



EATON COUNTY, MICHIGAN

Annual Financial Report

**For the Fiscal Year Ended
September 30, 2011**

EATON COUNTY, MICHIGAN
For the Fiscal Year Ended September 30, 2011

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INTRODUCTORY SECTION



EATON COUNTY CONTROLLER/PERSONNEL

1045 Independence Blvd
Charlotte, MI 48813

(517) 543-2122
(517) 543-3331 Fax

John F. Fuentes, CPA
Controller

Connie L. Sobie
Assistant Controller

Mary M. Schelles
Personnel Specialist

February 22, 2012

To the Members of the Board of Commissioners:

The Annual Financial Report of Eaton County, Michigan for the fiscal year ended September 30, 2011, is hereby submitted. Responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Format

The report is presented in two sections: *Introductory and Financial*. The Introductory section includes this transmittal, an organizational chart, and a list of principal officials. The Financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information, and the combining and individual fund and account group financial statements and schedules.

Reporting Entity

The financial reporting entity includes all the funds of the County as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended Component Units – although legally separate entities, they are, in substance, part of the primary government's operations and are included as part of the primary government. The following organizations are reported within the combining and individual fund financial statements:

- Eaton County Department of Human Services
- Eaton County Medical Care Facility
- Eaton County Building Authority

Discretely Presented Component Units – are legally separate from the primary government and are reported in separate columns in the combined financial statements to differentiate their financial position and results of operations from those of the primary government. The following are reported as discretely presented component units:

- Eaton County Board of Public Works
- Eaton County Drainage Districts
- Eaton County Road Commission

Joint Ventures – are legal entities that result from a contractual arrangement, or interlocal agreement, which is owned, operated, or governed by two or more participants. The following is reported as a discretely presented component unit:

- Barry/Eaton District Health Department

The following **Related Organization** did not meet the financial accountability criteria and has been excluded from the County’s financial statements:

- Eaton County Transportation Authority

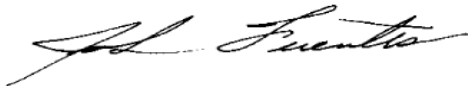
Financial Reporting and Auditing

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information pertaining to this single audit, including the auditors’ reports on the internal control structure and compliance with laws and regulations, the schedule of federal awards and a schedule of findings and questioned costs, is presented in a separate report.

Independent Audit

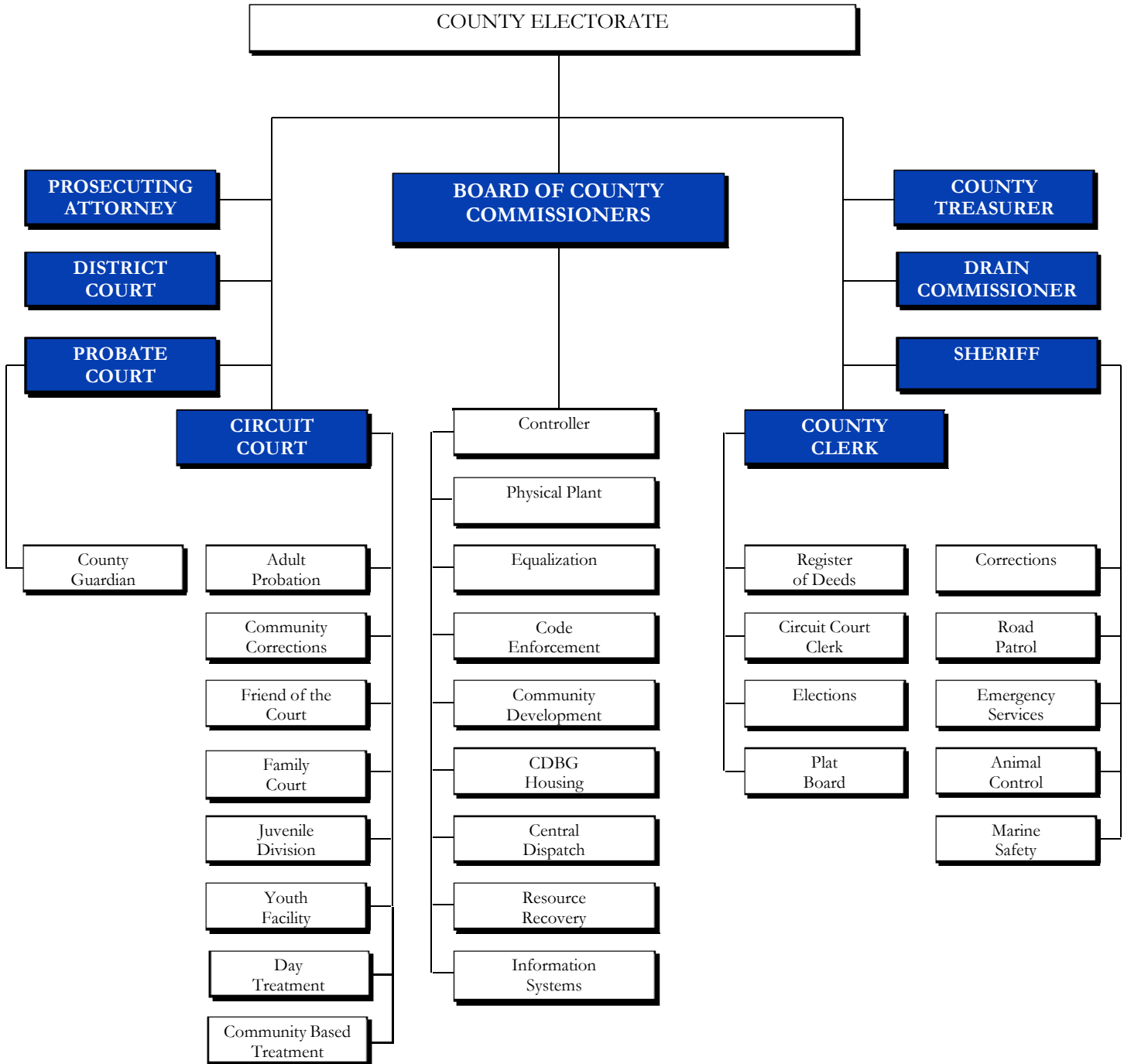
The State of Michigan requires that an annual audit of the financial records and transactions of all departments of the County be performed by an independent certified public accountant. In addition, the audit is designed to meet the requirements set forth in the Single Audit Act of 1984 and related OMB Circular A-133. The auditors’ report on the financial statements is included on the financial section of the report. The auditor’s reports related specifically to the single audit are presented in a separate report.

Respectfully submitted,



John Fuentes
Controller

ORGANIZATIONAL CHART



ELECTED OFFICIALS IN BLUE

PRINCIPAL OFFICIALS

Board of Commissioners

Michael Hosey	District 1
Blake Mulder	District 2
Susan Hoffman	District 3
Larry Brunette	District 4
Jim Osieczonek	District 5
John Boles	District 6
Glenn Freeman III - Vice Chairman	District 7
Joseph Brehler - Chairman	District 8
John Forell	District 9
Roger Eakin	District 10
Wayne Ridge	District 11
L. Daryl Baker	District 12
Dale Barr	District 13
Jermy Whittum	District 14
Ben Colestock	District 15

County Clerk/Register of Deeds

M. Fran Fuller

County Sheriff

Michael Raines

County Treasurer

William Conarton, Jr.

Drain Commissioner

Michael Atayan

Prosecuting Attorney

Jeffrey Sauter

Administration

John Fuentes, CPA, Controller

Connie Sobie, Assistant Controller

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

February 22, 2012

The Board of Commissioners
Eaton County, Michigan
Charlotte, 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 **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2011, 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 Enterprise Fund which is a major fund and therefore a separate opinion unit. In addition, the Medical Care Facility represents 63% and 93% of the business-type activities assets and program revenues, respectively. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility is based 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. 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 report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report 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 Eaton County, Michigan, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our separate report dated February 22, 2012, on our consideration of Eaton County, Michigan's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-9 and the pension and other postemployment benefits information on pages 58-60 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 the County's basic financial statements. The introductory section and combining and individual fund financial statements and schedules 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Lehmann Johnson".

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$44,811,279 (*net assets*). Of this amount, \$25,171,448 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$225,067 during 2011.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general, special revenue, debt service, capital projects and permanent funds) reported combined ending fund balances of \$11,827,759, a decrease of \$3,834,510 in comparison with the prior year. Of the fund balance amount, \$4,829,284 is *available for spending* at the government's discretion (*unassigned fund balance*) subject to the inherent limitations of the various funds.
- The general fund had a decrease of \$101,894 for 2011. At the end of the year, unassigned fund balance for the general fund was \$4,913,222, or approximately 15.4 percent of total general fund expenditures. Total fund balance for the general fund was \$5,056,421.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$1,280,000 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2011, the net assets of the County decreased by \$225,067.

The Statement of Net Assets and the Statement of Activities, present information about the following:

Governmental activities. All of the County’s basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, and other activities. Property taxes, intergovernmental revenue and charges for services finance most of these activities.

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections and the Medical Care Facility. The financial statements of the Medical Care Facility are reported separately from the financial information presented for the primary government itself.

Component units. The County includes four legally separate entities in its financial statements: the Eaton County Department of Public Works, the Eaton County Drain Commissioner, the Barry/Eaton District Health Department, and the Eaton County Road Commission. Although legally separate, these “component units” are important because the County is financially accountable for them.

Financial statements for these *component units* are reported separately from the financial information presented for the primary government itself. The Eaton County Building Authority, although also 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 10-12 of this report.

Reporting the County’s Most Significant Funds

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 or bond covenants. However, the County establishes many other funds to help 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 governmental 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 the 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*.

The County maintains 37 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, revenue sharing reserve, central dispatch, jail millage and child care funds, each of which are considered to be major funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

The basic governmental fund financial statements can be found on pages 13-21 of this report.

Proprietary funds. The 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. The County uses enterprise funds to account for delinquent tax operations, medical care facility operations and the operation of a jail commissary. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for self-insurance and fringe benefit programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *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 delinquent tax operation, medical care facility operation and the operation of the jail commissary. 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 22-25 of this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts on behalf of others. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. 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 statement can be found on page 26 of this report.

Additional Information

Notes to 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 29-57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 58-117 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$44,811,279 at September 30, 2011.

