	128,609	128,609	123,126	5,483
County Treasurer	121,123	127,331	125,415	1,916
Co-Operative Extension	343,175	337,669	335,897	1,772
Information Technology	754,309	730,032	729,004	1,028
Courthouse & Grounds	450,450	416,167	399,940	16,227
Northlawn Building	150,033	251,314	244,998	6,316
Tower Building	725,078	765,422	765,339	83
Woolworth Building	33,100	23,407	22,913	494
Human Services Building	422,821	400,627	392,669	7,958
Maintenance Garage	376,058	372,124	357,782	14,342
Drain Commissioner	163,932	166,950	162,203	4,747
Tutor	-	8,925	7,451	1,474
Airport Maintenance	14,191	10,314	8,253	2,061
Total General Government	9,695,598	9,872,525	9,984,893	(112,368)

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Continued)				
Public Safety:				
District Court Intense Probation	$ 169,850	$ 170,040	$ 162,841	$ 7,199
County Sheriff	3,732,940	3,788,729	3,783,970	4,759
Road Patrol	246,465	262,737	262,116	621
Comprehensive Traffic Safety Program	151,897	153,645	149,372	4,273
LAWNET Narcotics Grant	199,667	208,607	205,527	3,080
Marine Law Enforcement	77,934	111,423	108,896	2,527
Truancy grant	148,315	146,631	146,629	2
911 Communications Center	1,262,708	1,225,797	1,218,307	7,490
County Jail	2,410,253	2,579,994	2,547,686	32,308
Chanton Road Jail	2,613,714	2,692,226	2,691,318	908
Community Corrections Board	568,204	567,991	375,702	192,289
Animal Shelter	438,519	447,519	413,348	34,171
Total Public Safety	12,020,466	12,355,339	12,065,712	289,627
Health and Welfare:				
Medical Examiners	272,989	274,956	295,598	(20,642)
Jackson County Abstinence Program	156,110	173,396	173,297	99
Senior Citizens Program	996,366	1,195,775	1,148,735	47,040
Home Delivery Meals - Seniors	815,520	924,085	900,361	23,724
Congregate Meals - Seniors	327,365	327,315	317,869	9,446
Grandparents Initiative	135,411	137,961	132,700	5,261
Veteran's Burial Claims	41,640	41,640	32,454	9,186
Veteran's Affairs Office	103,129	104,156	102,059	2,097
Total Health and Welfare	2,848,530	3,179,284	3,103,073	76,211
Other:				
Appropriations:				
General Government:				
Regional Planning	55,340	55,340	55,340	-
Soil Conservation	20,000	20,000	20,000	-
Total General Government Appropriations	75,340	75,340	75,340	-

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Concluded)				
Other: (Concluded)				
Public Safety:				
Emergency Measures	$ 147,594	$ 143,739	$ 142,959	$ 780
Jackson Traffic Safety Program	125,000	160,000	149,464	10,536
Total Public Safety Appropriations	272,594	303,739	292,423	11,316
Public Works -				
Transportation System	75,000	107,100	107,100	-
Health & Welfare:				
Retired Senior Citizen Volunteer Program	15,000	15,000	15,000	-
Region II Aging Commission	26,814	26,814	26,814	-
Substance Abuse - Liquor Tax	298,723	309,926	309,926	-
Jackson Alliance for Business Development	80,000	80,000	80,000	-
Transfer to Other Governmental Units - LifeWays	70,779	70,779	70,779	-
Total Health and Welfare	491,316	502,519	502,519	-
Recreation and culture -				
Parks	-	24,000	24,000	-
Total Appropriations	914,250	1,012,698	1,001,382	11,316
Other:				
Retirees Benefit	2,648,898	2,670,898	2,667,073	3,825
Accrued Sick and Vacation Payoff	50,000	100,000	86,778	13,222
Unemployment	25,000	30,000	23,804	6,196
Professional Services	131,500	151,500	182,195	(30,695)
Insurance and Bonds	765,000	775,000	775,920	(920)
Contingency	622,963	574,569	-	574,569
Retiree Health	868,771	868,771	868,771	-
Miscellaneous	221,041	246,041	225,393	20,648
Subtotal - Other	5,333,173	5,416,779	4,829,934	586,845
Total Other	6,247,423	6,429,477	5,831,316	598,161
Total Expenditures	37,176,830	38,257,218	37,251,400	1,005,818
Revenue Over (Under) Expenditures	(275,587)	(400,353)	524,329	924,682

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers In:				
General Government:				
Personal Property/Admin. Func	$ 13,727	$ 13,727	$ 13,727	$ -
Other:				
JNET	51,258	51,258	51,258	-
Jail Millage	1,195,723	1,195,723	1,195,723	-
Delinquent Tax Revolving	319,565	319,565	319,565	-
Budget stabilization	100,000	100,000	-	(100,000)
Revenue sharing reserve	3,045,377	3,045,377	3,045,377	-
Department on aging	674,415	912,114	912,114	-
Worker's Compensation	64,769	65,895	65,895	-
Sheriff Equipment	245,423	245,423	245,423	-
Health Insurance	112,022	115,635	115,635	-
	250,000	250,000	250,000	-
Total Transfers In	6,072,279	6,314,717	6,214,717	(100,000)
Transfers Out:				
Judicial:				
Friend of the Court	114,040	114,040	114,040	-
Child Care Welfare	540,000	540,000	540,000	-
Justice Center	90,000	148,000	144,673	3,327
Health and Welfare:				
Health Department	811,043	811,043	811,043	-
Youth Home	3,182,141	3,182,141	3,182,141	-
Social Services	29,000	29,000	29,000	-
Parks	641,112	647,654	647,654	-
Other:				
Airport	80,501	130,501	130,501	-
Equipment	-	297,550	297,550	-
Jackson Traffic Safety Program	8,855	8,855	8,855	-
Golf	-	3,130	3,130	-
Public improvement	500,000	202,450	202,450	-
Total Transfers Out	5,996,692	6,114,364	6,111,037	3,327
Total Other Financing Sources (Uses)	75,587	200,353	103,680	(96,673)
Net change in fund balances	(200,000)	(200,000)	628,009	828,009
FUND BALANCE, Beginning of year	6,358,424	6,358,424	6,358,424	-
FUND BALANCE, End of year	**$ 6,158,424**	**$ 6,158,424**	**$ 6,986,433**	**$ 828,009**

COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Health and Welfare:				
Administration	$ 502,521	$ 563,473	$ 381,832	$ 181,641
Health Education	224,997	211,202	185,115	26,087
Emergency Preparedness	174,525	196,668	196,115	553
Environmental	837,275	832,941	827,153	5,788
Nursing	200,196	214,096	194,491	19,605
MSS/ISS	443,253	460,590	429,847	30,743
Immunizations	309,986	293,760	280,715	13,045
Early On	169,965	166,952	161,021	5,931
Sexually Transmitted Diseases	108,390	110,940	108,143	2,797
Infant Mortality and Prevention	118,721	135,084	125,289	9,795
CSHCS Outreach and Advocacy	71,977	74,340	73,857	483
Hearing and Vision	76,124	59,924	49,590	10,334
Family Planning	20,183	20,103	17,674	2,429
Women, Infants and Children	496,455	554,832	495,532	59,300
AIDS Counseling and Testing	16,591	16,591	13,681	2,910
Tobacco Reduction Coalition	16,999	16,999	15,092	1,907
Immunization Action Plan	76,796	76,796	74,456	2,340
Car Seat Rental Program	68,221	66,577	65,232	1,345
Abstinence Program	17,380	20,000	13,020	6,980
Total Health and Welfare expenditures	$ 3,950,555	$ 4,091,868	$ 3,707,855	$ 384,013

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2006

				Debt
ASSETS	**Village of Grass Lake**	**Village of Springport**	**Spring Arbor Water Project**	**Village of Brooklyn**
CURRENT ASSETS				
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -
Cash and cash equivalents	-	274	-	-
Special assessments receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Capital assets, net of depreciation	-	-	-	-
TOTAL ASSETS	**$ -**	**$ 274**	**$ -**	**$ -**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Advance from primary government	-	-	-	-
Deferred revenue	-	-	-	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Reserved for debt service	-	274	-	-
Reserved for construction	-	-	-	-
TOTAL FUND BALANCES	**-**	**274**	**-**	**-**
TOTAL LIABILITIES AND FUND BALANCES	**$ -**	**$ 274**	**$ -**	**$ -**

Governmental Activities

Service Funds				Capital Project Funds		
Clark Lake Drain	**Wolf Lake Section**	**Napoleon Village Section**	**Lake Columbia Section**	**Spring Arbor Water Project**	**Village of Brooklyn**	**Wolf Lake Section**
$ -	$ -	$ -	$ -	$ 3,081	$ 98,553	$ 320
41,206	-	225	11,165	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 41,206	**$ -**	**$ 225**	**$ 11,165**	**$ 3,081**	**$ 98,553**	**$ 320**
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
41,206	-	225	11,165	3,081	-	-
-	-	-	-	-	98,553	320
41,206	**-**	**225**	**11,165**	**3,081**	**98,553**	**320**
$ 41,206	**$ -**	**$ 225**	**$ 11,165**	**$ 3,081**	**$ 98,553**	**$ 320**

