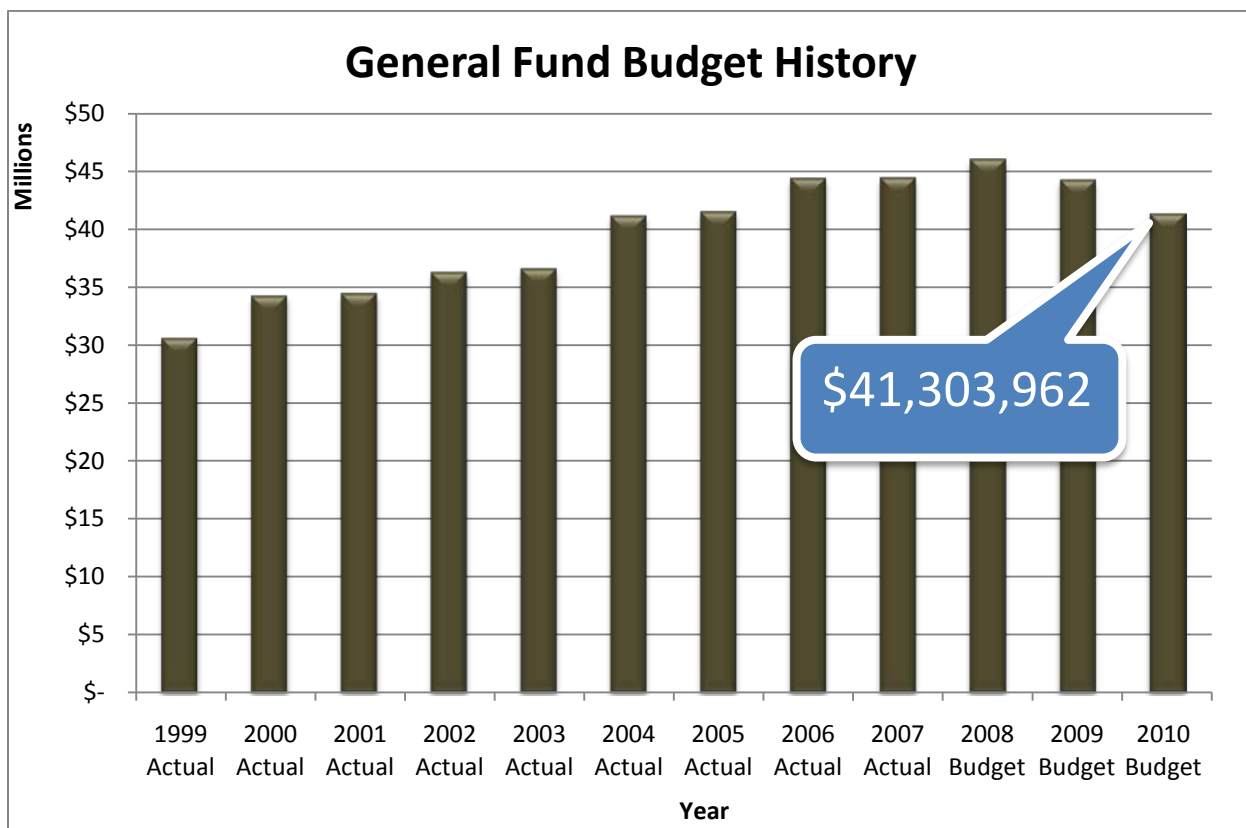
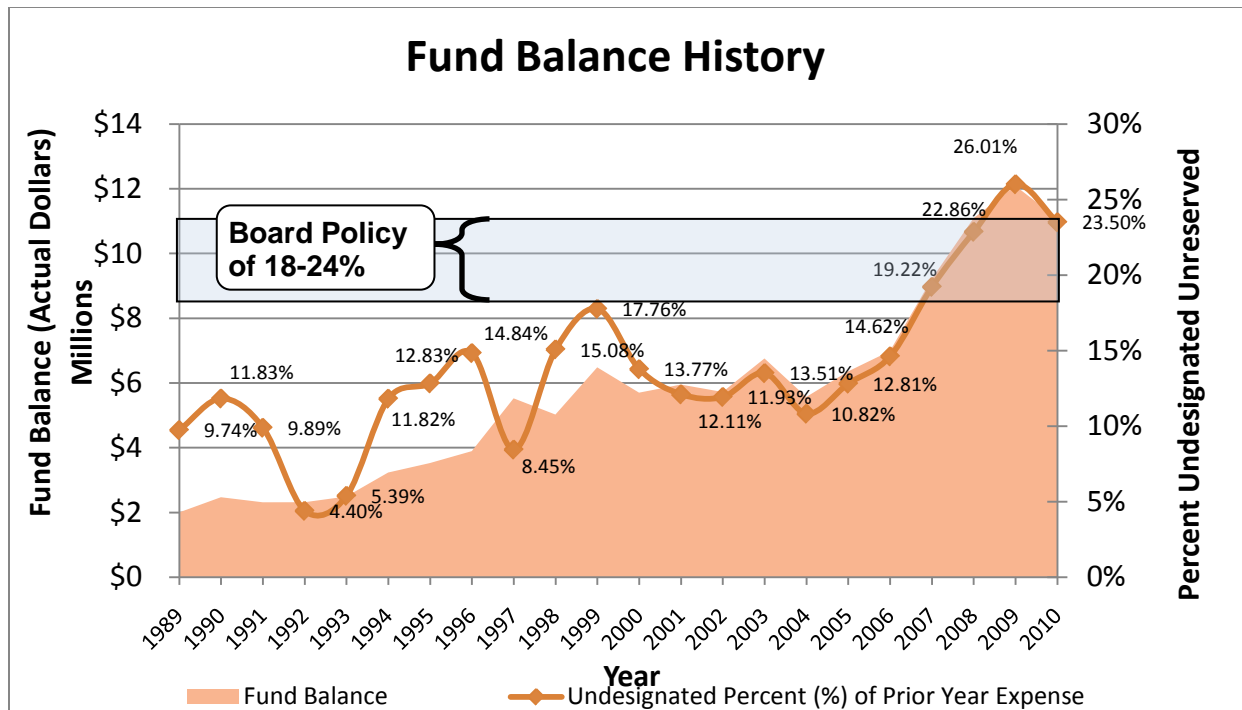