Eaton County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$21,479,586	\$25,040,863	\$16,353,346	\$16,057,782	\$37,832,932	\$41,098,645
Capital assets, net	29,903,720	29,477,878	14,879,652	15,307,994	44,783,372	44,785,872
Total assets	<u>51,383,306</u>	<u>54,518,741</u>	<u>31,232,998</u>	<u>31,365,776</u>	<u>82,616,304</u>	<u>85,884,517</u>
Liabilities						
Long-term liabilities	16,542,797	17,217,850	13,170,785	16,928,916	29,713,582	34,146,766
Other liabilities	7,482,264	6,048,057	609,179	653,348	8,091,443	6,701,405
Total liabilities	<u>24,025,061</u>	<u>23,265,907</u>	<u>13,779,964</u>	<u>17,582,264</u>	<u>37,805,025</u>	<u>40,848,171</u>
Net assets						
Invested in capital assets, net of related debt	15,399,353	14,147,462	4,119,059	3,969,050	19,518,412	18,116,512
Restricted	121,419	665,123	-	-	121,419	665,123
Unrestricted	<u>11,837,473</u>	<u>16,440,249</u>	<u>13,333,975</u>	<u>9,814,462</u>	<u>25,171,448</u>	<u>26,254,711</u>
Total net assets	<u>\$27,358,245</u>	<u>\$31,252,834</u>	<u>\$17,453,034</u>	<u>\$13,783,512</u>	<u>\$44,811,279</u>	<u>\$45,036,346</u>

A portion of the County's net assets, \$19,518,412 (43.5 percent) is its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the 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 the County's net assets, \$121,419 (less than .3 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$25,171,448 (56.2 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

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

The County's net assets decreased by \$225,067 during the current fiscal year; a decrease of \$3,894,589 for governmental activities and an increase of \$3,669,522 for business-type activities.

Governmental activities. Governmental activities decreased the County's net assets by \$3,894,589. The cost of all governmental activities this year was \$45,837,192 compared to \$44,034,954. While the County took many steps to ensure that governmental activity expenses grew at a modest rate, revenues supporting governmental activities remained virtually flat. Key elements of this decrease are as follows:

- Property tax revenue declined \$771,043.
- Investment earnings decreased \$231,618.
- Increases in charges for services (\$289,531) and operating grants (\$948,129) offset the decline in property tax revenue supporting governmental activities.
- Health and social services expenses increased due to an increase of child care private agency foster care placements of \$435,611.
- Other expenses increased including: \$142,000 in salary and fringes of union employees per bargaining unit contract settlements, \$210,000 in health insurance changes/increases, and \$100,000 in court-appointed attorney fees.

Eaton County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$ 4,758,013	\$ 4,468,482	\$18,609,324	\$12,996,966	\$23,367,337	\$17,465,448
Operating grants and contributions	11,302,525	10,354,396	17,544	5,980	11,320,069	10,360,376
Capital grants and contributions	-	2,218	-	-	-	2,218
General revenues:						
Property taxes	24,325,343	25,096,386	416,755	440,047	24,742,098	25,536,433
State shared revenue	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	1,054,773	840,193	-	-	1,054,773	840,193
Unrestricted investment earnings	43,844	275,462	-	18,789	43,844	294,251
Total revenues	<u>41,484,498</u>	<u>41,037,137</u>	<u>19,043,623</u>	<u>13,461,782</u>	<u>60,528,121</u>	<u>54,498,919</u>
Expenses						
Legislative	239,470	263,560	-	-	239,470	263,560
Judicial	5,804,520	5,544,482	-	-	5,804,520	5,544,482
General government	8,410,446	7,680,076	-	-	8,410,446	7,680,076
Public safety	19,312,869	18,817,927	-	-	19,312,869	18,817,927
Public works	354,536	364,530	-	-	354,536	364,530
Health and social services	8,843,693	8,239,961	-	-	8,843,693	8,239,961
Parks, recreation, and cultural	432,924	456,253	-	-	432,924	456,253
Miscellaneous	31,405	42,686	-	-	31,405	42,686
Unallocated depreciation	1,702,723	1,884,618	-	-	1,702,723	1,884,618
Interest on long-term debt	704,606	740,861	-	-	704,606	740,861
Medical Care Facility operation	-	-	14,591,051	12,482,763	14,591,051	12,482,763
Jail Commissary	-	-	25,766	21,684	25,766	21,684
Delinquent tax collections	-	-	299,179	266,478	299,179	266,478
Total expenses	<u>45,837,192</u>	<u>44,034,954</u>	<u>14,915,996</u>	<u>12,770,925</u>	<u>60,753,188</u>	<u>56,805,879</u>
Change in net assets before transfers	(4,352,694)	(2,997,817)	4,127,627	690,857	(225,067)	(2,306,960)
Transfers	458,105	494,662	(458,105)	(494,662)	-	-
Change in net assets	(3,894,589)	(2,503,155)	3,669,522	196,195	(225,067)	(2,306,960)
Net assets, beginning of year	<u>31,252,834</u>	<u>33,755,989</u>	<u>13,783,512</u>	<u>13,587,317</u>	<u>45,036,346</u>	<u>47,343,306</u>
Net assets, end of year	<u>\$27,358,245</u>	<u>\$31,252,834</u>	<u>\$17,453,034</u>	<u>\$13,783,512</u>	<u>\$44,811,279</u>	<u>\$45,036,346</u>

Business-type activities. Business-type activities increased the County's net assets by \$3,669,522, for the current year. Key elements of the current year increase are as follows:

- Charges for services for business-type activities increased \$5,612,358 compared to the prior year due to the expansion of the Medical Care Facility and services provided.
- Medical Care Facility operation costs increased by \$2,108,288 resulting from the expansion of the facility.

Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned 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 current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,827,759 a decrease of \$3,834,510 in comparison with the prior year. Of the fund balance amount, \$4,829,284 constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,913,222, while total fund balance was \$5,056,421. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15.4 percent of the total general fund expenditures.

The fund balance of the County's general fund decreased by \$101,894 during the current fiscal year. This is primarily attributable to reductions in staffing through attrition, retirement and vacant positions remaining unfilled during the fiscal year.

The revenue sharing reserve fund has a total fund balance of \$519,152 which is a result of drawing down the fund balance, as required by P.A. 357 of 2004, which was enacted to change the collection date of county allocated millages from December 1st to July 1st of each year, to replace the revenue lost by counties due to the elimination of statutory revenue sharing.

The central dispatch fund had a total fund balance of \$3,028,929, an increase of \$5,584 for the year.

The child care fund has a fund balance of \$15,492, an increase of \$1,210 for the year.

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

Unrestricted net assets of the medical care facility, delinquent tax revolving, and jail commissary enterprise funds at the end of the year amounted to \$4,171,487, \$9,077,205, and \$85,283, respectively. The medical care facility had an increase in net assets for the year of \$3,271,031, the delinquent tax revolving fund had an increase of \$384,045, and the jail commissary fund had an increase of \$14,446. Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) decreased by \$172,435 from the original to the final budget. Expenditures in the general fund (including transfers out) increased by \$600,575 from the original to the final budget.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of September 30, 2011 amounted to \$29,903,720 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and vehicles and equipment. The net increase in the County's investment in governmental activities capital assets for the current fiscal year was less than 2 percent. The County's business-type activities' capital assets decreased by \$428,342 or 2.8 percent.

There were no major capital asset events during the current fiscal year.

Eaton County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and land improvements	\$ 102,628	\$ 102,628	\$ -	\$ -	\$ 102,628	\$ 102,628
Buildings and improvements	26,364,881	26,586,285	13,867,877	14,275,709	40,232,758	40,861,994
Vehicles and equipment	3,241,036	2,317,516	928,120	1,032,285	4,169,156	3,349,801
Construction in progress	195,175	471,449	83,655	-	278,830	471,449
	<u>\$29,903,720</u>	<u>\$29,477,878</u>	<u>\$14,879,652</u>	<u>\$15,307,994</u>	<u>\$44,783,372</u>	<u>\$44,785,872</u>

Additional information on the County's capital assets can be found in note F. on pages 40-41 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$26,910,000; this entire amount comprises debt backed by the full faith and credit of the County.

Eaton County's Outstanding Debt
General Obligation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$14,255,000	\$14,990,000	\$10,655,000	\$11,200,000	\$24,910,000	\$26,190,000
Delinquent tax notes	-	-	2,000,000	4,900,000	2,000,000	4,900,000
	<u>\$14,255,000</u>	<u>\$14,990,000</u>	<u>\$12,655,000</u>	<u>\$16,100,000</u>	<u>\$26,910,000</u>	<u>\$31,090,000</u>

The County's total debt decreased by \$4,180,000 (5.5 percent) during the current fiscal year. The County retired debt of \$1,280,000 in general obligation bonds during 2011.

During the year, the County issued \$2 million in delinquent tax notes.

The County has an "AA-" rating for general obligation bonds from Standard & Poor's.

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 the County is \$373,872,675, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note H on pages 42-45 of this report.

Economic Factors and next Year's Budgets and Rates

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

- Property tax revenues are budgeted to decrease by 2% in 2012 due to the declining property tax values.
- In 2012, the Revenue Sharing Reserve Fund balance of approximately \$500,000 was anticipated to be depleted. The State will reinstate Revenue Sharing to the County in the amount of \$1.3 million, a cut of 34% over previous funding levels.
- The County decreased the general fund expenditure budget by \$830,668, a decrease of 2.57% through the elimination of 14.25 positions in the general fund.

During the current fiscal year, the unassigned fund balance in the general fund increased by \$101,894. The general rule of thumb is that fund balances can be used to help government weather bad times but should not be used as a means of funding routine operations. In 2012, the County has budgeted to use \$1,147,089 from fund balance in the general fund.

Contacting the County's Controller

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Eaton County Controller, 1045 Independence Boulevard, Charlotte, Michigan 48813.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Statement of Net Assets
September 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 12,204,422	\$ 6,408,627	\$ 18,613,049	\$ 18,776,388
Investments	2,772,111	-	2,772,111	-
Receivables, net	5,967,783	9,661,550	15,629,333	42,614,363
Internal balances	(107,323)	107,323	-	-
Other assets	642,593	175,846	818,439	815,388
Net other postemployment benefit asset	-	-	-	652,725
Leases receivable	-	-	-	9,864,800
Capital assets not being depreciated	297,803	83,655	381,458	59,283,208
Capital assets being depreciated, net	29,605,917	14,795,997	44,401,914	91,165,855
Total assets	51,383,306	31,232,998	82,616,304	223,172,727
Liabilities				
Accounts payable and accrued expenses	2,867,012	420,988	3,288,000	1,188,530
Interest payable	66,697	118,191	184,888	663,027
Unearned revenue	327,237	-	327,237	194,513
Short-term notes payable	-	-	-	210,000
Long-term liabilities:				
Due within one year	1,061,068	1,026,158	2,087,226	5,055,276
Due in more than one year	15,481,729	12,144,627	27,626,356	52,912,813
Net other postemployment benefit obligation	4,221,318	70,000	4,291,318	-
Total liabilities	24,025,061	13,779,964	37,805,025	60,224,159
Net assets				
Invested in capital assets, net of related debt	15,399,353	4,119,059	19,518,412	103,005,462
Restricted for:				
Debt service	-	-	-	2,648,996
Capital projects	246	-	246	-
Permanent trusts	121,173	-	121,173	-
Unrestricted	11,837,473	13,333,975	25,171,448	57,294,110
Total net assets	\$ 27,358,245	\$ 17,453,034	\$ 44,811,279	\$ 162,948,568