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Concluded)
DECEMBER 31, 2006

	Governmental			
	Capital Project Funds			
ASSETS	**Napoleon Village Section**	**Lake Columbia Section**	**Drain Districts**	**Drain Revolving**
CURRENT ASSETS				
Pooled cash and cash equivalents	$ 12	$ 1,105,510	$ 1,199,731	$ 25,533
Cash and cash equivalents	-	-	-	-
Special assessments receivable	-	-	88,457	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	188,439
Capital assets, net of depreciation	-	-	-	-
TOTAL ASSETS	**$ 12**	**$ 1,105,510**	**$ 1,288,188**	**$ 213,972**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 94,913	$ 237	$ 13,972
Due to other funds	-	-	188,836	-
Advance from primary government	-	-	-	200,000
Deferred revenue	-	-	88,457	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	-	94,913	277,530	213,972
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for construction	12	1,010,597	1,010,658	-
TOTAL FUND BALANCES	**12**	**1,010,597**	**1,010,658**	**-**
TOTAL LIABILITIES AND FUND BALANCES	**$ 12**	**$ 1,105,510**	**$ 1,288,188**	**$ 213,972**

Net assets:
Invested in capital assets, net of related debt
Restricted for construction

Activities

Lake Level Districts	Lake Level Revolving	Total Governmental Funds	Adjustments	Statement of Activities
$ 76,289	$ 8,241	$ 2,517,270	$ -	$ 2,517,270
-	-	52,870	-	52,870
4,161	-	92,618	-	92,618
-	-	-	21,537,130	21,537,130
-	1,759	190,198	(190,198)	-
-	-	-	4,669,477	4,669,477
$ 80,450	**$ 10,000**	**$ 2,852,956**	**$ 26,016,409**	**28,869,365**
$ 311	$ -	$ 109,433	$ -	109,433
1,362	-	190,198	(190,198)	-
-	10,000	210,000	-	210,000
4,161	-	92,618	(92,618)	-
-	-	-	1,664,622	1,664,622
-	-	-	20,008,622	20,008,622
5,834	10,000	602,249	21,390,428	21,992,677
-	-	55,951		
74,616	-	2,194,756		
74,616	**-**	**2,250,707**		
$ 80,450	**$ 10,000**	**$ 2,852,956**		
			$ 4,669,477	4,669,477
			2,194,756	2,194,756
			$ 6,876,688	$ 6,876,688

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of Governmental Fund Balance Sheet to Statement of Net Assets
DECEMBER 31, 2006

Fund balances - Governmental Funds	$ 2,250,707
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,669,477
Deferred revenue is not a current financial resource and therefore is not reported as revenue in the governmental funds	92,618
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	21,537,130
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds and notes payable	(21,673,244)
Net assets of governmental activities	$ 6,876,688

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

				Debt
	Village of Grass Lake	**Village of Springport**	**Spring Arbor Water Project**	**Village of Brooklyn**
EVENUE				
Intergovernmental revenue	$ 161,800	$ 32,125	$ 18,338	$ 133,725
Interest and rentals	-	-	-	-
Total revenue	161,800	32,125	18,338	133,725
XPENDITURES/EXPENSES				
Public works	-	-	-	-
Depreciation expense	-	-	-	-
Debt Service:				
Principal	135,000	25,000	-	75,000
Interest	26,800	7,125	19,862	58,725
Total expenditures/expenses	161,800	32,125	19,862	133,725
Revenue over (under) expenditures	-	-	(1,524)	-
THER FINANCING SOURCES (USES)				
Bond and note proceeds	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,524)	-
Change in net assets				
und balances/net assets				
Beginning of year	-	274	1,524	-
End of year	**$ -**	**$ 274**	**$ -**	**$ -**

Governmental Activities						
Service Funds				**Capital Project Funds**		
Clark Lake Drain	**Wolf Lake Section**	**Napoleon Village Section**	**Lake Columbia Section**	**Spring Arbor Water Project**	**Village of Brooklyn**	**Wolf Lake Section**
$ 662,013	$ 464,400	$ 95,219	$ 938,688	$ 1,164	$ -	$ -
1,473	1,979	-	-	135	4,405	14
663,486	466,379	95,219	938,688	1,299	4,405	14
1,200	71,829	-	-	1,902	4,657	-
-	-	-	-	-	-	-
515,000	250,000	50,000	500,000	-	-	-
146,213	214,550	45,182	438,688	-	-	-
662,413	536,379	95,182	938,688	1,902	4,657	-
1,073	(70,000)	37	-	(603)	(252)	14
-	-	-	-	-	-	2,335,000
-	-	-	-	-	-	(2,335,000)
-	-	-	-	-	-	-
1,073	(70,000)	37	-	(603)	(252)	14
40,133	70,000	188	11,165	3,684	98,805	306
$ 41,206	**$ -**	**$ 225**	**$ 11,165**	**$ 3,081**	**$ 98,553**	**$ 320**

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Activities			
	Capital Project Funds			
	Napoleon Village Section	**Lake Columbia Section**	**Drain Districts**	**Drain Revolving**
REVENUE				
Intergovernmental revenue	$ -	$ -	$ 304,596	$ -
Interest and rentals	1	106,209	53,063	-
Total revenue	1	106,209	357,659	-
EXPENDITURES/EXPENSES				
Public works	-	2,614,810	577,588	-
Depreciation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures/expenses	-	2,614,810	577,588	-
Revenue over (under) expenditures	1	(2,508,601)	(219,929)	-
OTHER FINANCING SOURCES (USES)				
Bond and note proceeds	-	-	323,244	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	-	-	323,244	-
Net change in fund balances	1	(2,508,601)	103,315	-
Change in net assets				
Fund balances/net assets				
Beginning of year	11	3,519,198	907,343	-
End of year	**$ 12**	**$ 1,010,597**	**$ 1,010,658**	**$ -**

Lake Level Districts	Lake Level Revolving	Total	Adjustments	Statement of Activities
$ -	$ -	$ 2,812,068	$ (1,143,284)	$ 1,668,784
4,053	-	171,332	-	171,332
4,053	-	2,983,400	(1,143,284)	1,840,116
13,010	-	3,284,996	-	3,284,996
-	-	-	200,304	200,304
-	-	1,550,000	(1,550,000)	-
-	-	957,145	-	957,145
13,010	-	5,792,141	(1,349,696)	4,442,445
(8,957)	-	(2,808,741)	(206,412)	
-	-	2,658,244	(2,658,244)	
-	-	(2,335,000)	2,335,000	
-	-	323,244	(323,244)	
(8,957)	-	(2,485,497)	2,485,497	
			(2,602,329)	(2,602,329)
83,573	-	4,736,204	4,742,813	9,479,017
$ 74,616	**$ -**	**$ 2,250,707**	**4,625,981**	**6,876,688**

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of the Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2006

Net change in fund balances - Governmental funds	$ (2,485,497)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Deduct - depreciation expense	(200,304)
Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activies does not.	
Deduct: debt assessments paid in current year	(1,143,284)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond	
Add: principal payments on long-term debt	1,550,000
Deduct: proceeds from issuance of refunding bonds	(2,658,244)
Add: payment to refunding bond escrow agent	2,335,000
Change in net assets of governmental activities	$ (2,602,329)

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2006

				Debt
	Village of Springport	**Village of Parma - Revolving**	**Village of Parma - LDFA**	**Grass Lake Revolving**
ASSETS				
ASSETS				
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -
Cash and cash equivalents	71	-	-	-
Due from other governmental units	-	-	-	-
Total assets	**$ 71**	**$ -**	**$ -**	**$ -**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCES				
Reserved for debt service	71	-	-	-
Reserved for construction	-	-	-	-
Total fund balances	**71**	**-**	**-**	**-**
TOTAL LIABILITIES AND FUND BALANCES	**$ 71**	**$ -**	**$ -**	**$ -**

Governmental Activities						
Service Funds				**Capital Project Funds**		
Grass Lake Section SER 2002B	**Vineyard Lake Area Section**	**Round/ Farewell Lake Section**	**Southern Regional Interceptor**	**Village of Parma - Revolving**	**Village of Parma - LDFA**	**Village of Grass Lake - Revolving**
$ -	$ -	$ -	$ -	$ 4,205	$ 8,476	$ 112
3,207	385,591	8,805	11,049	-	-	-
-	-	-	-	-	-	-
$ 3,207	**$ 385,591**	**$ 8,805**	**$ 11,049**	**$ 4,205**	**$ 8,476**	**$ 112**
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,207	385,591	8,805	11,049	-	-	-
-	-	-	-	4,205	8,476	112
3,207	**385,591**	**8,805**	**11,049**	**4,205**	**8,476**	**112**
$ 3,207	**$ 385,591**	**$ 8,805**	**$ 11,049**	**$ 4,205**	**$ 8,476**	**$ 112**