General Fund Budget History

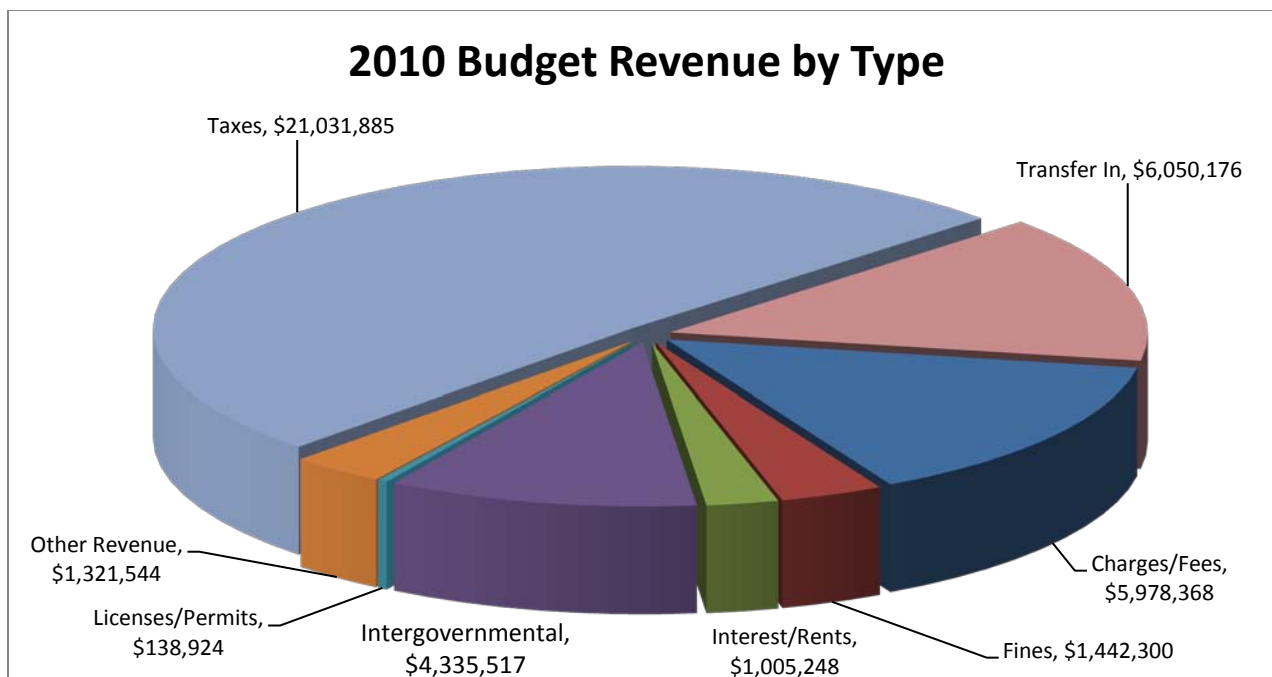
The following graph shows a 12 year history of the general fund budget for Jackson County. The recommended budget for Fiscal Year 2010 is \$41,303,962, which represents a 7% reduction from the 2009 Budget and a 10% reduction from the 2008 Budget.