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

EATON COUNTY, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities:					
Legislative	\$ 239,470	\$ -	\$ -	\$ -	\$ (239,470)
Judicial	5,804,520	2,038,932	1,663,938	-	(2,101,650)
General government	8,410,446	1,151,096	361,271	-	(6,898,079)
Public safety	19,312,869	1,132,267	5,291,816	-	(12,888,786)
Public works	354,536	-	-	-	(354,536)
Health and social services	8,843,693	319,467	3,932,770	-	(4,591,456)
Parks, recreation, and cultural	432,924	116,251	-	-	(316,673)
Miscellaneous	31,405	-	-	-	(31,405)
Unallocated depreciation	1,702,723	-	-	-	(1,702,723)
Interest on long-term debt	704,606	-	52,730	-	(651,876)
Total governmental activities	<u>45,837,192</u>	<u>4,758,013</u>	<u>11,302,525</u>	<u>-</u>	<u>(29,776,654)</u>
Business-type activities:					
Medical Care Facility operation	14,591,051	17,316,232	-	-	2,725,181
Jail Commissary	25,766	40,212	-	-	14,446
Delinquent tax collections	299,179	1,252,880	17,544	-	971,245
Total business-type activities	<u>14,915,996</u>	<u>18,609,324</u>	<u>17,544</u>	<u>-</u>	<u>3,710,872</u>
Total primary government	<u>\$ 60,753,188</u>	<u>\$ 23,367,337</u>	<u>\$ 11,320,069</u>	<u>\$ -</u>	<u>\$ (26,065,782)</u>
Component units					
Road Commission	\$ 10,519,364	\$ 590,148	\$ 7,553,380	\$ 1,763,191	\$ (612,645)
Board of Public Works	412,764	-	410,104	-	(2,660)
Drainage Districts	3,280,829	492	32,018	4,894,379	1,646,060
District Health Department	6,691,397	1,150,282	5,704,556	-	163,441
Total component units	<u>\$ 20,904,354</u>	<u>\$ 1,740,922</u>	<u>\$ 13,700,058</u>	<u>\$ 6,657,570</u>	<u>\$ 1,194,196</u>

Continued...

EATON COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net assets				
Net (expense) revenue	\$ (29,776,654)	\$ 3,710,872	\$ (26,065,782)	\$ 1,194,196
General revenues:				
Property taxes	24,325,343	416,755	24,742,098	-
Grants and contributions not restricted to specific programs	1,054,773	-	1,054,773	-
Unrestricted investment earnings	43,844	-	43,844	7,795
Transfers - internal activities	458,105	(458,105)	-	-
Total general revenues and transfers	25,882,065	(41,350)	25,840,715	7,795
Change in net assets	(3,894,589)	3,669,522	(225,067)	1,201,991
Net assets, October 1	31,252,834	13,783,512	45,036,346	161,746,577
Net assets, September 30	\$ 27,358,245	\$ 17,453,034	\$ 44,811,279	\$ 162,948,568

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

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
September 30, 2011

	<u>General</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Revenue Sharing Reserve</u>	<u>Jail Millage II</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ 813,780	\$ 3,050,945	\$ -	\$ 519,152	\$ 1,440,725	\$ 1,986,225	\$ 7,810,827
Receivables:							
Property taxes	3,638,149	51,780	-	-	45,153	14,324	3,749,406
Accounts, net	109,889	-	38,665	-	-	26,421	174,975
Due from other governments	629,645	39,604	660,584	-	8,426	289,634	1,627,893
Due from component units	364,695	-	-	-	-	-	364,695
Interfund receivable	456,698	-	-	-	-	-	456,698
Prepays	93,199	-	-	-	-	-	93,199
Advances to component unit	50,000	-	-	-	-	-	50,000
	<u>\$ 6,156,055</u>	<u>\$ 3,142,329</u>	<u>\$ 699,249</u>	<u>\$ 519,152</u>	<u>\$ 1,494,304</u>	<u>\$ 2,316,604</u>	<u>\$ 14,327,693</u>
<u>TOTAL ASSETS</u>							
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 541,829	\$ 28,468	\$ 365,834	\$ -	\$ 20,861	\$ 145,061	\$ 1,102,053
Accrued liabilities	284,788	27,134	30,587	-	14,539	8,891	365,939
Due to other governmental units	-	-	338	-	-	69,225	69,563
Due to other funds	57,037	6,018	3,809	-	2,725	1,476	71,065
Advances from other funds	-	-	-	-	-	107,379	107,379
Interfund payable	-	-	283,189	-	-	173,509	456,698
Deferred revenue	215,980	51,780	-	-	20,590	38,887	327,237
	<u>1,099,634</u>	<u>113,400</u>	<u>683,757</u>	<u>-</u>	<u>58,715</u>	<u>544,428</u>	<u>2,499,934</u>
Total liabilities							
Fund balances							
Nonspendable	143,199	-	-	-	-	-	143,199
Restricted	-	3,028,929	15,492	519,152	1,435,589	289,555	5,288,717
Committed	-	-	-	-	-	1,566,559	1,566,559
Unassigned (deficit)	4,913,222	-	-	-	-	(83,938)	4,829,284
	<u>5,056,421</u>	<u>3,028,929</u>	<u>15,492</u>	<u>519,152</u>	<u>1,435,589</u>	<u>1,772,176</u>	<u>11,827,759</u>
Total fund balances							
	<u>\$ 6,156,055</u>	<u>\$ 3,142,329</u>	<u>\$ 699,249</u>	<u>\$ 519,152</u>	<u>\$ 1,494,304</u>	<u>\$ 2,316,604</u>	<u>\$ 14,327,693</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>							

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

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
September 30, 2011

Total fund balances for governmental funds \$ 11,827,759

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.

Add - capital assets	\$ 57,436,179	
Deduct - accumulated depreciation	<u>(27,532,459)</u>	29,903,720

Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - bonds and notes payable	(14,504,367)	
Deduct - interest payable	(66,697)	
Deduct - other postemployment benefit obligation	<u>(4,221,318)</u>	(18,792,382)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

6,457,578

Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds; however, these amounts are included in the Statement of Net Assets.

(2,038,430)

Net assets of governmental activities \$ 27,358,245

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	<u>General</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Revenue Sharing Reserve</u>	<u>Jail Millage II</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 17,625,922	\$ 3,182,171	\$ -	\$ -	\$ 2,344,845	\$ 1,172,405	\$ 24,325,343
Licenses and permits	201,344	-	-	-	-	237,181	438,525
Intergovernmental:							
Federal/State	3,252,005	296,614	2,896,674	-	8,426	2,368,776	8,822,495
Local	2,895,984	31	6,525	-	-	52,730	2,955,270
Charges for services	3,249,320	-	133	-	-	516,437	3,765,890
Fines and forfeitures	211,184	-	-	-	-	64,168	275,352
Interest and rents	288,601	-	-	281	-	10,400	299,282
Other	274,421	-	186,876	-	-	132,644	593,941
Total revenues	<u>27,998,781</u>	<u>3,478,816</u>	<u>3,090,208</u>	<u>281</u>	<u>2,353,271</u>	<u>4,554,741</u>	<u>41,476,098</u>
Expenditures							
Current:							
Legislative	241,077	-	-	-	-	-	241,077
Judicial	5,393,487	-	-	-	-	191,804	5,585,291
General government	7,136,670	-	-	-	-	89,648	7,226,318
Public safety	13,410,997	2,638,399	-	-	1,496,114	971,313	18,516,823
Public works	354,536	-	-	-	-	-	354,536
Health and social services	1,905,188	-	5,694,895	-	-	1,288,133	8,888,216
Parks, recreation and culture	411,294	-	-	-	-	-	411,294
Other	16,046	-	-	-	-	15,359	31,405
Capital outlay	1,114,662	545,434	-	-	-	1,319,528	2,979,624
Debt service:							
Principal	-	-	-	-	-	825,590	825,590
Interest and fiscal charges	-	-	-	-	-	708,539	708,539
Total expenditures	<u>29,983,957</u>	<u>3,183,833</u>	<u>5,694,895</u>	<u>-</u>	<u>1,496,114</u>	<u>5,409,914</u>	<u>45,768,713</u>
Revenues over (under) expenditures	<u>(1,985,176)</u>	<u>294,983</u>	<u>(2,604,687)</u>	<u>281</u>	<u>857,157</u>	<u>(855,173)</u>	<u>(4,292,615)</u>
Other financing sources (uses)							
Transfers in	3,769,137	122,216	2,606,747	-	-	1,372,136	7,870,236
Transfers out	(1,885,855)	(411,615)	(850)	(2,202,636)	(1,509,420)	(1,401,755)	(7,412,131)
Total other sources (uses)	<u>1,883,282</u>	<u>(289,399)</u>	<u>2,605,897</u>	<u>(2,202,636)</u>	<u>(1,509,420)</u>	<u>(29,619)</u>	<u>458,105</u>
Net change in fund balances	(101,894)	5,584	1,210	(2,202,355)	(652,263)	(884,792)	(3,834,510)
Fund balances, October 1, as restated	5,158,315	3,023,345	14,282	2,721,507	2,087,852	2,656,968	15,662,269
Fund balances, September 30	<u>\$ 5,056,421</u>	<u>\$ 3,028,929</u>	<u>\$ 15,492</u>	<u>\$ 519,152</u>	<u>\$ 1,435,589</u>	<u>\$ 1,772,176</u>	<u>\$ 11,827,759</u>

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

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2011

Net change in fund balance - total governmental funds \$ (3,834,510)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$ 2,128,565	
Deduct - depreciation expense	<u>(1,702,723)</u>	425,842

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Add - repayment of debt principal		825,590
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Accrued interest expense on bonds is not recorded by governmental funds, but is reported under interest and fiscal charges for purposes of net assets.

Add - decrease in accrued interest expense		3,474
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Some expenses reported in the Statement of Activities do not require the use current financial resources and therefore are not reported as fund expenditures.

Deduct - increase in accrued compensated absences		(150,996)
Add - amortization of debt-related costs		459
Deduct - increase in obligation for other postemployment benefits		(1,693,607)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.