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2006

	Governmental Activities			
	Capital Project Funds			
	Grass Lake Section	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor
ASSETS				
ASSETS				
Pooled cash and cash equivalents	$ 58,715	$ 225,486	$ 123,971	$ 153,509
Cash and cash equivalents	-	-	-	-
Due from other governmental units	-	-	-	-
Total assets	**$ 58,715**	**$ 225,486**	**$ 123,971**	**$ 153,509**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 1,254	$ 54,098	$ 38,337
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	-	1,254	54,098	38,337
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for construction	58,715	224,232	69,873	115,172
Total fund balances	**58,715**	**224,232**	**69,873**	**115,172**
TOTAL LIABILITIES AND FUND BALANCES	**$ 58,715**	**$ 225,486**	**$ 123,971**	**$ 153,509**

Net assets:
Restricted for construction

Rives Sanitary Sewer	US 127 Extension	Total	Adjustments	Statement of Activities
$ -	$ 80,286	$ 654,760	$ -	$ 654,760
-	-	408,723	-	408,723
-	-	-	18,481,277	18,481,277
$ -	**$ 80,286**	**$ 1,063,483**	**$ 18,481,277**	**$ 19,544,760**
$ -	$ 46,217	139,906	-	139,906
-	-	-	720,000	720,000
-	-	-	18,170,000	18,170,000
-	46,217	139,906	18,890,000	19,029,906
-	-	408,723	(408,723)	-
-	34,069	514,854	(514,854)	-
-	**34,069**	**923,577**	**(923,577)**	**-**
$ -	**$ 80,286**	**$ 1,063,483**		
			$ 514,854	$ 514,854

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2006

Fund balances - Governmental Funds	$ 923,577
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	18,481,277
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(18,890,000)
Net assets of governmental activities	$ 514,854

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

				Debt
	Village of Springport	**Village of Parma - Revolving**	**Village of Parma - LDFA**	**Grass Lake Revolving**
REVENUE				
Intergovernmental	$ -	$ 68,813	$ 116,075	$ 145,688
Interest and rentals	-	-	-	-
Total revenue	-	68,813	116,075	145,688
EXPENDITURES/EXPENSES				
Current operations:				
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	45,000	50,000	95,000
Interest and fiscal charges	-	23,813	66,075	50,688
Total expenditures/expenses	-	68,813	116,075	145,688
Revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Change in net assets				
Fund balances/net assets				
Beginning of year	71	-	-	-
End of year	**$ 71**	**$ -**	**$ -**	**$ -**

Governmental Activities							
Service Funds					**Capital Project Funds**		
Grass Lake Section SER 2002B	**Vineyard Lake Area Section**	**Round/ Farewell Lake Section**	**Southern Regional Interceptor**	**Village of Parma - Revolving**	**Village of Parma - LDFA**	**Village of Grass Lake - Revolving**
$ 47,543	$ 470,550	$ 384,288	$ 215,686	$ -	$ -	$ -
-	(66)	-	-	411	457	1,937
47,543	470,484	384,288	215,686	411	457	1,937
-	-	-	-	-	-	55,926
25,000	250,000	250,000	-	-	-	-
22,543	220,550	134,288	204,637	-	-	-
47,543	470,550	384,288	204,637	-	-	55,926
-	(66)	-	11,049	411	457	(53,989)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(66)	-	11,049	411	457	(53,989)
3,207	385,657	8,805	-	3,794	8,019	54,101
$ 3,207	**$ 385,591**	**$ 8,805**	**$ 11,049**	**$ 4,205**	**$ 8,476**	**$ 112**

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Activities			
	Capital Project Funds			
	Grass Lake Section	**Vineyard Lake Area Section**	**Round/ Farewell Lake Section**	**Southern Regional Interceptor**
REVENUE				
Intergovernmental	$ -	$ 1,559	$ -	$ 1,132,502
Interest and rentals	2,581	13,571	58,714	49,712
Total revenue	2,581	15,130	58,714	1,182,214
EXPENDITURES/EXPENSES				
Current operations:				
Public works	-	33,295	2,118,734	5,335,276
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures/expenses	-	33,295	2,118,734	5,335,276
Revenue over (under) expenditures	2,581	(18,165)	(2,060,020)	(4,153,062)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(115,498)	(170,502)	-
Transfers in	-	-	-	286,000
Total other financing sources (uses)	-	(115,498)	(170,502)	286,000
Net change in fund balances	2,581	(133,663)	(2,230,522)	(3,867,062)
Change in net assets				
Fund balances/net assets				
Beginning of year	56,134	357,895	2,300,395	3,982,234
End of year	**$ 58,715**	**$ 224,232**	**$ 69,873**	**$ 115,172**

Rives Sanitary Sewer	US 127 Extension	Total	Adjustments	Statement of Activities
$ 15,000	$ 98,000	$ 2,695,704	$ (725,983)	$ 1,969,721
-	-	127,317	-	127,317
15,000	98,000	2,823,021	(725,983)	2,097,038
15,000	63,931	7,622,162	-	7,622,162
-	-	715,000	(715,000)	-
-	-	722,594	-	722,594
15,000	63,931	9,059,756	(715,000)	8,344,756
-	34,069	(6,236,735)	(10,983)	
-	-	(286,000)	-	
-	-	286,000	-	
-	-	-	-	
-	34,069	(6,236,735)	6,236,735	
			(6,247,718)	(6,247,718)
-	-	7,160,312	(397,740)	6,762,572
$ -	**$ 34,069**	**$ 923,577**	**$ (408,723)**	**$ 514,854**

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

Net change in fund balances - Governmental funds	$ (6,236,735)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not	
Debt assessments paid in current year	(725,983)
Repayment of debt principal is an expenditure in the funds but not in the statement of activities:	
Bond payments	715,000
Change in net assets of governmental activities	$ (6,247,718)

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

	Page
Financial Trends (Schedules 1 thru 5)	154-159
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity (Schedules 6 thru 9)	160-163
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity (Schedules 10 thru 12)	164-166
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information (Schedules 13 thru 15)	167-169
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information (Schedules 16 thru 17)	170-171
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

Schedule 1
UNAUDITED

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

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 15,599,655	$ 16,852,113	$ 15,904,438	$ 16,131,214
Restricted	2,447,451	2,072,383	1,598,012	2,248,154
Unrestricted	17,092,802	20,951,919	26,634,239	30,618,527
Total governmental activities net assets	$ 35,139,908	$ 39,876,415	$ 44,136,689	$ 48,997,895
Business-type activities				
Invested in capital assets, net of related debt	$ 6,418,081	$ 7,577,629	$ 8,331,629	$ 8,256,892
Restricted	-	-	-	
Unrestricted	17,758,169	16,012,507	16,105,046	19,923,786
Total business-type activities net assets	$ 24,176,250	$ 23,590,136	$ 24,436,675	$ 28,180,678
Primary government				
Invested in capital assets, net of related debt	$ 22,017,736	$ 24,429,742	$ 24,236,067	$ 24,388,106
Restricted	2,447,451	2,072,383	1,598,012	2,248,154
Unrestricted	34,850,971	36,964,426	42,739,285	50,542,313
Total primary government net assets	$ 59,316,158	$ 63,466,551	$ 68,573,364	$ 77,178,573

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

Source: Jackson County Finance Department

Schedule 2
UNAUDITED

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

	2003	2004	2005	2006
Expenses				
Governmental activities:				
Elections	$ 72,433	$ 168,469	$ 77,070	$ 180,696
Legislative	205,944	212,660	214,972	204,724
Judicial	11,329,672	10,708,216	10,667,903	11,097,366
General government	8,916,228	10,107,059	11,032,854	10,018,348
Public safety	14,784,198	14,785,492	15,373,560	16,090,197
Health	9,060,387	5,723,355	9,640,700	9,687,103
Culture and recreation	1,536,627	1,607,037	1,691,953	1,666,183
Community development	7,370,705	11,226,594	8,798,015	8,225,733
Interest on long-term debt	528,227	544,615	536,869	570,535
Total governmental activities expenses	53,804,421	55,083,497	58,033,896	57,740,885
Business-type activities:				
Delinquent tax collection/forfeitures	219,945	584,691	465,438	582,566
Foreclosure tax	192,716	80,434	107,519	382,099
Medical care facility	12,481,811	12,478,688	12,982,116	14,950,198
Fair	1,434,475	1,582,177	1,374,525	1,175,428
Resource recovery	7,516,817	7,422,625	8,094,120	7,682,790
Public works projects	13,873	98,706	394,249	59,534
Soil erosion	-	35,528	83,665	108,442
Total business-type activities expenses	21,859,637	22,282,849	23,501,632	24,941,057
Total primary government expenses	75,664,058	77,366,346	81,535,528	82,681,942
Program revenues				
Governmental activities:				
Charges for services:				
Elections	-	-	-	-
Judicial	4,337,191	3,796,746	3,603,480	3,445,601
General government	2,217,784	2,111,842	2,439,066	2,275,850
Public safety	1,060,630	1,172,088	1,226,579	1,203,630
Public works	-	-	-	
Health	1,075,893	1,074,443	1,014,150	899,984
Social services	-	-	-	
Culture and recreation	901,627	927,955	912,318	875,804
Community development	-	-	-	310,630
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
Capital grants and contributions	-	-	-	
Total governmental activities program revenues	27,833,586	27,207,914	29,724,591	28,814,311
Business-type activities:				
Charges for services:				
Delinquent tax collection/forfeitures	1,514,001	1,411,667	1,629,077	1,838,706
Foreclosure tax	361,807	75,248	201,356	160,311
Medical care facility	11,746,818	12,630,867	12,474,369	15,402,690
Fair	1,267,161	1,231,734	1,174,506	1,093,342
Resource recovery	9,135,568	8,668,358	9,065,673	10,416,508
Public works projects	46,942	103,333	194,748	250,052
Soil erosion	-	50,148	70,004	70,861
Operating grants and contributions	334,299	449,893	1,132,540	945,108
Capital grants and contributions	-	-		
Total business-type activities program revenues	24,406,596	24,621,248	25,942,273	30,177,578
Total primary government program revenues	52,240,182	51,829,162	55,666,864	58,991,889
Net (Expense)/Revenue				
Government activities	(25,970,835)	(27,875,583)	(28,309,305)	(28,926,574)
Business-type activities	2,546,959	2,338,399	2,440,641	5,236,521
Total primary government net expense	(23,423,876)	(25,537,184)	(25,868,664)	(23,690,053)