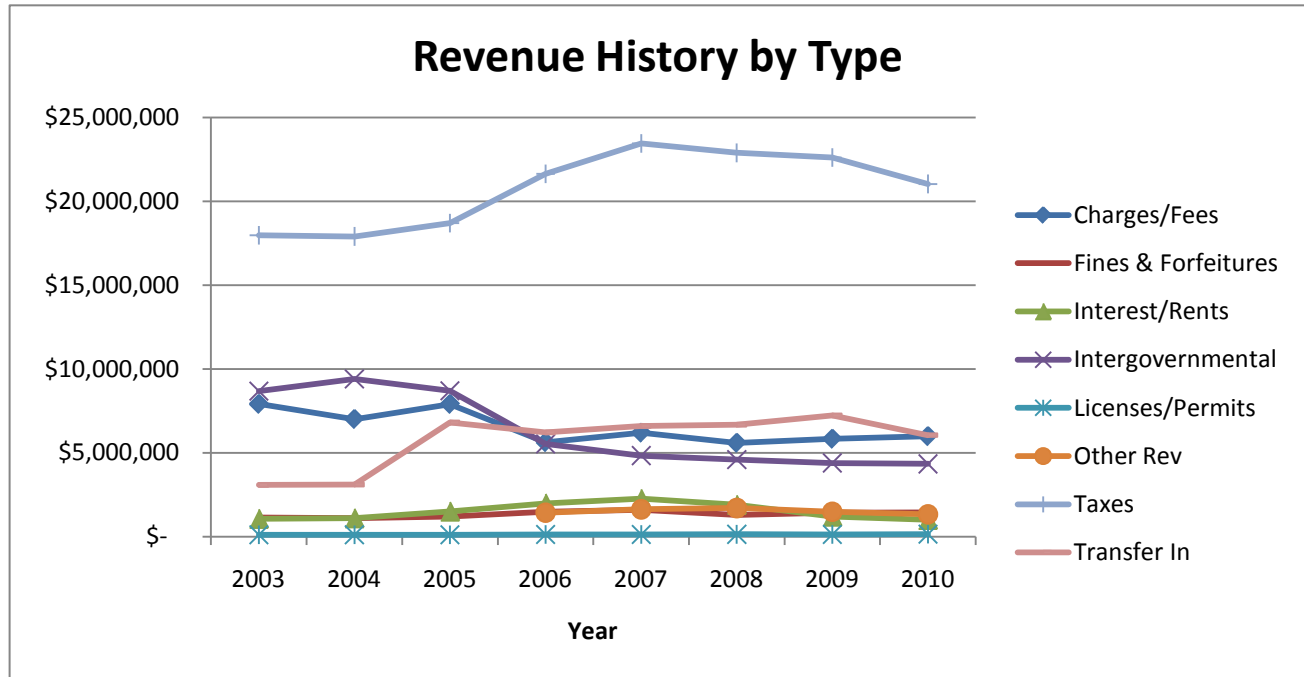
As can be seen on the following page, despite significant cuts to the general fund budget, the county continues to maintain a strong fund balance within the guidelines established by the Board of Commissioners. The projected fund balance at the end of 2010 is 23.5%, which falls near the upper range of the Board's policy of a fund balance between 18% and 24%. A strong fund balance is appropriate for two reasons. First, property taxes for the current fiscal year are not collected by the county until several months after the fiscal year starts. Consequently, a high fund balance ensures adequate cash flow. Second, a strong fund balance helps the county respond to a rapidly changing economic environment.