		<u>529,159</u>
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Changes in net assets of governmental activities \$ (3,894,589)

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Property taxes	\$ 17,736,451	\$ 17,828,201	\$ 17,625,922	\$ (202,279)
Licenses and permits	241,500	241,500	201,344	(40,156)
Intergovernmental:				
Federal/State	3,278,102	3,309,106	3,252,005	(57,101)
Local	2,911,052	2,911,052	2,895,984	(15,068)
Charges for services	3,504,650	3,197,350	3,249,320	51,970
Fines and forfeitures	167,000	167,000	211,184	44,184
Interest and rents	359,829	359,829	288,601	(71,228)
Other	197,390	209,501	274,421	64,920
	<u>28,395,974</u>	<u>28,223,539</u>	<u>27,998,781</u>	<u>(224,758)</u>
Total revenues				
Expenditures				
Current:				
Legislative	294,392	299,392	241,077	58,315
Judicial	5,615,027	5,649,256	5,393,487	255,769
General government	7,349,196	7,461,731	7,136,670	325,061
Public safety	14,048,248	13,913,261	13,410,997	502,264
Public works	408,410	405,143	354,536	50,607
Health and social services	1,912,757	1,954,456	1,905,188	49,268
Parks, recreation and cultural	442,357	448,522	411,294	37,228
Other	318,000	266,959	16,046	250,913
Capital outlay	1,216,492	1,656,052	1,114,662	541,390
	<u>31,604,879</u>	<u>32,054,772</u>	<u>29,983,957</u>	<u>2,070,815</u>
Total expenditures				
Revenues under expenditures	<u>(3,208,905)</u>	<u>(3,831,233)</u>	<u>(1,985,176)</u>	<u>1,846,057</u>
Other financing sources (uses)				
Transfers in	3,769,137	3,769,137	3,769,137	-
Transfers out	(1,738,120)	(1,888,802)	(1,885,855)	2,947
	<u>2,031,017</u>	<u>1,880,335</u>	<u>1,883,282</u>	<u>2,947</u>
Total other sources (uses)				
Net changes in fund balance	(1,177,888)	(1,950,898)	(101,894)	1,849,004
Fund balance, October 1, as restated	<u>5,158,315</u>	<u>5,158,315</u>	<u>5,158,315</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 3,980,427</u></u>	<u><u>\$ 3,207,417</u></u>	<u><u>\$ 5,056,421</u></u>	<u><u>\$ 1,849,004</u></u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Central Dispatch Special Revenue Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Property taxes	\$ 3,229,604	\$ 3,229,604	\$ 3,182,171	\$ (47,433)
Intergovernmental:				
Federal/State	230,000	230,000	296,614	66,614
Local	500	500	31	(469)
Interest and rents	1,500	1,500	-	(1,500)
	<u>3,461,604</u>	<u>3,461,604</u>	<u>3,478,816</u>	<u>17,212</u>
Total revenues				
Expenditures				
Current - public safety	2,854,190	2,975,957	2,638,399	337,558
Capital outlay	587,000	549,449	545,434	4,015
	<u>3,441,190</u>	<u>3,525,406</u>	<u>3,183,833</u>	<u>341,573</u>
Total expenditures				
Revenues over (under) expenditures	<u>20,414</u>	<u>(63,802)</u>	<u>294,983</u>	<u>358,785</u>
Other financing sources (uses)				
Transfers in	-	122,216	122,216	-
Transfers out	<u>(373,615)</u>	<u>(411,615)</u>	<u>(411,615)</u>	<u>-</u>
	<u>(373,615)</u>	<u>(289,399)</u>	<u>(289,399)</u>	<u>-</u>
Total other uses				
Net changes in fund balance	(353,201)	(353,201)	5,584	358,785
Fund balance, October 1	<u>3,023,345</u>	<u>3,023,345</u>	<u>3,023,345</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 2,670,144</u></u>	<u><u>\$ 2,670,144</u></u>	<u><u>\$ 3,028,929</u></u>	<u><u>\$ 358,785</u></u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Child Care Special Revenue Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Intergovernmental:				
Federal/State	\$ 2,787,455	\$ 2,887,455	\$ 2,896,674	\$ 9,219
Local	13,900	13,900	6,525	(7,375)
Charges for services	50	50	133	83
Miscellaneous	146,000	202,860	186,876	(15,984)
	<u>2,947,405</u>	<u>3,104,265</u>	<u>3,090,208</u>	<u>(14,057)</u>
Expenditures				
Health and social services	5,536,119	5,712,129	5,694,895	17,234
	<u>(2,588,714)</u>	<u>(2,607,864)</u>	<u>(2,604,687)</u>	<u>3,177</u>
Other financing sources (uses)				
Transfers in	2,588,714	2,608,714	2,606,747	(1,967)
Transfers out	-	(850)	(850)	-
	<u>2,588,714</u>	<u>2,607,864</u>	<u>2,605,897</u>	<u>(1,967)</u>
Net changes in fund balance	-	-	1,210	1,210
Fund balance, October 1	14,282	14,282	14,282	-
Fund balance, September 30	<u>\$ 14,282</u>	<u>\$ 14,282</u>	<u>\$ 15,492</u>	<u>\$ 1,210</u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Interest and rents	\$ -	\$ -	\$ 281	\$ 281
Other financing uses				
Transfers out	<u>(2,187,475)</u>	<u>(2,187,475)</u>	<u>(2,202,636)</u>	<u>(15,161)</u>
Net changes in fund balance	(2,187,475)	(2,187,475)	(2,202,355)	(14,880)
Fund balance, October 1	<u>2,721,507</u>	<u>2,721,507</u>	<u>2,721,507</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 534,032</u></u>	<u><u>\$ 534,032</u></u>	<u><u>\$ 519,152</u></u>	<u><u>\$ (14,880)</u></u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Jail Millage II Special Revenue Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Property taxes	\$ 2,377,614	\$ 2,377,614	\$ 2,344,845	\$ (32,769)
Intergovernmental:				
Federal/State	<u>7,500</u>	<u>7,500</u>	<u>8,426</u>	<u>926</u>
Total revenues	2,385,114	2,385,114	2,353,271	(31,843)
Expenditures				
Public safety	<u>1,573,679</u>	<u>1,563,417</u>	<u>1,496,114</u>	<u>67,303</u>
Revenues over expenditures	811,435	821,697	857,157	35,460
Other financing uses				
Transfers out	<u>(1,705,206)</u>	<u>(1,715,468)</u>	<u>(1,509,420)</u>	<u>206,048</u>
Net changes in fund balance	(893,771)	(893,771)	(652,263)	241,508
Fund balance, October 1	<u>2,087,852</u>	<u>2,087,852</u>	<u>2,087,852</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 1,194,081</u></u>	<u><u>\$ 1,194,081</u></u>	<u><u>\$ 1,435,589</u></u>	<u><u>\$ 241,508</u></u>

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

EATON COUNTY, MICHIGAN

Statement of Net Assets

Proprietary Funds

September 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,967,869	\$ 4,363,640	\$ 77,118	\$ 6,408,627	\$ 4,393,595
Investments	-	-	-	-	2,772,111
Receivables:					
Property taxes	-	6,596,996	-	6,596,996	-
Accounts, net	3,049,317	-	2,680	3,051,997	-
Other	-	9,185	-	9,185	814
Due from other funds	-	-	-	-	71,121
Advances to other funds	-	107,379	-	107,379	-
Due from other governments	-	3,372	-	3,372	-
Inventories	80,287	-	5,851	86,138	-
Prepays	17,574	-	-	17,574	549,394
Unamortized bond issuance costs	72,134	-	-	72,134	-
Total current assets	5,187,181	11,080,572	85,649	16,353,402	7,787,035
Noncurrent assets:					
Construction in progress	83,655	-	-	83,655	-
Buildings	16,245,554	-	-	16,245,554	-
Equipment	1,852,777	-	-	1,852,777	-
Accumulated depreciation	(3,302,334)	-	-	(3,302,334)	-
Total noncurrent assets	14,879,652	-	-	14,879,652	-
Total assets	20,066,833	11,080,572	85,649	31,233,054	7,787,035
Liabilities					
Current liabilities:					
Accounts payable	336,924	-	-	336,924	19,192
Accrued liabilities	80,387	-	310	80,697	1,310,265
Due to other funds	-	-	56	56	-
Due to other governments	-	3,367	-	3,367	-
Interest payable	118,191	-	-	118,191	-
Current portion of:					
Accrued compensated absences	410,192	-	-	410,192	-
Lease payable	35,966	-	-	35,966	-
Bonds and notes payable	580,000	-	-	580,000	-
Total current liabilities	1,561,660	3,367	366	1,565,393	1,329,457
Noncurrent liabilities -					
Long-term debt, net of current portion:					
Lease payable	69,627	-	-	69,627	-
Bonds and notes payable	10,075,000	2,000,000	-	12,075,000	-
Net other postemployment benefit obligation	70,000	-	-	70,000	-
Total noncurrent liabilities	10,214,627	2,000,000	-	12,214,627	-
Total liabilities	11,776,287	2,003,367	366	13,780,020	1,329,457
Net assets					
Invested in capital assets, net of related debt	4,119,059	-	-	4,119,059	-
Unrestricted	4,171,487	9,077,205	85,283	13,333,975	6,457,578
Total net assets	\$ 8,290,546	\$ 9,077,205	\$ 85,283	\$ 17,453,034	\$ 6,457,578

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary funds
For the Year Ended September 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>		
Operating revenues					
Charges for services	\$ 17,316,232	\$ -	\$ -	\$ 17,316,232	\$ 11,279,063
Interest on taxes	-	943,911	-	943,911	-
Sales	-	-	40,212	40,212	-
Administrative fees/penalties	-	308,969	-	308,969	-
Other revenues	-	17,544	-	17,544	264
Total operating revenues	<u>17,316,232</u>	<u>1,270,424</u>	<u>40,212</u>	<u>18,626,868</u>	<u>11,279,327</u>
Operating expenses					
Personal services and benefits	8,227,671	8,306	19,996	8,255,973	2,107,766
Operating supplies	1,440,231	13,523	-	1,453,754	-
Contractual services	-	27,362	5,770	33,132	301,314
Insurance and claims	-	-	-	-	8,362,859
Depreciation and amortization	577,006	-	-	577,006	-
Tax tribunal refunds	-	83,234	-	83,234	-
Other expenses	3,848,293	103,418	-	3,951,711	-
Total operating expenses	<u>14,093,201</u>	<u>235,843</u>	<u>25,766</u>	<u>14,354,810</u>	<u>10,771,939</u>
Operating income	<u>3,223,031</u>	<u>1,034,581</u>	<u>14,446</u>	<u>4,272,058</u>	<u>507,388</u>
Nonoperating revenues (expenses)					
Interest income	-	-	-	-	23,938
Interest expense	(497,850)	(63,336)	-	(561,186)	-
Loss on investments	-	-	-	-	(2,167)
Property tax revenue	416,755	-	-	416,755	-
Total nonoperating revenues (expenses)	<u>(81,095)</u>	<u>(63,336)</u>	<u>-</u>	<u>(144,431)</u>	<u>21,771</u>
Income before transfers	<u>3,141,936</u>	<u>971,245</u>	<u>14,446</u>	<u>4,127,627</u>	<u>529,159</u>
Transfers in	<u>129,095</u>	<u>-</u>	<u>-</u>	<u>129,095</u>	<u>-</u>
Transfers out	<u>-</u>	<u>(587,200)</u>	<u>-</u>	<u>(587,200)</u>	<u>-</u>
Change in net assets	<u>3,271,031</u>	<u>384,045</u>	<u>14,446</u>	<u>3,669,522</u>	<u>529,159</u>
Net assets, October 1	<u>5,019,515</u>	<u>8,693,160</u>	<u>70,837</u>	<u>13,783,512</u>	<u>5,928,419</u>
Net assets, September 30	<u>\$ 8,290,546</u>	<u>\$ 9,077,205</u>	<u>\$ 85,283</u>	<u>\$ 17,453,034</u>	<u>\$ 6,457,578</u>