Continued…

Schedule 2
UNAUDITED

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

	2003	2004	2005	2006
General Revenues				
Governmental activities:				
Property taxes	$ 19,645,354	$ 26,781,837	$ 28,674,384	$ 30,548,572
State shared revenue	3,598,156	2,232,993	612,647	656,012
Unrestricted grants and contributions	-	-	-	-
Investment earnings	1,137,795	1,519,268	1,668,218	1,990,206
Transfers	2,833,792	2,873,036	1,614,331	592,990
Total governmental activities	27,215,097	33,407,134	32,569,580	33,787,780
Business-type activities:				
Investment earnings	-	-	-	-
Transfers	(2,833,792)	(2,924,513)	(1,594,101)	(663,226)
Total business-type activities	(2,833,792)	(2,924,513)	(1,594,101)	(663,226)
Total primary government	24,381,305	30,482,621	30,975,479	33,124,554
Change in Net Assets				
Government activities	1,244,262	5,531,551	4,260,275	4,861,206
Business-type activities	(286,833)	(586,114)	846,540	4,573,295
Total primary government	$ 957,429	$ 4,945,437	$ 5,106,815	$ 9,434,501

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

Source: Jackson County Finance Department

Schedule 3
UNAUDITED

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

	2003	2004	2005	2006
General Fund				
Reserved	$ 856,227	$ 823,857	$ 887,987	$ 919,145
Unreserved	5,901,904	4,745,938	5,470,437	6,067,288
Total general fund	$ 6,758,131	$ 5,569,795	$ 6,358,424	$ 6,986,433
All Other Governmental Funds				
Reserved	$ 310,556	$ 317,190	$ 108,012	$ 116,261
Unreserved, reported in:				
Special revenue funds	9,898,431	14,994,195	19,221,587	23,544,783
Debt service funds	106,146	113,243	297,507	140,039
Capital projects funds	5,170,813	1,830,350	1,171,957	1,971,560
Permanent funds	139,295	128,790	128,548	136,555
Total all other governmental funds	$ 15,625,241	$ 17,383,768	$ 20,927,611	$ 25,909,198

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

Source: Jackson County Finance Department

Schedule 4
UNAUDITED

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	$ 12,537,197	$ 13,569,937	$ 14,388,256	$ 15,019,659	$ 15,616,044	$ 16,381,298	$ 19,139,904	$ 26,211,661	$ 28,674,384	$ 30,548,572
Special assessments	-	-	-	-	-	-	-	-	-	-
Licenses and permits	358,392	499,130	400,609	404,892	485,465	508,251	539,133	588,399	568,405	536,321
Intergovernmental	12,174,825	13,620,767	15,146,640	15,728,987	16,614,802	17,494,083	18,405,174	16,580,471	16,591,458	15,788,530
Charges for services	6,949,163	6,739,429	7,226,659	6,980,823	7,069,206	7,999,085	9,081,440	8,835,069	8,647,694	8,203,360
Fines and forfeits	888,696	1,031,389	1,221,873	1,330,955	1,553,067	1,408,083	1,346,436	1,221,828	1,178,027	1,057,902
Investment income	2,357,008	2,281,890	2,337,209	2,949,034	3,387,531	2,144,420	1,564,378	1,921,629	2,010,888	2,574,872
Other revenues	956,522	1,192,332	1,041,033	2,851,586	1,139,661	2,632,822	2,264,659	2,353,691	2,934,004	3,270,925
Total revenues	36,221,803	38,934,874	41,762,279	45,265,936	45,865,776	48,568,042	52,341,124	57,712,748	60,604,860	61,980,482
Expenditures										
Elections	4,856	76,745	6,835	141,368	48,578	162,667	82,590	168,639	101,107	180,727
Legislative	260,472	259,006	266,727	267,897	287,753	275,223	206,663	212,660	214,972	204,724
Judicial	7,291,370	8,282,105	8,293,556	8,703,209	9,247,838	10,066,062	11,086,793	10,056,878	10,638,621	10,828,805
General government	7,452,935	7,503,499	8,375,989	8,567,683	9,027,833	9,707,292	9,673,984	10,101,306	9,811,231	9,984,893
Public safety	8,763,370	9,484,207	9,377,928	10,024,233	10,719,705	11,111,692	12,010,987	14,061,504	14,690,942	14,783,211
Public works	1,470	7,781	2,547	2,318	4,498	1,635	-	-	-	-
Health	5,397,733	6,716,947	7,626,595	8,064,193	8,323,793	8,578,048	9,011,706	9,080,571	9,618,667	9,375,279
Social services		-	-	-	-	-	-	-	-	-
Culture and recreation	1,341,214	1,621,073	1,738,075	1,766,960	1,854,104	1,586,854	1,495,417	1,482,387	1,661,674	1,556,943
Community development	-	-						-	-	143,212
Other activities	3,684,733	3,502,351	4,368,760	4,368,534	5,287,045	5,920,602	7,461,000	10,157,473	8,023,440	7,906,082
Capital outlay	2,303,244	1,667,057	3,250,267	2,370,653	7,690,402	10,377,200	13,375,120	3,742,658	2,488,485	8,302,321
Debt service	241,168	232,708	233,888	303,334	1,247,000	1,172,638	777,681	1,664,257	814,369	881,869
Total expenditures	36,742,565	39,353,479	43,541,167	44,580,382	53,738,549	58,959,913	65,181,941	60,728,333	58,063,508	64,148,066
Revenues over (under) expenditures	(520,762)	(418,605)	(1,778,888)	685,554	(7,872,773)	(10,391,871)	(12,840,817)	(3,015,585)	2,541,352	(2,167,584)
Other financing sources (uses)										
Issuance of bonds		-	931,000	15,458,323	-	12,654,424	-	-	-	7,045,000
Bond discount	-	-	-	-	-	-	-	-	-	(42,340)
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	5,939,963	9,037,064	8,450,149	8,377,154	6,087,197	7,938,714	8,645,681	16,835,716	14,008,313	13,437,705
Transfers out	(4,009,661)	(7,345,532)	(4,907,433)	(8,034,463)	(4,547,764)	(6,352,850)	(5,698,732)	(13,249,940)	(12,217,191)	(12,663,185)
Total other financing sources (uses)	1,930,302	1,691,532	4,473,716	15,801,014	1,539,433	14,240,288	2,946,949	3,585,776	1,791,122	7,777,180
Net changes in fund balances	$ 1,409,540	$ 1,272,927	$ 2,694,828	$ 16,486,568	$ (6,333,340)	$ 3,848,417	$ (9,893,868)	$ 570,191	$ 4,332,474	$ 5,609,596
Debt services as a percentage of noncapital expenditures	0.7%	0.6%	0.6%	0.7%	2.7%	2.4%	1.5%	2.9%	1.5%	1.6%