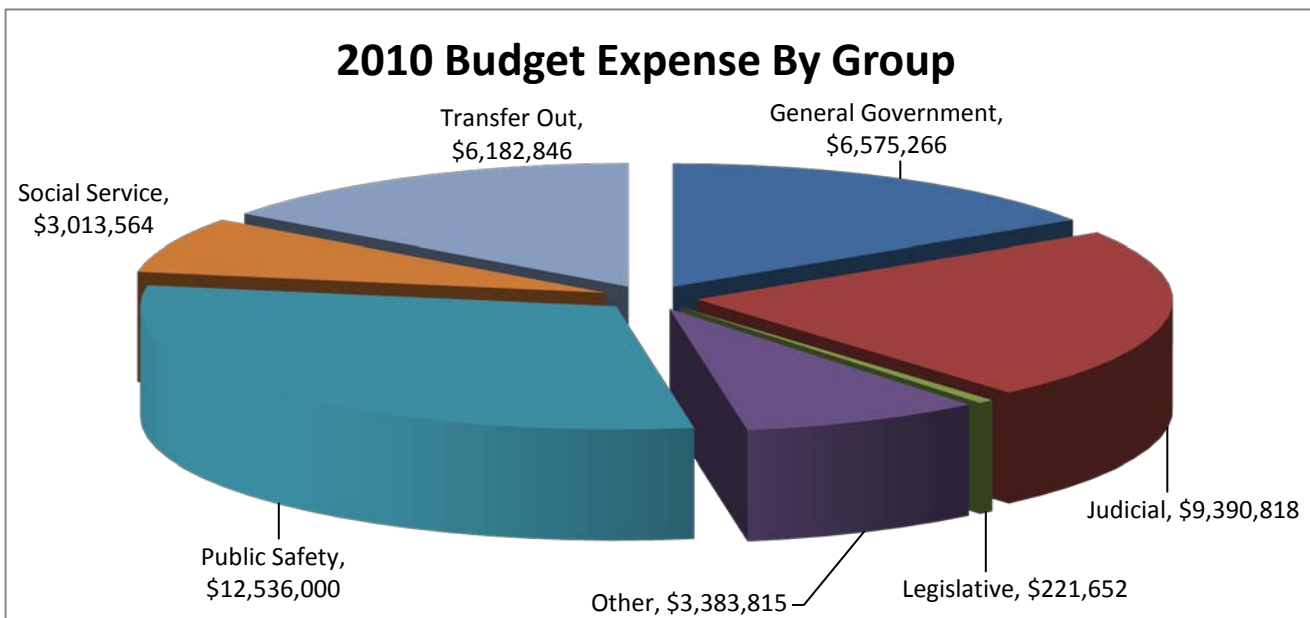
As can be seen below, Jackson County is primarily reliant on real and personal property taxes for over half of its revenue. As such, the county budget is extremely vulnerable to market real estate fluctuations. The 2010 budget anticipates a reduction of 8.5% in taxable real estate value.



The following chart shows an 8 year history of revenues by the type of revenue. The most significant losses of revenue have been in taxes, which is the largest source of revenue as previously discussed.

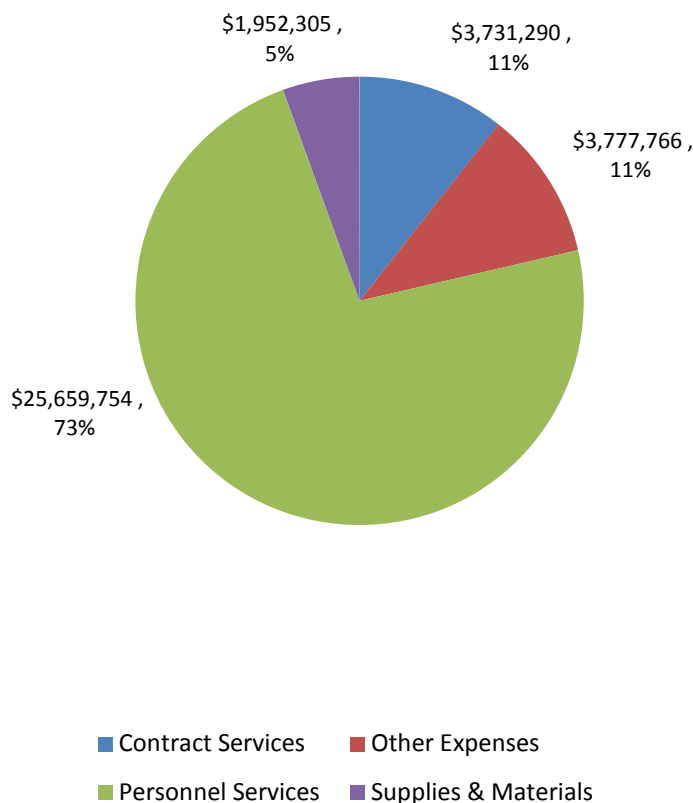


The chart below shows budget expense by group. Groups are defined by the State of Michigan and are defined in more detail on the sidebar of the following page.