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

EATON COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Cash flows from operating activities					
Cash received from customers	\$ 14,569,700	\$ 9,053,543	\$ 40,732	\$ 23,663,975	\$ -
Cash received from interfund services	-	-	-	-	11,393,276
Cash paid to local units for receivables	-	(7,043,025)	-	(7,043,025)	-
Cash paid to/for employees	(13,804,416)	(8,306)	(20,376)	(13,833,098)	(3,810,218)
Cash paid to suppliers	-	(149,455)	(8,690)	(158,145)	(6,628,062)
Other receipts	1,279,440	17,544	-	1,296,984	-
Net cash provided by operating activities	<u>2,044,724</u>	<u>1,870,301</u>	<u>11,666</u>	<u>3,926,691</u>	<u>954,996</u>
Cash flows from noncapital financing activities					
Transfer in	129,095	-	-	129,095	-
Transfer out	-	(587,200)	-	(587,200)	-
Tax notes issued	-	4,400,000	-	4,400,000	-
Tax notes redeemed	-	(7,300,000)	-	(7,300,000)	-
Interest paid on tax notes / advances	-	(63,336)	-	(63,336)	-
Net cash provided by (used in) noncapital financing activities	<u>129,095</u>	<u>(3,550,536)</u>	<u>-</u>	<u>(3,421,441)</u>	<u>-</u>
Cash flows from capital and related financing activities					
Interest paid on debt	(497,850)	-	-	(497,850)	-
Principal paid on debt	(578,351)	-	-	(578,351)	-
Tax revenue	416,755	-	-	416,755	-
Capital acquisitions	(144,874)	-	-	(144,874)	-
Net cash used in capital and related financing activities	<u>(804,320)</u>	<u>-</u>	<u>-</u>	<u>(804,320)</u>	<u>-</u>
Cash flows from investing activities					
Sale of investments	-	-	-	-	155
Interest received	-	-	-	-	23,938
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,093</u>
Change in cash and cash equivalents	1,369,499	(1,680,235)	11,666	(299,070)	979,089
Cash and cash equivalents, October 1	598,370	6,043,875	65,452	6,707,697	3,414,506
Cash and cash equivalents, September 30	<u>\$ 1,967,869</u>	<u>\$ 4,363,640</u>	<u>\$ 77,118</u>	<u>\$ 6,408,627</u>	<u>\$ 4,393,595</u>

Continued...

EATON COUNTY, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended September 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 3,223,031	\$ 1,034,581	\$ 14,446	\$ 4,272,058	\$ 507,388
Adjustments to reconcile operating income to net cash provided (used in) by operating activities:					
Depreciation	571,963	-	-	571,963	-
Provision for bad debt	129,838	-	-	129,838	-
Amortization of bond issuance costs	5,043	-	-	5,043	-
Change in assets and liabilities:					
Taxes receivable	-	642,591	-	642,591	-
Accounts receivable	(1,596,930)	(3,606)	520	(1,600,016)	598
Due from other funds	-	228,051	-	228,051	113,944
Advances to other funds	-	(107,379)	-	(107,379)	-
Due from other governments	-	81,215	-	81,215	-
Inventories	25,020	-	(718)	24,302	-
Prepays	1,770	-	-	1,770	(365,668)
Accounts payable	(18,247)	-	(2,202)	(20,449)	3,109
Accrued liabilities	(296,764)	-	(331)	(297,095)	695,625
Due to other funds	-	-	(49)	(49)	-
Due to other governments	-	(5,152)	-	(5,152)	-
Net cash provided by operating activities	<u>\$ 2,044,724</u>	<u>\$ 1,870,301</u>	<u>\$ 11,666</u>	<u>\$ 3,926,691</u>	<u>\$ 954,996</u>

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

EATON COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 10,608,323
Accounts receivable	<u>29,110</u>
Total assets	<u><u>\$ 10,637,433</u></u>
 Liabilities	
Undistributed receipts	\$ 9,881,519
Due to individuals/agencies	427,399
Due to other governmental units	<u>328,515</u>
Total liabilities	<u><u>\$ 10,637,433</u></u>

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

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Discretely Presented Component Units
September 30, 2011

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 2,029,002	\$ -	\$ 14,714,081	\$ 2,033,305	\$ 18,776,388
Receivables:					
Special assessments	-	-	39,758,992	-	39,758,992
Accounts, net	-	-	-	521,944	521,944
Due from other governmental units:					
Federal/State	2,213,955	-	-	-	2,213,955
Local	119,472	-	-	-	119,472
Inventories	325,161	-	-	-	325,161
Prepays	61,597	146,619	-	23,322	231,538
Net other postemployment benefit asset	652,725	-	-	-	652,725
Leases receivable	-	9,864,800	-	-	9,864,800
Bond issuance costs	-	97,265	161,424	-	258,689
Capital assets not being depreciated	23,487,828	-	35,795,380	-	59,283,208
Capital assets being depreciated, net	50,417,400	-	40,606,312	142,143	91,165,855
Total assets	<u>79,307,140</u>	<u>10,108,684</u>	<u>131,036,189</u>	<u>2,720,714</u>	<u>223,172,727</u>
Liabilities					
Accounts payable	-	-	295,387	163,717	459,104
Accrued liabilities	96,699	-	-	218,032	314,731
Interest payable	21,404	26,088	615,535	-	663,027
Due to primary government	364,695	-	-	-	364,695
Unearned revenue	-	146,619	-	47,894	194,513
Advances from primary government	-	-	50,000	-	50,000
Short-term notes payable	-	-	210,000	-	210,000
Long-term debt:					
Due within one year	529,651	760,000	3,729,308	36,317	5,055,276
Due in more than one year	3,286,863	9,104,800	40,194,293	326,857	52,912,813
Total liabilities	<u>4,299,312</u>	<u>10,037,507</u>	<u>45,094,523</u>	<u>792,817</u>	<u>60,224,159</u>
Net assets					
Invested in capital assets, net of related debt	70,385,228	-	32,478,091	142,143	103,005,462
Restricted for debt service	-	-	2,648,996	-	2,648,996
Unrestricted	4,622,600	71,177	50,814,579	1,785,754	57,294,110
Total net assets	<u>\$ 75,007,828</u>	<u>\$ 71,177</u>	<u>\$ 85,941,666</u>	<u>\$ 1,927,897</u>	<u>\$ 162,948,568</u>

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

EATON COUNTY, MICHIGAN
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2011

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Total</u>
Expenses					
Public works	\$ -	\$ 412,764	\$ 3,280,829	\$ -	\$ 3,693,593
Health and social services	-	-	-	6,691,397	6,691,397
Highways and streets	10,519,364	-	-	-	10,519,364
Total expenses	<u>10,519,364</u>	<u>412,764</u>	<u>3,280,829</u>	<u>6,691,397</u>	<u>20,904,354</u>
Program revenues					
Charges for services	590,148	-	492	1,150,282	1,740,922
Operating grants and contributions	7,553,380	410,104	32,018	5,704,556	13,700,058
Capital grants and contributions	1,763,191	-	4,894,379	-	6,657,570
Total program revenues	<u>9,906,719</u>	<u>410,104</u>	<u>4,926,889</u>	<u>6,854,838</u>	<u>22,098,550</u>
Net program revenue (expense)	(612,645)	(2,660)	1,646,060	163,441	1,194,196
General revenues					
Unrestricted investment earnings	334	16	7,445	-	7,795
Change in net assets	(612,311)	(2,644)	1,653,505	163,441	1,201,991
Net assets, October 1	<u>75,620,139</u>	<u>73,821</u>	<u>84,288,161</u>	<u>1,764,456</u>	<u>161,746,577</u>
Net assets, September 30	<u>\$ 75,007,828</u>	<u>\$ 71,177</u>	<u>\$ 85,941,666</u>	<u>\$ 1,927,897</u>	<u>\$ 162,948,568</u>

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

NOTES to the FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. *Reporting Entity*

As required by generally accepted accounting principles, 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 a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Units

Eaton County Department of Human Services – is governed by a three-member board, which consists of two members appointed by the County Board of Commissioners and one State-appointed member. The Board is responsible for establishing policies and overseeing the local administration of the Department of Human Services and the State of Michigan Social Welfare program. State law requires local activities to be blended with the local primary government even though the employees of the Eaton County Department of Human Services are employees of the State of Michigan and substantially all of the programs are financed through the State. In accordance with State law, the Department of Human Services has been included as a special revenue fund.

Eaton County Medical Care Facility – provides skilled long-term care to residents of the County and is not considered legally separate from the County; therefore, it has been included in the County’s financial statements as an enterprise fund.

Eaton County Building Authority – is governed by a three-member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Eaton County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

Discretely Presented Component Units

Eaton County Road Commission – is governed by a three-member Board of Road Commissioners that is appointed by the County Board of Commissioners. The Road Commission maintains local, state and federal trunklines in Eaton County with financing primarily from the distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments. The County must authorize all long-term debt issuances of the Road Commission, excluding capital lease purchase agreements. Complete financial statements for the Road Commission may be obtained by contacting the Eaton County Road Commission at 1112 Reynolds Road, Charlotte, Michigan 48813.

Eaton County Board of Public Works (BPW) – is governed by a seven-member Board that consists of six County Board of Commissioners appointees and the Eaton County Drain Commissioner. The BPW Board oversees the operations of the BPW, while establishing policy and administering various public works construction projects and debt service funds under Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation debt issuances require County authorization and are backed by the full faith and credit of the County. The BPW does not issue separate financial statements.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Eaton County Drainage Districts – are governed by the Eaton County Drain Commissioner, who is responsible for planning, developing and maintaining surface water drainage systems, while maintaining a file for the financing, construction and maintenance of each County drain. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and borrow up to \$150,000 from any source to provide for drain maintenance without Board of Commissioners' approval and without going through the Michigan Municipal Finance Division. The Drain Commissioner has authority to levy special assessments on properties benefitting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$150,000 require County authorization and are backed by the full faith and credit of the County. Separate financial statements are not issued for the Drainage Districts.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement, or interlocal agreement, which is owned, operated or governed by two or more participants. The entity is subject to joint control with financial interest and responsibility by its participants.

Barry/Eaton County District Health Department (DHD) – is a joint venture between Barry and Eaton counties. The DHD was established to provide public health services with a current funding formula of 65 and 35 percent from Eaton and Barry counties, respectively. Due to the treasury function resting with the Eaton County Treasurer, the DHD is presented as a discretely presented component unit of Eaton County. The DHD does not issue separate financial statements.

Related Organization

A related organization is a legal entity for which the government appoints a voting majority of the governing body, but for which it is not financially accountable.

Eaton County Transportation Authority – is governed by a three-member board comprised of one Board of Commissioner member and two at-large appointees made by the Board. The Transportation Authority is a legally separate entity established to provide public transportation services to citizens within the County. The County levies and collects a millage for the Transportation Authority, but it does not hold title to the Authority's assets, nor does it have rights or obligations to surpluses or deficits of the Transportation Authority. Accordingly, it is not reported as a component unit of the County.