Source: Jackson County Finance Department

Schedule 5
UNAUDITED

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	$ 12,537,197	$ 13,234,779	$ 13,977,590	$ 14,622,089	$ 15,201,115	$ 15,946,600	$ 17,015,900	$ 17,956,661	$ 19,398,287	$ 21,074,348
Licenses and permits	103,816	91,625	91,634	78,712	118,893	98,020	101,723	138,631	140,166	126,079
Intergovernmental	7,936,127	8,061,099	8,707,526	9,434,716	9,730,075	9,516,797	9,067,839	8,026,159	6,181,855	6,161,126
Charges for services	4,862,552	4,912,229	5,491,139	5,256,761	5,438,137	6,340,523	7,086,481	6,837,104	6,573,634	6,303,080
Fines and forfeits	866,749	1,010,103	1,063,425	1,039,653	1,266,969	1,220,720	1,129,809	1,066,752	906,658	845,866
Investment income	1,483,054	1,413,087	1,490,493	1,870,847	1,568,806	1,085,480	1,091,967	1,561,669	1,470,154	1,981,369
Other revenues	658,084	566,427	790,749	728,456	720,810	895,325	679,688	756,016	1,382,861	1,283,861
Total revenues	28,447,579	29,289,349	31,612,556	33,031,234	34,044,805	35,103,465	36,173,407	36,342,992	36,053,615	37,775,729
Expenditures										
Elections	4,856	76,745	6,835	141,368	48,578	162,667	82,590	168,639	101,107	180,727
Legislative	260,472	259,006	266,727	267,897	287,753	275,223	206,663	212,660	214,972	204,724
Judicial	4,558,700	4,685,135	4,820,421	4,982,501	5,349,160	5,643,113	6,005,642	5,791,244	5,820,832	5,880,955
General government	7,452,935	7,503,499	8,375,989	8,567,683	9,027,833	9,707,292	9,673,984	10,101,306	9,811,231	9,984,893
Public safety	7,008,432	7,088,900	7,466,915	8,051,054	8,620,557	8,954,086	9,839,612	11,684,741	11,869,900	12,065,712
Health	1,457,530	1,587,159	1,741,198	2,122,467	2,425,332	2,319,172	2,372,338	2,417,480	2,868,936	3,103,073
Other activities	2,777,876	2,924,977	3,084,579	3,546,991	4,269,523	5,368,139	4,650,364	5,156,890	5,326,414	5,831,316
Total expenditures	23,520,801	24,125,421	25,762,664	27,679,961	30,028,736	32,429,692	32,831,193	35,532,960	36,013,392	37,251,400
Revenues over (under) expenditures	4,926,778	5,163,928	5,849,892	5,351,273	4,016,069	2,673,773	3,342,214	810,032	40,223	524,329
Other financing sources (uses)										
Transfers in	456,704	393,174	408,028	399,756	416,411	961,733	1,444,094	3,599,125	6,226,447	6,214,717
Transfers out	(3,752,481)	(6,057,609)	(4,799,738)	(6,533,288)	(4,410,509)	(3,863,750)	(3,751,156)	(5,597,493)	(5,478,041)	(6,111,037)
Total other financing sources (uses)	(3,295,777)	(5,664,435)	(4,391,710)	(6,133,532)	(3,994,098)	(2,902,017)	(2,307,062)	(1,998,368)	748,406	103,680
Net changes in fund balances	$ 1,631,001	$ (500,507)	$ 1,458,182	$ (782,259)	$ 21,971	$ (228,244)	$ 1,035,152	$ (1,188,336)	$ 788,629	$ 628,009

Source: Jackson County Finance Department

Schedule 6
UNAUDITED

JACKSON COUNTY
Assessed Taxable Property
Last Ten Years
(in thousands of dollars)

Year	Residential Property	Commercial Property	Industrial Property	Agricultural	Other	Personal Property	Total Assessed Value	Total Direct Tax Rate
1997	$ 1,527,024	$ 284,205	$ 90,986	$ 140,718	$ 3,814	$ 289,440	$ 2,336,187	5.7698
1998	1,634,713	297,618	90,631	145,010	5,741	303,436	2,477,149	5.7375
1999	1,745,761	318,315	98,046	149,659	7,756	326,573	2,646,110	5.7118
2000	1,857,936	346,621	103,446	151,586	10,283	307,721	2,777,593	5.6319
2001	2,014,665	374,842	109,651	153,091	11,117	358,844	3,022,210	5.5676
2002	2,180,598	398,610	162,711	155,523	12,415	357,442	3,267,299	5.5024
2003	2,344,031	462,314	265,483	152,297	14,851	356,899	3,595,875	5.9176
2004	2,520,199	483,912	256,259	156,791	14,147	329,263	3,760,571	6.0876
2005	2,702,975	505,751	247,242	158,885	16,424	356,962	3,988,239	6.0244
2006	2,900,367	532,560	241,307	162,175	13,294	370,865	4,220,568	5.9994

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.

Schedule 7
UNAUDITED

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

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
County direct rates											
Operating		5.6198	5.5883	5.5626	5.4819	5.4194	5.3559	5.2734	5.2022	5.1471	5.1259
Medical Care facility		0.1500	0.1492	0.1492	0.1500	0.1482	0.1465	0.1442	0.1422	0.1406	0.1400
Jail		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	0.4932	0.4879	0.4858
Senior Services									0.2500	0.2488	0.2477
Total direct rate		5.7698	5.7375	5.7118	5.6319	5.5676	5.5024	5.9176	6.0876	6.0244	5.9994
Overlapping rates											
Cities:											
Jackson		16.3500	16.3500	16.3000	14.5426	13.0225	15.5718	15.2982	15.7482	15.8785	15.3289
Townships (average)	(A)	1.5237	1.6099	1.7527	1.6822	1.5733	1.6957	1.5206	1.8247	1.7763	1.7185
Villages (average)	(B)	11.4780	11.4581	11.1844	11.2656	10.4539	11.0025	10.3166	10.3812	10.7263	10.6623
School districts (average)	(C)	21.1811	21.8278	21.9889	21.9766	21.6972	22.7631	22.3200	22.4380	22.2208	22.3375
Intermediate school district (average)	(D)	5.7298	5.8883	5.8605	5.7823	5.9273	5.8925	5.6821	5.8137	6.0999	5.9006
Community college		1.3662	1.3592	1.2946	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565	1.1463
District Library		0.9445	0.9392	0.9344	0.9208	0.9102	0.8995	0.8556	0.8736	0.8682	0.8606
(A) - Rates range from:											
Low		0.8865	0.8624	0.8527	0.8273	0.8175	0.7994	0.7854	0.7749	0.7642	0.7603
High		3.0000	5.4340	5.4300	5.3883	3.2751	4.2992	3.1654	5.7618	5.7409	3.3088
(B) - Rates range from:											
Low		8.1023	5.7749	5.3198	5.2214	5.1200	5.1200	5.1200	4.3860	4.9786	4.4180
High		18.4171	18.0500	17.3331	17.8655	15.0000	19.0053	18.5477	17.8835	17.4205	17.3560
(C) - Rates range from:											
Low		18.0000	17.5878	17.9298	17.3142	16.8519	17.2210	17.8018	17.6658	17.3796	18.0000
High		26.0000	26.9500	26.9500	27.4700	27.3574	26.4736	26.9500	26.9500	26.9500	26.9500
(D) - Rates range from:											
Low		3.4327	3.4257	3.3168	3.1568	3.1311	3.1050	3.0738	3.0550	3.8488	3.8342
High		7.9275	8.8857	8.8445	8.7166	8.5624	8.4928	7.4217	8.2207	8.1704	8.1111

Source: Jackson County Finance Department

Schedule 8
UNAUDITED

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

	2006			1998		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	$ 137,162,547	1	3.25%	$ 109,324,540	1	4.41%
Kinder Morgan Michigan LLC	99,999,650	2	2.37%	-		
MACI	73,677,784	3	1.75%	22,050,671	2	0.89%
MAC Steel Division of Quanex Corp.	42,482,491	4	1.01%	-		
TAC Manufacturing Inc.	16,895,622	5	0.40%	-		
Ramco Jackson LTD	14,750,431	6	0.35%	12,049,467	3	0.49%
Wal-mart Stores Inc.	14,568,351	7	0.35%	-		
Wolverine Tech/Certainteed	13,659,318	8	0.32%	5,654,400	8	0.23%
Meijer Inc.	11,119,467	9	0.26%	9,121,932	4	0.37%
Vista Grande Villa	10,650,764	10	0.25%	-		
				-		
Vector Pipeline LP	10,111,443	11	0.24%	-		
TRW Automotive	9,988,345	12	0.24%	5,118,790	9	0.21%
John Ganton	9,744,793	13	0.23%	-		
Kaneka Texas Corporation	9,537,022	14	0.23%	-		
Comcast of Michigan Inc.	8,263,470	15	0.20%	-		
Tri-Nova	-		-	8,326,105	5	0.34%
Jacobsons Stores	-		-	7,307,577	6	0.29%
Jackson Properties	-		-	5,780,023	7	0.23%
K-Mart Corp.	-		-	4,200,655	10	0.17%
	$ 482,611,498		11.43%	$ 188,934,160		7.63%

Source: Jackson County Equalization Department.