Expenses can also be viewed, as shown below, by category. As can be seen in the chart below, the personnel costs category accounts for the largest portion of the county budget. Jackson County negotiates wages and benefits with nine collective bargaining units. Non-union employee wages and benefits are set by the Board of Commissioners. The 2010 budget anticipates no cost of living adjustment for union and non-union employees. Incentive pay for non-union employees has also been removed from the 2010 Budget.

2010 Expense by Category



Expenditure Groups

Public Safety

Sheriff, Road Patrol, Lawnet, Marine Law Enforcement, Emergency Dispatch, County Jail, Chanter Road Jail, Community Corrections, Emergency Management, Truancy Grant, Animal Shelter, Animal Control

General Government

Public Elections, Administrator/Controller, Clerk, GIS, Administrative Services, Equalization, Register of Deeds, Remonumentation, Treasurer, MSU Extension, Information Technology, Maintenance, Fleet, Drain Commissioner

Judicial

Circuit Court, Jury Commission, 12th District Court, Circuit Court Probation, Prosecuting Attorney, Public Defender, Prosecuting Attorney Family Division, Prosecuting Attorney Victims Rights, District Court Intensive Probation

Legislative

Board of Commissioners

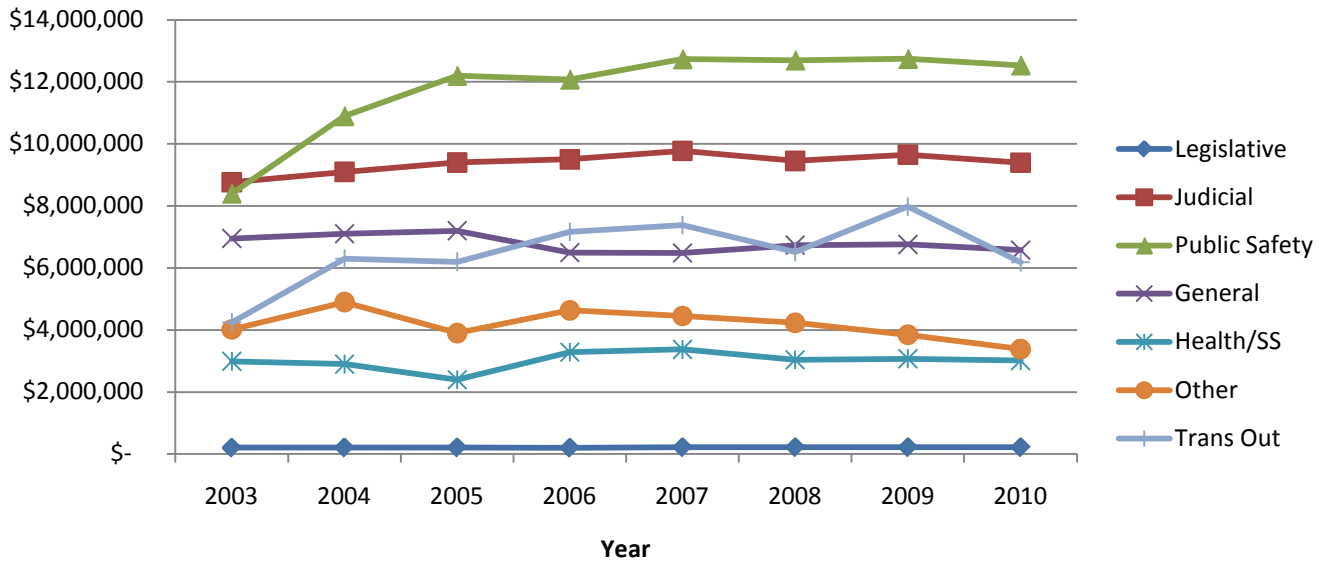
Social Services

Abstinence Program, Medical Examiner, In-Home Services, Senior Center, Senior Citizens Program, Home Delivered Meals, Congregate Meals, Grandparents Program, Geriatric Mental Health, Veterans Burial, Veterans Affairs