Jointly Governed Organizations

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Tri-County Community Mental Health Board – is governed by a 12-member board appointed by the Boards of Commissioners of Ingham, Eaton and Clinton counties for which it services. Operating revenues are derived from fees for services and from federal, state and local sources; Eaton County appropriated \$403,345 to the Tri-County Community Mental Health Board for the year ended September 30, 2011.

Tri-County Regional Planning Commission – is governed by the political jurisdictions it serves including the cities of Lansing and East Lansing; Delta and Meridian townships; the Michigan Department of Transportation; and the counties, road commissions and transit authorities of Ingham, Eaton and Clinton counties. The Planning Commission adopts a proposed budget during February and submits the budget, thereby requesting a contribution from each governmental unit. Eaton County contributed \$102,900 for fiscal 2011.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County Office on Aging – is governed by a 13-member board appointed by the Board of Commissioners from the three counties it services – Ingham, Eaton and Clinton. The Office on Aging provides services to older residents of the three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$60,624 for the year ended September 30, 2011.

Mid-South Substance Abuse Commission – is governed by 19 members from nine counties, of which Eaton County appoints two members. The County's financial responsibility is to pass through to the Commission a portion of the convention and tourism revenues it receives and, if needed, such additional funds based on the ratio of board membership. The County contributed \$254,139 for the year ended September 30, 2011.

Lansing Tri-County Employment and Training Consortium – is governed by a 12-member board, of which the County appoints two members. The County has no financial responsibility other than potential liability from appropriated use of funds as the Consortium's revenue is derived from federal and state grants.

2. *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary 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 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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Property taxes, state shared revenues, 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 *central dispatch fund* accounts for the operations of the county-wide 911 dispatch center and the millage approved by county voters for the operation of the facility.

The *child care fund* accounts for the administration of the County's foster care system, including the administration of in-home/out-of-home placements of delinquent and foster care youth, financed through State reimbursements and general fund appropriations.

The *revenue sharing reserve fund* is mandated by the State of Michigan and accounts for property tax collections to serve as a substitute for state revenue sharing payments. This substitute funding mechanism involved a gradual shift of County property tax millage from a winter to a summer tax levy.

The *jail millage II fund* accounts for the collections of taxes to provide for the debt servicing of the jail.

The County reports the following major proprietary funds:

The *medical care facility fund* accounts for the operation of the County's long-term adult care facility.

The *delinquent tax revolving fund* accounts for the 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 *jail commissary fund* accounts for the operation of the sale of products to jail inmates.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Permanent 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.

Internal service funds account for operations that provide self-insurance services (i.e., general liability, workers' compensation, life and disability, unemployment, and retirees' health insurance) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds 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.

4. *Assets, Liabilities and Equity*

Deposits and Investment – The County pools cash resources of various funds in order to facilitate the management of cash; however, cash applicable to a particular fund is readily identifiable. Sufficient cash is retained in the pooled cash accounts to meet current operating requirements and excess cash is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, with maturities from date of purchase of 90 days or less, investment trust funds, and mutual funds. The investment trust funds have the general characteristics of demand deposit accounts.

Investments are stated at fair value and consist of commercial paper and certificates of deposit with original maturities of greater than 90 days.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County has established allowances for doubtful accounts to estimate uncollectible accounts receivable in the child care and medical care facility funds and district health department component unit. The County utilizes the direct write-off method for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Inventories – The cost of inventory items in the primary government for all funds is recorded as an expenditure at the time of purchase. Inventories of the medical care facility and jail commissary funds consist of medical supplies and miscellaneous hygiene and consumer products, respectively, which are stated at the lower of first-in, first-out (FIFO) or market.

The cost of inventory items in the Road Commission is recorded as an expenditure when they are used (i.e., consumption method). Inventories of the Road Commission consist of road materials and equipment parts, which are stated at the lower of average cost or market.

Prepays – Certain payments to vendors (particularly for insurance coverage) reflect costs that are applicable to a future period and are recorded as prepaid items.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drains and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual costs of \$5,000 or more (\$200,000 for infrastructure) 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 market 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. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government and Drainage Districts component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	3-10 years
Vehicles	2-5 years
Infrastructure - drains	40 years

Capital assets of the Road Commission component unit are depreciated as follows:

Buildings	Straight-line	40 years
Equipment	Sum-of-years-digits	5-8 years
Roads	Straight-line	5-30 years
Bridges	Straight-line	15-50 years
Other infrastructure	Straight-line	8-20 years

Compensated Absences – Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

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 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the County Commissioners. A formal resolution of the County Commissioners is required to establish, modify, or rescind a fund balance commitment.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County Commissioners can also give authority to management to assign fund balance but has not yet done so; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

When the government incurs expenditures for purposes for which various fund balances classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end. The legal level of budgetary control is at the activity level for the general fund and the functional level for the special revenue funds; for control purposes, all budgets are maintained at the activity and account level. Budgetary transfers between funds, amendments to total fund, department or activity budgets, or increases to salary or capital outlay accounts in excess of \$2,500 require Board approval. The Board made several supplemental budgetary appropriations throughout the year that were not considered material.

Prior to May 1 of each year, the County departments working in conjunction with the Controller's Office prepare and submit their proposed budgets, including expenditures and estimated revenues, for the fiscal year commencing the following October 1. Following a public hearing to obtain taxpayer comments, the budgets are legally enacted prior to September 30 through passage of a budget resolution.

2. *Excess of Expenditures over Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2011, the County incurred a transfer in excess of the amount appropriated as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue sharing reserve fund			
Transfers out	\$2,187,475	\$2,202,636	\$ (15,161)

3. *Fund with Deficit Fund Balance*

For the year ended September 30, 2011, the Debt Service Fund – Dental Clinic has an unassigned fund deficit of \$83,938. A deficit elimination plan is being filed with the Local Audit and Finance Division of the State of Michigan.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

C. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of September 30, 2011:

	Primary Government	Component Units	Total
Financial statements			
Statement of net assets:			
Cash and cash equivalents	\$ 18,613,049	\$ 18,776,388	\$ 37,389,437
Investments	2,772,111	-	2,772,111
Statement of fiduciary assets and liabilities -			
Cash and cash equivalents	10,608,323	-	10,608,323
Total	\$ 31,993,483	\$ 18,776,388	\$ 50,769,871
 Deposits and investments			
Bank deposits (checking accounts, savings accounts and certificates of deposits)			\$ 33,042,927
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			14,922,093
Retirees health insurance fund			2,772,111
Cash on hand			32,740
Total			\$ 50,769,871

County's Cash and Investment Pool

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk, that in the event of a bank failure, the County's deposits may not be returned to the government. As of September 30, 2011, \$33,161,388 of the County's total bank balance of \$33,411,388 (total book balance was \$33,042,927) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The County's investment policy requires that only those banks or savings and loan institutions that are members of the FDIC or FSLIC will be considered for depository purposes, but recognizes that it is impractical to insure all bank deposits due to the limitations of depository insurance. As a result, the County evaluates each financial institution with which it deposits funds 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. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that investment securities shall be kept in the County Treasurer's office in a fireproof vault, although certificates of deposit may be held in safekeeping by the financial institution. As of September 30, 2011, investments in the Treasurer's pool totaling \$14,922,093 were in money market accounts, which are not subject to custodial credit risk.

Credit Risk. The County's investments in money market accounts are not rated and comply with the County's policy regarding the types of investments it may hold.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Retirees Health Insurance Fund Investments

The retiree health insurance fund investments are maintained separately from the County's cash and investment pool, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the fund's investments are presented separately.

The Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the fund to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The County Treasurer has the responsibility and authority to oversee the investment portfolio. A professional investment manager is contracted to assist in managing the fund's assets.

The fund's investments are held in three bank administered trust accounts. Following is a summary of the fund's investments as of September 30, 2011:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 534,737
Corporate securities	850,536
Equities	1,323,755
Money market accounts	<u>63,083</u>
Total investments	<u>\$ 2,772,111</u>

Credit Risk. As of September 30, 2011, the fund's investments in corporate securities were rated by Standard & Poor's as follows:

AA+	\$ 71,057
AA	72,059
AA-	35,979
A+	69,145
A	128,924
A-	237,644
BBB	34,502
BBB+	<u>201,226</u>
	<u>\$ 850,536</u>

The County's policy is to comply with Public Act 314 as referenced above; such statute does not provide specific guidelines regarding credit risk.

Custodial Credit Risk. The County does not have a policy regarding custodial credit risk for the fund's investments. However, while uninsured and unregistered, the fund's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the County's name.

Concentration of Credit Risk. At September 30, 2011, the fund investment portfolio holdings were not concentrated (i.e., no more than 5% of the portfolio in issues of any one entity other than the federal government). The County's policy is to comply with Public Act 314 as referenced above.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of September 30, 2011, maturities of the fund's fixed income securities were as follows:

	Fair Value	Investment Maturities (fair value by years)		
		Less Than 1	1-5	6-10
U.S. treasuries	\$ 534,737	\$ 35,094	\$ 101,551	\$ 398,092
Corporate securities	850,536	-	634,082	216,454
	<u>\$ 1,385,273</u>	<u>\$ 35,094</u>	<u>\$ 735,633</u>	<u>\$ 614,546</u>

The County's investment policy for this fund does not address interest rate risk.

D. RECEIVABLES

Receivables as of September 30, 2011 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units	Amount Not Expected to be Collected Within 1 Year
Property taxes	\$ 3,749,406	\$ 6,596,996	\$ -	\$ -
Accounts receivable	175,789	3,211,209	527,769	-
Less allowance for doubtful accounts	-	(150,027)	(5,825)	-
Special assessments	-	-	39,758,992	36,353,506
Due from other governments	1,627,893	3,372	2,333,427	-
Due from component units	364,695	-	-	-
Advances to component unit	50,000	-	-	-
	<u>\$ 5,967,783</u>	<u>\$ 9,661,550</u>	<u>\$ 42,614,363</u>	<u>\$ 36,353,506</u>

Leases receivable in the Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for those governments using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of September 30, 2011. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

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 and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ -	\$ 215,980
Property taxes receivable (other governmental funds)	-	111,257
	<u>\$ -</u>	<u>\$ 327,237</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2011 is as follows:

	Receivable	Payable
Due from (to) other funds		
General fund	\$ -	\$ 57,037
Central dispatch fund	-	6,018
Child care fund	-	3,809
Jail millage II	-	2,725
Nonmajor governmental funds	-	1,476
Jail commissary fund	-	56
Internal service funds	71,121	-
	\$ 71,121	\$ 71,121
Interfund receivable (payable)		
General fund	\$ 456,698	\$ -
Child care fund	-	283,189
Nonmajor governmental funds	-	173,509
	\$ 456,698	\$ 456,698

The due from (to) other funds resulted 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. Amounts reported as interfund payables are funds with negative cash pool balances, which is equal to the interfund receivable reported in the revenue sharing reserve fund. Certain amounts reported as internal balances between the governmental and business-type activities in the statement of net assets relate to the elimination of the internal service funds.