Schedule 9
UNAUDITED

JACKSON COUNTY
Property Tax Levies and Collections
Last Seven Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2000	$ 14,736,282	$ 13,360,844	90.67%	$ 1,260,959	$ 14,621,803	99.22%
2001	15,228,340	13,873,036	91.10%	1,257,483	15,130,519	99.36%
2002	16,304,245	14,523,906	89.08%	1,313,971	15,837,877	97.14%
2003	18,646,958	17,156,334	92.01%	1,471,726	18,628,060	99.90%
2004	20,823,011	18,760,676	90.10%	1,692,104	20,452,780	98.22%
2005	21,626,845	19,709,618	91.13%	1,660,868	21,370,486	98.81%
2006	22,764,241	20,944,310	92.01%	1,702,934	22,647,244	99.49%

Source: Jackson County Treasurer's Office

Schedule 10
UNAUDITED

JACKSON COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Bonded Debt Outstanding: General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
1997	$ 21,685,000	-	$ 21,685,000	28.27%	0.93%	$ 139.61
1998	21,555,000	-	21,555,000	28.18%	0.87%	$ 138.18
1999	21,297,500	-	21,297,500	27.52%	0.80%	$ 135.58
2000	35,492,500	-	35,492,500	44.42%	1.28%	$ 224.04
2001	34,130,000	-	34,130,000	42.20%	1.13%	$ 213.46
2002	45,880,000	-	45,880,000	58.02%	1.40%	$ 284.69
2003	44,080,000	-	44,080,000	55.45%	1.23%	$ 271.13
2004	41,975,000	-	41,975,000	51.29%	1.12%	$ 258.06
2005	40,910,000	-	40,910,000	51.21%	1.03%	$ 250.02
2006	38,595,000	-	38,595,000	48.39%	0.91%	$ 235.55

Source: Jackson County Finance Department

Schedule 11
UNAUDITED

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2006

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
Building authority bonds	$ 34,815,000	$ 7,045,000	$ 27,770,000
Water and sewer bonds	40,240,000	40,240,000	-
Solid waste general obligation bonds	6,255,000	-	6,255,000
Solid waste revenue bonds (G.O. pledge)	4,570,000	-	4,570,000
Drain notes	323,244	323,244	-
Net direct debt	$ 86,203,244	$ 47,608,244	38,595,000
Overlapping debt			
School districts			168,871,171
Cities			46,410,000
Townships			37,234,304
Villages			9,845,000
Intermediate school district			2,208
Community colleges			20,215,000
Net overlapping debt			282,577,683
Net direct and overlapping debt			$ 321,172,683

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

Schedule 12
UNAUDITED

JACKSON COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2006

Assessed value	$	5,812,114,549
Debt limit (10% of assessed value)	$	581,211,455
Debt applicable to limit - general obligation bonds		85,880,000
Legal debt margin	$	495,331,455

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
1997	$ 266,457,841	$ 39,085,000	$ 227,372,841	14.67%
1998	297,460,003	36,103,000	261,357,003	12.14%
1999	299,696,417	33,532,500	266,163,917	11.19%
2000	327,652,782	51,247,000	276,405,782	15.64%
2001	362,630,050	49,554,000	313,076,050	13.67%
2002	400,766,761	63,550,341	337,216,420	15.86%
2003	444,346,818	69,500,000	374,846,818	15.64%
2004	496,337,185	77,250,000	419,087,185	15.56%
2005	523,440,388	83,655,000	439,785,388	15.98%
2006	581,211,455	85,880,000	495,331,455	14.78%

Source: Jackson County Finance Department

Schedule 13
UNAUDITED

JACKSON COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Labor Force	Employment	Unemployment	Unemployment Rate	Per Capita Personal Income
1997	155,331	76,700	73,300	3,400	4.43%	$ 21,967
1998	155,991	76,500	73,700	2,800	3.66%	22,792
1999	157,085	77,400	74,800	2,600	3.36%	24,080
2000	158,422	79,900	77,400	2,500	3.13%	24,983
2001	159,886	80,875	76,550	4,325	5.35%	24,857
2002	161,156	79,075	74,000	5,075	6.42%	25,400
2003	162,580	79,500	73,150	6,350	7.99%	25,906
2004	162,653	81,837	75,851	5,986	7.31%	26,480
2005	163,629	79,889	74,684	5,205	6.52%	27,299
2006	163,851	79,759	74,134	5,625	7.05%	28,118

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

Schedule 14
UNAUDITED

JACKSON COUNTY
Principal Employers
Curent Year and Eight Years Ago

	2006 (1)			1999 (2)		
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**	**% of Total County Employment**
Foote Health Systems	3,146	1	4.24%	2,525	1	3.38%
Michigan Department of Corrections	2,345	2	3.16%	2,167	2	2.90%
Consumers Energy	2,000	3	2.70%	2,025	3	0
Local Government	870	4	1.17%	905	6	1.21%
MACI	850	5	1.15%	500	9	0.67%
Jackson Public Schools	782	6	1.05%			
Meijer Inc	755	7	1.02%	1,400	4	1.87%
Jackson Community College	650	8	0.88%	669	7	0.89%
Eaton Corporation	598	9	0.81%	600	8	0.80%
Wal-Mart Inc	568	10	0.77%			
TAC Manufacturing	558	11	0.75%			
Jackson County ISD	471	12	0.64%			
Milsco Michigan Seat	438	13	0.59%			
Great Lakes Home Health & Hospice	400	14	0.54%			
MAC Steel Division of Quanex	349	15	0.47%			
Alro Steel Corporation	325	16	0.44%			
Anesthesia Business Consultants	284	17	0.38%			
Dawn Food Products	273	18	0.37%			
Tenneco	270	19	0.36%			
Certainteed Corp	250	20	0.34%			
Jacobsons Stores Inc.				1,400	5	1.87%
	16,182		21.83%	12,191		16.30%

Source (1): Enterprise Group of Jackson Inc.

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

Schedule 15
UNAUDITED

JACKSON COUNTY

Full-Time Equivalent County Government Employees by Function/Program

Last Seven Years

Function/Program	2000	2001	2002	2003	2004	2005	2006
Legislative							
Board of Commissioners	15.0	15.0	15.0	12.0	12.0	12.0	12.0
Judicial							
Circuit Court	30.3	30.7	30.0	31.0	31.0	30.0	30.0
District Court	60.0	60.0	58.8	60.0	56.0	54.0	53.0
Friend of the Court	49.5	47.8	51.8	51.5	48.0	45.5	46.5
County Guardian	3.0	3.5	3.3	3.3	3.3	3.3	3.0
General Government and Elections							
County Adminstration	3.0	3.0	3.5	3.0	3.8	3.0	2.0
Administrative Services	5.0	6.0	5.0	5.0	4.0	4.8	4.5
Information & Tech Systems	8.0	7.0	8.0	9.0	8.0	7.0	6.0
Human Resources	7.0	7.0	7.0	6.0	6.0	5.0	3.0
Corporation Counsel							
Equalization	8.0	9.0	8.0	8.0	8.0	9.0	8.0
Facilities Management	23.5	25.3	25.8	27.3	25.3	17.0	18.0
Fleet Operations	6.0	5.0	5.0	5.0	5.0	3.0	3.0
Clerk	20.0	20.3	20.3	20.5	20.3	17.0	19.5
Register of Deeds	5.0	5.0	6.0	6.0	4.0	5.0	5.0
Treasurer	8.0	8.0	8.0	7.0	3.0	1.5	2.0
MSU Extension	4.3	3.8	3.8	3.5	3.3	3.3	3.5
Drain Commissioner	2.0	2.0	2.0	2.0	1.0	1.0	1.0
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	1.0	1.0
Public Safety							
Prosecuting Attorney	32.0	32.0	28.8	26.0	27.5	25.3	23.3
Sheriff	62.0	67.0	66.0	60.0	62.0	60.0	61.0
Emergency Management	20.0	18.0	17.0	20.0	20.0	19.0	20.0
Jail	29.0	31.0	32.0	56.0	58.5	54.3	58.0
Animal Control	7.0	7.0	7.0	7.0	7.0	6.8	5.8
Youth Center	40.8	41.5	40.8	38.5	39.8	37.8	34.3
Health and Welfare							
Environmental Health	11.0	12.0	11.0	14.0	13.0	12.0	12.0
Public Health	58.3	58.0	51.8	40.8	43.3	41.8	42.3
Medical Examiner	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Department Oon Aging	20.5	27.3	31.8	27.0	22.0	23.8	26.3
Veterans Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Culture & Recreation							
Parks & Recreation	8.0	9.0	11.0	10.0	8.0	10.0	8.0
Golf Course	-	-	-	-	-	-	1.0
County Extention							
Other							
Airport	5.0	3.0	5.0	4.0	4.0	4.0	4.0
Enterprise Funds	4.0	4.0	3.5	3.5	8.0	9.0	8.5
Total	561.2	574.2	573.0	572.9	561.1	531.2	530.5

Source: Jackson County Finance Department

Schedule 16
UNAUDITED

JACKSON COUNTY
Operating Indicators by Function/Program
Last Seven Years

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

Source: Jackson County Finance Department

Schedule 17
UNAUDITED

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

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public safety										
Corrections facility capacities	186	186	186	186	186	186	426	426	426	426
Vehicle:										
Sheriff	-	-	-	-	36	36	35	38	40	43
Animal control	-	-	-	-	5	4	4	5	4	4
Parks and recreation										
Parks:										
County	15	15	15	15	15	15	15	15	15	15
Park acreage:										
Parkland	591	591	591	591	591	591	591	591	591	591
Picnic areas	15	15	15	15	15	15	15	15	15	15
Buildings:										
Restaurant/meeting	1	1	1	1	1	1	1	1	1	1
County recreation center	1	1	1	1	1	1	1	1	1	1
Picnic shelter/pavilions	10	10	10	10	10	10	10	10	10	10
Concession	1	1	1	1	1	2	2	2	2	2
Swimming beach areas	12	12	12	12	12	12	12	12	12	12
Golf Courses:										
18 hole course	1	1	1	1	1	1	1	1	1	1
Par 3 course	1	1	1	1	1	1	1	1	1	1
Driving range	1	1	1	1	1	1	1	1	1	1
Trails/paths/sidewalks	3	3	3	3	3	3	3	3	3	3
Playgrounds	15	15	15	15	15	15	15	15	15	15
Boat launch	8	8	8	8	8	8	8	8	8	8
Campgrounds	2	2	2	2	2	2	2	2	2	2
Public works										
Miles of streets										
Paved primary	540	540	540	540	540	540	542	652	652	652
Paved local	656	656	656	656	656	656	722	972	972	1,010
Gravel	369	369	369	369	369	369	312	312	312	283