Other

Retiree Benefits, Contingency, Appropriations, Miscellaneous Expenditures

Expense History by Group

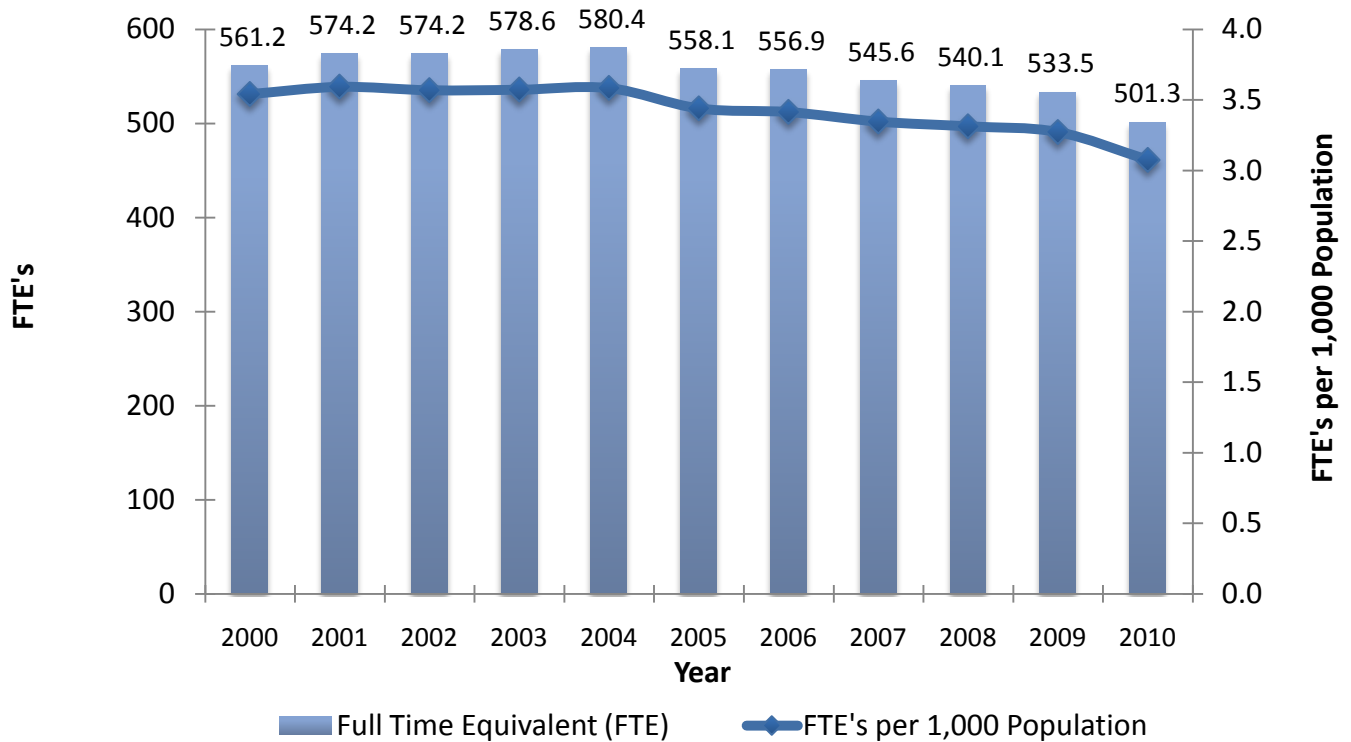


Percentage Change by Group

| | |
|---------------------------|------|
| <i>Public Safety</i> | -2% |
| <i>General Government</i> | -3% |
| <i>Judicial</i> | -3% |
| <i>Legislative</i> | 0% |
| <i>Social Services</i> | -2% |
| <i>Other</i> | -12% |

A history of expenses by state defined group is shown above. Percentage reductions by group are shown to the left.

County Full Time Equivalent (FTE) History (Service Level Impact)



Because wages and benefits account for 73% of the budget, significant expenditure cuts cannot be made without reducing the number of staff. The 2010 Budget includes significant cuts to full-time equivalent (FTE) employees. Over 32 FTE positions have been cut from the previous year's budget. From the county's peak in 2004 at 580.4 FTE's, total staff has reduced by almost 80 positions.

Cuts to county staff have outpaced population losses within the county as shown in the figure above. FTE's have gone down from 3.59 FTE's for every 1,000 residents in 2004 to 3.09 FTE's for every 1,000 residents in 2010. The challenge for county employees is to continue to meet the needs of residents whose demands on service have not changes proportionally.