For the year ended September 30, 2011, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 3,769,137	\$ 1,885,855
Central dispatch fund	122,216	411,615
Child care fund	2,606,747	850
Revenue sharing reserve	-	2,202,636
Jail millage II	-	1,509,420
Nonmajor governmental funds	1,372,136	1,401,755
Medical care facility fund	129,095	-
Delinquent tax revolving fund	-	587,200
	\$ 7,999,331	\$ 7,999,331

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

F. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 102,628	\$ -	\$ -	\$ 102,628
Construction in progress	471,449	593,667	(869,941)	195,175
Total capital assets not being depreciated	<u>574,077</u>	<u>593,667</u>	<u>(869,941)</u>	<u>297,803</u>
Capital assets, being depreciated				
Building and improvements	42,487,396	869,941	-	43,357,337
Vehicles and equipment	12,298,992	1,534,898	(52,851)	13,781,039
Total capital assets being depreciated	<u>54,786,388</u>	<u>2,404,839</u>	<u>(52,851)</u>	<u>57,138,376</u>
Less accumulated depreciation				
Building and improvements	(15,913,926)	(1,078,530)	-	(16,992,456)
Vehicles and equipment	(9,968,661)	(624,193)	52,851	(10,540,003)
Total accumulated depreciation	<u>(25,882,587)</u>	<u>(1,702,723)</u>	<u>52,851</u>	<u>(27,532,459)</u>
Total capital assets being depreciated, net	<u>28,903,801</u>	<u>702,116</u>	<u>-</u>	<u>29,605,917</u>
Capital assets, net	<u>\$ 29,477,878</u>	<u>\$ 1,295,783</u>	<u>\$ (869,941)</u>	<u>\$ 29,903,720</u>
Business-type activities				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 83,655	\$ -	\$ 83,655
Capital assets, being depreciated				
Building and improvements	16,234,745	11,578	(769)	16,245,554
Vehicles and equipment	1,840,319	49,641	(37,183)	1,852,777
Total capital assets being depreciated	<u>18,075,064</u>	<u>61,219</u>	<u>(37,952)</u>	<u>18,098,331</u>
Less accumulated depreciation for				
Building and improvements	(1,959,036)	(418,641)	-	(2,377,677)
Vehicles and equipment	(808,034)	(153,322)	36,699	(924,657)
Total accumulated depreciation	<u>(2,767,070)</u>	<u>(571,963)</u>	<u>36,699</u>	<u>(3,302,334)</u>
Total capital assets being depreciated, net	<u>15,307,994</u>	<u>(510,744)</u>	<u>(1,253)</u>	<u>14,795,997</u>
Capital assets, net	<u>\$ 15,307,994</u>	<u>\$ (427,089)</u>	<u>\$ (1,253)</u>	<u>\$ 14,879,652</u>

Depreciation expense in governmental activities is not allocated by function. Also, certain reclassifications of beginning balances were made between the above capital assets categories.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Component Unit - Road Commission				
Capital assets, not being depreciated				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements	22,193,424	292,461	-	22,485,885
Right of ways	758,941	-	-	758,941
Total capital assets not being depreciated	<u>23,195,367</u>	<u>292,461</u>	<u>-</u>	<u>23,487,828</u>
Capital assets, being depreciated				
Buildings and improvements	6,481,922	-	-	6,481,922
Equipment	6,738,213	104,664	(26,787)	6,816,090
Infrastructure	94,139,596	1,200,611	(2,964,988)	92,375,219
Depletable assets	50,559	-	-	50,559
Total capital assets being depreciated	<u>107,410,290</u>	<u>1,305,275</u>	<u>(2,991,775)</u>	<u>105,723,790</u>
Less accumulated depreciation for				
Buildings and improvements	(1,491,242)	(129,663)	-	(1,620,905)
Equipment	(6,230,594)	(185,038)	25,764	(6,389,868)
Infrastructure	(46,000,792)	(4,209,254)	2,964,988	(47,245,058)
Depletable assets	(50,559)	-	-	(50,559)
Total accumulated depreciation	<u>(53,773,187)</u>	<u>(4,523,955)</u>	<u>2,990,752</u>	<u>(55,306,390)</u>
Total capital assets being depreciated, net	<u>53,637,103</u>	<u>(3,218,680)</u>	<u>(1,023)</u>	<u>50,417,400</u>
Capital assets, net	<u>\$ 76,832,470</u>	<u>\$ (2,926,219)</u>	<u>\$ (1,023)</u>	<u>\$ 73,905,228</u>
Component Unit - Drainage District				
Capital assets, not being depreciated				
Construction in progress	\$ 34,067,720	\$ 1,876,660	\$ (149,000)	\$ 35,795,380
Capital assets, being depreciated - infrastructure				
Less accumulated depreciation for - infrastructure	56,364,274	149,000	-	56,513,274
Total capital assets being depreciated, net	<u>(14,501,949)</u>	<u>(1,405,013)</u>	<u>-</u>	<u>(15,906,962)</u>
Capital assets, net	<u>\$ 75,930,045</u>	<u>\$ 620,647</u>	<u>\$ (149,000)</u>	<u>\$ 76,401,692</u>
Component Unit - District Health				
Capital assets, being depreciated - equipment				
Less accumulated depreciation for - equipment	\$ 1,175,239	\$ 21,576	\$ -	\$ 1,196,815
Capital assets, net	<u>(1,016,869)</u>	<u>(37,803)</u>	<u>-</u>	<u>(1,054,672)</u>
Capital assets, net	<u>\$ 158,370</u>	<u>\$ (16,227)</u>	<u>\$ -</u>	<u>\$ 142,143</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

G. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2011 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 1,121,245	\$ 336,924	\$ 821,721
Accrued liabilities	1,676,204	80,697	316,809
Due to other governments	69,563	3,367	-
Advances from primary government	-	-	50,000
	\$ 2,867,012	\$ 420,988	\$ 1,188,530

H. LONG-TERM DEBT

General obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities				
1992 County Office Building	6.20 – 6.35%	2012	\$ 525,000	\$ 40,000
1992 County Office Building (taxable)	8.00%	2012	575,000	55,000
1993 Health Clinic Building	5.00 – 5.50%	2013	600,000	90,000
2007 Jail Expansion	4.25 – 5.00%	2028	15,000,000	13,225,000
2008 Dental Clinic	4.00 – 4.50%	2028	900,000	845,000
				\$ 14,255,000
Business-type activities				
2002 Medical Care Facility	3.00 – 4.75%	2022	\$ 8,100,000	\$ 5,490,000
2008 Medical Care Facility	4.55%	2027	5,700,000	5,165,000
				\$ 10,655,000
Component unit – Public Works				
Grand Ledge Water/Sewer	4.00 – 5.00%	2025	\$ 7,975,000	\$ 6,265,000
Dimondale/Windsor Sewer Refunding	4.00 – 5.00%	2015	4,115,000	1,230,000
Brookfield Water	1.625%	2026	2,860,000	2,230,000
				\$ 9,725,000
Component unit – Road Commission				
2003 Transportation	2.50 – 4.00%	2018	\$ 5,500,000	\$ 3,520,000

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 765,000	\$ 658,646	\$ 580,000	\$ 472,165	\$ 1,260,000	\$ 509,509
2013	695,000	623,043	620,000	448,815	1,275,000	465,006
2014	680,000	593,318	660,000	423,305	1,305,000	419,717
2015	705,000	564,856	700,000	395,585	1,320,000	370,734
2016	740,000	535,288	740,000	365,960	1,035,000	320,108
2017-2021	4,210,000	1,970,990	4,310,000	1,304,865	4,035,000	1,013,954
2022-2026	5,205,000	1,099,486	2,605,000	407,130	3,015,000	289,058
2027-2028	1,255,000	65,402	440,000	20,020	-	-
	<u>\$ 14,255,000</u>	<u>\$ 6,111,029</u>	<u>\$ 10,655,000</u>	<u>\$ 3,837,845</u>	<u>\$ 13,245,000</u>	<u>\$ 3,388,086</u>

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At September 30, 2011, the County's legal debt limit was \$373,872,675.

Installment obligations. The government has entered into long-term installment payment agreements for the upgrade of its building climate control systems. The original amount of installment obligations issued during fiscal 2004 was \$836,000 for the primary government. Installment obligations outstanding at year-end amounted to \$242,023 with interest at 4.4 percent.

Annual debt service requirements to maturity for installment obligations are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 94,619	\$ 9,620
2013	98,728	5,411
2014	48,676	1,069
	<u>\$ 242,023</u>	<u>\$ 16,100</u>

Capital lease. The Medical Care Facility entered into a capital lease agreement during fiscal 2009 for certain equipment. The original amount of the obligation was \$175,000. Capital lease obligations outstanding at year-end amounted to \$105,593 with interest at 7.5 percent.

Annual debt service requirements to maturity for installment obligations are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 35,966	\$ 6,829
2013	38,827	3,968
2014	30,800	976
	<u>\$ 105,593</u>	<u>\$ 11,773</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Drain bonds and notes. The Drain Commissioner is authorized under State statutes to issue special assessment bonds and drain notes for the construction or maintenance of drainage districts. Such bonds and notes are repaid from special assessments levied upon the benefiting property owners. At September 30, 2011, drain bonds and notes totaling \$43,352,899 were outstanding, including \$4,210,000 of new bonds and notes issued during the current year. Drain bonds and notes carry interest at rates ranging from 1.96 percent to 8.0 percent.

Annual debt service requirements to maturity for drain bonds and notes are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2012	\$ 3,729,308	\$ 1,845,919
2013	3,569,310	1,720,546
2014	3,513,450	1,583,981
2015	3,070,167	1,428,148
2016	3,076,167	1,292,832
2017-2021	14,114,497	4,571,190
2022-2026	10,625,000	1,679,844
2027-2031	1,655,000	194,786
	<u>\$ 43,352,899</u>	<u>\$ 14,317,246</u>

In addition to the above, short-term drain notes payable totaling \$210,000 were outstanding as of September 30, 2011. These notes were issued at interest rates ranging between 1.65% and 4.00% and are due at various dates through September 2012.