Source: Jackson County Finance Department

SINGLE AUDIT ACT COMPLIANCE

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT:				
U.S. DEPARTMENT OF AGRICULTURE				
Direct Program -				
U.S.D.A. Food Distribution:				
Entitlement commodities	10.550	-n/a-	$ 649	$ 649
Bonus commodities	10.550	-n/a-	32	32
Passed-through the Michigan Department of Education:				
School Breakfast Program -				
Jackson County Youth Center	10.553	-n/a-	16,300	16,300
National School Lunch Program -				
Jackson County Youth Center	10.555	-n/a-	26,416	26,416
School Snack Program -				
Jackson County Youth Center	10.555	-n/a-	3,607	3,607
Passed-through the Michigan Department of Community Health				
Special Supplemental Program for Women, Infants and Children:				
2005-2006	10.557	XX4W1006	589,275	589,275
Special Supplemental Food Program for WIC				
2005-2006	10.557	F54003	39,410	39,410
Passed-through the Region 2 Area Agency on Aging -				
Title III Elderly Feeding Program -				
Elderly Feeding	10.558	-n/a-	112,259	112,259
Total U.S. Department of Agriculture			**787,948**	**787,948**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-through City of Jackson -				
CDBG Grandparents Raising Grandchildren	14.219	-n/a-	3,900	3,900
CDBG Home Delivered Meals	14.219	-n/a-	5,000	5,000
Passed-through MSHDA				
Michigan State Housing Development Authority	14.228	MSC-2005-0727-HOA	141,200	141,200
Total U.S. Department of Housing and Urban Development			**150,100**	**150,100**
U.S. DEPARTMENT OF JUSTICE				
Passed-through the Detroit Community Justice Partnership -				
Project Safe Neighborhoods				
2005	16.609	2003GPCX0568	32,239	32,239

continued…

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
U.S. DEPARTMENT OF JUSTICE (Concluded)				
Passed-through the Michigan Family Independence Agency -				
Juvenile Accountability Incentive Block Grant				
2005/2006	16.523	JAIBG-05-38001	$ 4,786	$ 4,786
2006/2007	16.523	JAIBG-06-38001	8,951	8,951
Going Home Reentry Program	16.540	JJAC 03-38001	47,865	47,865
After Care Program	16.202	AC 03-38001	22,080	22,080
Passed-through Department of Community Health -				
Edward Byrne Memorial State and Local Law Enforcement Assistance - Discretionary Grants				
LAWNET Enhancement Project				
2005/2006	16.580	72239-1-06B	33,814	33,814
2006/2007	16.580	72239-2-07B	22,518	22,518
Passed-through City of Jackson				
Office of Justice Programs	16.580	2005DJBX0111	66,896	66,896
Total U.S. Department of Justice			**239,149**	**239,149**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed-through Highway Planning & Construction				
Transportation Enhancement Activities -				
Surface Transportation Program	20.205	06-5249	69,650	69,650
Passed-through Michigan Office of Highway Safety Planning				
Highway Training and Education -				
Drive Michigan Safely				
2005/2006	20.600	PT-06-35	3,625	3,625
Total U.S. Department of Transportation			**73,275**	**73,275**
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through Michigan Department of Environmental Quality -				
Upper Grand River Transition/Implementation I	66.460	2000-0039	726	726

continued…

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
U.S. ENVIRONMENTAL PROTECTION AGENCY (Concluded)				
Passed through Michigan Department of Environmental Quality -				
Operator Certification	66.471	-n/a-	$ 10,000	$ 10,000
Arsenic Rule Implementaion	66.468	-n/a-	1,838	1,838
Passed through National Association of Counties				
IAQ Model County Grant	66.034	-n/a-	2,458	2,458
Total U.S. Environmental Protection Agency			**15,022**	**15,022**
U.S. DEPARTMENT OF EDUCATION				
Passed-through Jackson Public Schools				
Title 1 Part D for Neglected and Delinquent Children	84.013	-n/a-	12,409	12,409
Passed-through Jackson County Intermediate School District				
Part H IDEA				
2005/2006	84.181	061340	129,865	129,865
2006/2007	84.181	071340	33,289	33,289
Total U.S. Department of Education			**175,563**	**175,563**
U.S. ELECTION ASSISTANCE COMMISSION				
Passed-through the Election Assistance Commission				
Help America Vote Act	90.401	-n/a-	87,612	87,612
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-through the Region 2 Area Agency on Aging:				
Special Programs for the Aging - Title III,				
Part B - Grants for Supportive Services and Senior Centers:				
Home Care Assistance	93.044	-n/a-	37,232	37,232
Chore	93.044	-n/a-	8,344	8,344
Senior Center Staffing	93.044	-n/a-	15,722	15,722
Senior Center Operations	93.044	-n/a-	5,098	5,098
Peer Support	93.044	-n/a-	16,185	16,185
Case Coordination	93.044	-n/a-	20,491	20,491
Health Prevention/Promotion	93.UNK	-n/a-	9,223	9,223
Grandparents Raising Grandchildren	93.UNK	-n/a-	34,886	34,886
Caregiver Information and Assistance	93.UNK	-n/a-	15,366	15,366
Special Programs for the Aging - Title III,				
Part C - Nutrition Services:				
C-1 Congregate Site Meals	93.045	-n/a-	128,775	128,775
C-2 Home Delivered Meals	93.045	-n/a-	122,550	122,550

continued…

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed-through the Michigan Family Independence Agency:				
SFSC Grant				
2005/2006	93.556	SFSC-05-38002	$ 54,044	$ 54,044
2006/2007	93.556	SFSC-05-38003	15,414	15,414
IV-D Support Incentive				
2006	93.560	-n/a-	258,311	258,311
Child Support Enforcement:				
Friend of the Court				
2005/2006	93.563	CS/FOC-05-38001	1,901,170	1,901,170
Prosecuting Attorney				
2005/2006	93.563	CSPA-06-38002	138,211	138,211
2006/2007	93.563	CSPA-07-38002	49,908	49,908
Medical Support Enforcement:				
Friend of the Court				
2005/2006	93.563	CS/MED-05-38001	62,592	62,592
Child Abuse and Neglect				
2005	93.658	PROFC-05-38001-2	12,241	12,241
Passed-through South Central Michigan Substance Abuse Council				
Born Free	93.959	-n/a-	757	757
Passed-through the Michigan Department of Community Health:				
Michigan Abstinence Partnership				
2005/2006	93.235	-n/a-	130,213	130,213
2006/2007	93.235	-n/a-	36,522	36,522
Immunization - IAP -				
2005/2006	93.268	H23CCH522556	66,850	66,850
Immunization - AFIX	93.268	H23CCH522556	800	800
2005/2006				
Immunization - Nurse Training	93.268	H23CCH522556	1,500	1,500
2005/2006				
Immunization - VFC	93.268	H23CCH522556	3800	3,800
2005/2006				
Immunization				
Vaccine Provided	93.268	-n/a-	670,627	670,627

continued…

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Concluded)				
Bioterrorism - Focus A 2005/2006	93.283	CCU517018	$ 213,016	$ 213,016
Bioterrorism - Pandemic Flu 2005/2006	93.283	CCU517018	34,020	34,020
Medical Assistance Program: Medicaid Administration 2005/2006	93.778	5XX05MI5048	29,744	29,744
Medicaid Outreach Activities	93.778	50506MI5048	37,768	37,768
CSHC Care Coordination	93.778	50506MI5048	5,985	5,985
AIDS Counseling and Testing 2005/2006	93.940	U62 CCU52346401	18,318	18,318
Preventative Health and Health Services Block Grant - STD Control 2005/2006	93.991	B1 MI PRVS	22,028	22,028
SIDS Counseling	93.994	B1 MI MCHS	935	935
Maternal and Child Health Services Block Grant to the States: Local Match 2005/2006	93.994	B1 MI MCHS	91,346	91,346
Case Management Services 2005/2006	93.994	B1 MI MCHS	21,835	21,835
Passed-through The Michigan Public Health Institute FIMR Case Abstraction	93.558	G-06269-115-504200	5,400	5,400
Passed-through The Michigan Public Health Institute Fetal Imfant Mortatlity	93.994	G--06095-115-504200	7,262	7,262
Total U.S. Department of Health and Human Services			**4,304,489**	**4,304,489**
U.S. Department of Homeland Security				
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance 2004 Homeland Security Grant Program	97.004	-n/a-	22,000	22,000
2005 Homeland Security Grant Program	97.067	-n/a-	371,983	371,983

continued…

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Concluded)				
U.S. Department of Homeland Security				
Passed-through Michigan Department of State Police				
Emergency Management - State and Local Assistance				
2006 Emergency Management Performance Grant	97.042	-n/a-	25,544	25,544
2006 Planning Grant	97.021	-n/a-	2,132	2,132
Passed-through Michigan Department of Natural Resources				
Boating Safety Financial Assistance	97.012	-n/a-	26,800	26,800
Total Federal U.S. Department of Homeland Security			**448,459**	**448,459**
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT			**6,281,617**	**6,281,617**
COMPONENT UNITS:				
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE				
Brownfield Pilots Cooperative Agreements	66.811	-n/a-	343,021	343,021
Brownfield Assessment Grant	66.818	-n/a-	187,199	187,199
TOTAL FEDERAL FINANCIAL ASSISTANCE - COMPONENT UNITS			**530,220**	**530,220**
TOTAL FEDERAL AWARDS - REPORTING ENTITY			**$ 6,811,837**	**$ 6,811,837**

JACKSON COUNTY, MICHIGAN

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2006

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1. BASIS OF PRESENTATION

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

2. FISCAL YEAR

Federal expenditures reported on the accompanying schedule of expenditures of federal awards include certain amounts that are reported for the year ended September 30, 2006 to coincide with the fiscal year of the fund in which the expenditures are reported. The funds passed through the Region II Area Agency on Aging and the Michigan Department of Community Health are presented for the year ended September 30, 2006.

REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP
an independent member of BAKER TILLY INTERNATIONAL

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

June 25, 2007

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Jackson County, Michigan,*** as of and for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. In addition, we did not audit the financial statements of the Road Commission and the Economic Development Corporation. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of Jackson County in a separate letter dated June 25, 2007.

Compliance and Other Matters

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

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

Rehmann Robson

REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP
an independent member of BAKER TILLY INTERNATIONAL

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

June 25, 2007

To the Board of Commissioners of
Jackson County
Jackson, Michigan

Compliance

We have audited the compliance of ***Jackson County, Michigan,*** with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

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

As described in item 2006-1 in the accompanying schedule of findings and questioned costs, Jackson County did not comply with requirements regarding allocation and certification of payroll expenditures that are applicable to its Women, Infants and Children, Aging Cluster and Immunization programs. Compliance with such requirements is necessary, in our opinion, for Jackson County to comply with the requirements applicable to these programs.

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In our opinion, except for the noncompliance described in the preceding paragraph, Jackson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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

Rehmann Robson

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified not considered to be material weaknesses?	__X__ yes _____ none reported
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	__X__ yes _____ no

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Women, Infants and Children
66.811	Brownfield Pilots Cooperative Agreement
93.044, 93.045	Aging Cluster
93.268	Immunization Grants

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

Auditee qualified as low-risk auditee? X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2006-1 Allocation and Certification of Payroll Expenditures

Criteria: The Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports, except when a substitute system has been approved by the cognizant Federal agency. The Circular requires these reports be prepared at least monthly and must coincide with one or more pay periods.

Condition: During the year ended December 31, 2006, the Department on Aging and the Health Department allocated payroll charges to federal programs, including the Women, Infants and Children, Aging Cluster and Immunization programs, based on pre-determined percentages that had been determined by management. However, these percentages had remained static for several years and did not specifically coincide with particular pay periods. It appears the County is not allocating wages and salaries in a manner consistent with federal guidelines.

Effect: This condition increases the risk that the County will report an incorrect amount for expenditures related to the grants administered by these departments.

Cause: This condition appears to be the result of (1) past practice not having been previously questioned by the pass-through entity, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines.

Recommendation: We recommend that the County implement a new payroll allocation method for the Health Department and Department on Aging that is consistent with federal guidelines. Employees should track on their timesheets the number of hours spent working for each federal program. The timesheets should be signed by the employee and a supervisor who had direct knowledge of the employee's work schedule. Using the information from the timesheets, salaries and wages could be allocated to the various federal programs and tracked through the accounting system which is already well established.

Management's response: The County has determined that its current Health Department and Department on Aging payroll allocation methods are not consistent with federal guidelines and in 2007 will begin the process of implementing a new system that is consistent with federal guidelines that will be in effect for the 2007 fiscal year.

SECTION IV – PRIOR YEAR FINDINGS

No matters were reported.

* * * * * *

REHMANN ROBSON
Certified Public Accountants
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June 25, 2007

To the Board of Commissioners of
Jackson County
Jackson, Michigan

We have audited the financial statements of Jackson County for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated March 5, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Jackson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Jackson County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Jackson County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Jackson County's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Jackson County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Jackson County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Jackson County's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Jackson County, either individually or in the aggregate, indicate matters that could have a significant effect on Jackson County's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Jackson County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board, management, and federal awarding agencies and pass-through entities and are not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rehmann Robson

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2006

In planning and performing our audit of the financial statements of Jackson County as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Internal control matters

Payroll processing

During our consideration of the County's controls, we noted that virtually all payroll functions are performed by the payroll clerk. These functions include payroll processing, check generation, and distribution of checks to department heads or their representatives. In addition, there is not currently a process in place for an independent review and approval of the payroll prior to payment.

In order to enhance the internal controls in this area, we recommend that an independent review of the payroll register be performed prior to check distribution.

Receipts procedures

Clerk's office

In tests of the receipting process at the Clerk's office, we noted that in a couple of instances, there was no approval signature on the voided receipts. These appear to be isolated incidents.

However, in all cases, there should be an approval signature or initial of a person independent of the receipting function that the void has been approved.

Jackson County

Comments and Recommendations (Continued)

For the Year Ended December 31, 2006

12th District Court Office

There is a step in the receipts process whereby the total on the receipt report for department collections agrees to the amount of cash collected/deposit slip. However, this procedure is not documented by the person doing the reconciliation.

We recommend that this reconciliation process by initialed and dated by the responsible supervisor.

County departments in general

Receipt system documentation takes many forms in the various departments which handle cash. The following checklist or something similar should be used to include in each department's cash procedures to ensure that internal controls over cash are complete and uniform:

1. Receipts in general – All receipts should be controlled by an electronic cash register. If using manual receipts where it is not practical to have electronic cash register control, the following should be adhered to:

   - There should be three part receipt books, in pre-printed numerical order form.
   - The numerical sequence of the manual receipts should be verified by someone independent of the cashier.
   - Separation of cash handling from cash recording should be maintained at all times.

   Departments which are set up for electronic cash registering may have a need to use manual receipts. These situations should be very limited, such as when the electronic system is down. In these cases the individual receipts should be entered into the electronic system when it is functional, and there should be accountability for all numerical receipts issued by someone independent of the cashier. Also, there should be accountability of receipt books issued by a Department Supervisor on a Receipt book log form. An employee will not be issued another receipt book until the current receipt book is turned in with all of the third copies still maintained therein.

2. Receipts must be deposited intact, without any paid-outs netted therefrom.

3. Cash and checks must be kept in a secured area until the time of deposit to a depository account or to the County Treasurer.

4. There should be tracking of cash overages and shortages by a Department Supervisor. This can be maintained on an off-line spreadsheet or log, and any excessive shortages should be investigated promptly and the cause corrected.

5. Voided receipts should be approved by a Supervisor, and all copies of the receipt maintained and defaced for a proper audit trail.

6. Cashiers should not be involved in the deposit preparation or recording function of the related receipts, nor should they be involved in any subsidiary ledger function (primarily related to trust and agency fund accounts).

7. On deposit slips or Treasurer deposit advices, there should be a separate count of checks and currency for each business day.

8. All petty cash funds should be maintained on an imprest account basis. No employee advances nor loans may be paid out of these funds.

9. There should be posted at the site of stations which receive cash a notice prominently displayed, stating something to the effect that:

   If you do not receive a receipt, please call……at (787) …….

OPEB Liability

The County, as well as other governmental units which offer other post employment benefits (health and life insurance benefits to retirees, or "OPEB") are going to require recording the annual cost and liability for these benefits in the annual financial statements. Up until this new accounting standard is implemented, governmental units, including the County, have been on a "pay as you go" or cash basis to reflect these costs in their financial statements. This accounting treatment stays in place for the County through the fiscal year ended December 31, 2007. Then, for fiscal year 2008, this new reporting standard will require an actuarial report in order to determine funding requirements to force recording of a liability while service is rendered (normal cost), plus an adjustment for past service costs (called amortization of actuarial accrued liability).

The amount of the annual "ARC" expense must be recorded on each entity's financial statements. To the extent that this annual "ARC" amount is not currently funded, the under-funding must be reported on the entity's balance sheet as a liability.

This comment is intended as an informational point. The County has had preliminary meetings including Road Commission and Medical Care Facility representatives in planning for this implementation. The County should make sure all preparations and forecasts are addressed as the implementation date draws nearer.

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