Delinquent tax notes. The government issues general obligation limited tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., delinquent tax revolving enterprise fund) as they are expected to be repaid from proprietary fund revenues. Each series of delinquent tax notes are subject to variable interest rates which are determined on a weekly basis by the County's remarketing agent using established criteria and legal limitations. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed two years. Delinquent tax notes totaling \$2,000,000 from the 2011 Series were outstanding at September 30, 2011, which is expected to be paid in the year ending September 30, 2013.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities					
General obligation bonds	\$ 14,990,000	\$ -	\$ (735,000)	\$ 14,255,000	\$ 765,000
Add deferred amounts:					
For issuance premiums	7,803	-	(459)	7,344	-
Installment contracts	332,613	-	(90,590)	242,023	94,619
Compensated absences	1,887,434	1,934,620	(1,783,624)	2,038,430	201,449
	<u>\$ 17,217,850</u>	<u>\$ 1,934,620</u>	<u>\$ (2,609,673)</u>	<u>\$ 16,542,797</u>	<u>\$ 1,061,068</u>
Business-type activities					
General obligation bonds	\$ 11,200,000	\$ -	\$ (545,000)	\$ 10,655,000	\$ 580,000
Lease payable	138,944	-	(33,351)	105,593	35,966
Delinquent tax notes	4,900,000	4,400,000	(7,300,000)	2,000,000	-
Compensated absences	689,972	410,192	(689,972)	410,192	410,192
	<u>\$ 16,928,916</u>	<u>\$ 4,810,192</u>	<u>\$ (8,568,323)</u>	<u>\$ 13,170,785</u>	<u>\$ 1,026,158</u>
Component Units					
Road Commission					
Transportation bonds	\$ 4,020,000	\$ -	\$ (500,000)	\$ 3,520,000	\$ 500,000
Compensated absences	332,073	167,202	(202,761)	296,514	29,651
	<u>\$ 4,352,073</u>	<u>\$ 167,202</u>	<u>\$ (702,761)</u>	<u>\$ 3,816,514</u>	<u>\$ 529,651</u>
Board of Public Works					
General obligation bonds	\$ 10,680,000	\$ -	\$ (955,000)	\$ 9,725,000	\$ 760,000
Add (deduct) deferred amounts:					
For issuance premiums	194,187	-	(13,392)	180,795	-
On refunding	(44,031)	-	3,036	(40,995)	-
	<u>\$ 10,830,156</u>	<u>\$ -</u>	<u>\$ (965,356)</u>	<u>\$ 9,864,800</u>	<u>\$ 760,000</u>
Drainage Districts					
Drain bonds and notes	\$ 42,774,936	\$ 4,200,000	\$ (3,622,037)	\$ 43,352,899	\$ 3,729,308
Add (deduct) deferred amounts:					
For issuance premiums	678,062	-	(44,707)	633,355	-
On refunding	(67,076)	-	4,423	(62,653)	-
	<u>\$ 43,385,922</u>	<u>\$ 4,200,000</u>	<u>\$ (3,662,321)</u>	<u>\$ 43,923,601</u>	<u>\$ 3,729,308</u>
District Health					
Compensated absences	<u>\$ 353,313</u>	<u>\$ 362,146</u>	<u>\$ (352,285)</u>	<u>\$ 363,174</u>	<u>\$ 36,317</u>

For the governmental activities, compensated absences, net pension benefit obligations and net other postemployment benefit obligations, if any, are generally liquidated by the general fund.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

I. 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. All funds and component units of the County participate in these programs except for the Road Commission (*see below*) and Medical Care Facility (which carries commercial insurance for workers' compensation, general and automobile liability, motor vehicle physical damage and property damage). For risks that are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Workers' compensation. The County maintains a self-insurance program for workers' compensation coverage, which is accounted for in the workers' compensation internal service fund. The program is administered by a third-party administrator who 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 \$275,000 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 estimated liabilities during the past two years are as follows:

	2011	2010
Workers Compensation		
Estimated liability, October 1	\$ 184,738	\$ 83,863
Estimated claims incurred, including changes in estimates	(48,671)	347,070
Claim payments	(62,364)	(246,195)
Estimated liability, September 30	\$ 73,703	\$ 184,738

Health insurance. The County maintains a self-insurance program for employee health insurance with Blue Cross Blue Shield (BCBS), which is accounted for in the Health Insurance internal service fund. The program is administered by BCBS. Premiums are paid into the internal service fund by all other funds based on a fixed rate established each year; monies are then advanced to BCBS by the internal service fund to pay claims and administrative costs.

Changes in the balances of estimated liabilities during the past two years are as follows:

	2011	2010
Health Insurance		
Estimated liability, October 1	\$ 366,083	\$ 330,027
Estimated claims incurred, including changes in estimates	5,789,332	5,232,257
Claim payments	(5,274,144)	(5,196,201)
Estimated liability, September 30	\$ 881,271	\$ 366,083

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Liability insurance. 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. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

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 liability 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 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, the government records an asset for its portion of the unexpended member retention fund. At September 30, 2011, the balance of the County's member retention fund was \$632,433.

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, which are recorded in the liability insurance internal service fund, are as follows:

General Liability

Estimated liability, October 1	\$ 41,640	\$ 44,395
Estimated claims incurred, including changes in estimates	705,218	55,912
Claim payments	<u>(406,452)</u>	<u>(58,667)</u>
Estimated liability, September 30	<u>\$ 340,406</u>	<u>\$ 41,640</u>

Unemployment. The County is self-insured for unemployment benefits, as accounted for in the unemployment internal service fund. The reserve for unemployment benefits is determined by management based on prior experience. Benefits are expensed when paid, as follows:

Unemployment Compensation

Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	66,846	84,133
Claim payments	<u>(66,846)</u>	<u>(84,133)</u>
Estimated liability, September 30	<u>\$ -</u>	<u>\$ -</u>

Life and disability insurance. The County maintains a self-insured program for life and disability coverage. The program is accounted for in the life and disability internal service fund and administered by a third-party administrator who provides claims review and processing services. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the balances of estimated liabilities during the past two years are as follows:

	<u>2011</u>	<u>2010</u>
Life and Disability		
Estimated liability, October 1	\$ 3,985	\$ -
Estimated claims incurred, including changes in estimates	90,081	123,406
Claim payments	<u>(93,979)</u>	<u>(119,421)</u>
Estimated liability, September 30	<u>\$ 87</u>	<u>\$ 3,985</u>

Dental insurance. The County has a self-insured program for dental coverage. The plan is accounted for in the dental insurance internal service fund. The program is administered by a third-party administrator who provides claims review and processing services. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

Changes in the balances of claims liabilities during the past two years are as follows:

Dental		
Estimated liability, October 1	\$ 18,194	\$ -
Estimated claims incurred, including changes in estimates	217,924	207,207
Claim payments	<u>(221,320)</u>	<u>(189,013)</u>
Estimated liability, September 30	<u>\$ 14,798</u>	<u>\$ 18,194</u>

Road Commission. The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission self-insurance pool for workers' compensation and property liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan County Road Commission self-insurance pool program operates as a common risk-sharing management program for local units' government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

J. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. 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 grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

K. PROPERTY TAXES

County property taxes are levied on July 1 of each year (the lien date) and are due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2010 levy, for which revenue was recognized in fiscal 2010, was \$3,374,454,592. The general operating tax rate for the levy was 5.2149 mills, with an additional .7000, .9500, .3500 and .1250 mills assessed for jail debt, central dispatch, juvenile services and medical care facility, respectively.

Delinquent taxes receivable represent unpaid personal property taxes in the general and special revenue funds and unpaid real property taxes in the delinquent tax revolving funds. By agreement with the 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 are pledged to a bank for the payment of the notes payable and subsequent collection on the receivable.

L. POSTEMPLOYMENT HEALTH CARE BENEFITS

The County provides certain health care benefits for employees retiring during or after 1990. Substantially all employees hired prior to January 1, 2006 are eligible for benefits if they reach the age of 55 with at least 25 years of credited service while working for the County, retire due to duty disability as determined by MERS, or meet other criteria as discussed in the personnel manual. The County pays the entire cost of health insurance premiums for the retiree and a portion for his/her spouse as prescribed in the personnel manual. The activity of this program is accounted for in the retirees' health insurance internal service fund.

Effective January 1, 2001, new employees' spouses are no longer eligible for coverage under the plan. Any employees hired after January 1, 2006, are not eligible for County paid retiree health insurance as previously described. Employees are required to contribute 1% of their salary into a Health Care Savings Plan through Michigan Employees Retirement System. The County will contribute an amount equal to 2% of the employee's salary into their Health Care Savings Plan. An employee may also contribute over and above the mandatory 1%, up to 10% and the County will match the additional contribution by the employee over the 2% and up to 4%. Any money contributed by the employee will remain in the employees account to use for allowable health related activities upon their retirement or termination of employment. The Health Care Saving Plan has a vesting policy as described in the personnel policy.

In fiscal 2006, the County established a retiree healthcare trust with the Michigan Municipal Employees Retirement System (MERS) to which it transferred monies from the internal service fund in order to earn a greater return on investment. At September 30, 2011, the fair value of the trust assets was \$3,750,767; because these assets are in trust with a third party trustee, they are not reported in the accompanying financial statements. The County contributed \$7,555 to the trust during the year and did not pay any benefits from trust assets; instead, all such activity was processed through the aforementioned internal service fund.

Plan Description. The County's Retiree Health Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Retiree Health Care Board (the "Board"). The Plan was established and may be amended by the County Board of Commissioners, subject to applicable collective bargaining agreements. Eligible retirees are those individuals who meet the requirements to receive MERS retirement benefits.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Method Used to Value Investments. Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners, subject to applicable labor contracts. Plan members are not required to contribute to the plan. The County may contribute the *annual required contribution* (ARC), which is an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For the year ended September 2011, the County made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$51,196 for the year ended September 30, 2011. These costs are recognized as an expense when claims or premiums are paid.

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2011, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan were as follows:

Annual required contribution	\$	1,734,628
Interest on net OPEB obligation		151,663
Adjustment to annual required contribution		<u>(141,488)</u>
Annual OPEB cost		1,744,803
Contributions made		<u>(51,196)</u>
Increase in net OPEB obligation		1,693,607
Net OPEB obligation, beginning of year		<u>2,527,711</u>
Net OPEB obligation, end of year	\$	<u><u>4,221,318</u></u>

The County's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plan, and the net OPEB obligation as of September 30, 2011, and the preceding two years, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/09	\$ 1,316,159	16.1%	\$ 1,104,255
9/30/10	1,526,855	6.7%	2,527,711
9/30/11	1,744,803	2.9%	4,221,318

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2009, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 47,199,800
Actuarial value of plan assets	(6,090,475)
Unfunded actuarial accrued liability (UAAL)	<u>\$ 41,109,325</u>
Funded ratio	12.9%
Covered payroll (active plan members)	\$ 18,276,740
UAAL as a percentage of covered payroll	224.9%

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

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

Actuarial valuation date	12/31/09
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	28 years
Asset valuation method	5-year smoothing

Actuarial assumptions:

Investment rate of return	6.0%
Projected salary increases	4.5%
Healthcare inflation rate	11.0% initially; 4.5% ultimately

Medical Care Facility. The Medical Care Facility participates in a defined benefit postemployment plan that provides postemployment medical benefits to certain retirees and their spouses. Employees who retire as a director with at least 25 years of service may become eligible for benefits. The postemployment benefit is expected to be paid by the facility.

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Funding Policy. The facility has no obligation to make contributions in advance of when premiums are due for payment as this may be funded on a *pay-as-you-go* basis. The Medical Care Facility's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer. The Facility has elected to calculate the ARC and related liabilities using the alternative measurement permitted by GASB 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2011, the components of the Medical Care Facility's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and the Facility's net OPEB obligation to the Plan were as follows:

Annual OPEB cost	\$ 87,214
Contributions made	<u>(17,214)</u>
Net OPEB obligation	<u>\$ 70,000</u>

Funded Status and Funding Progress. The funded status of the Plan as of September 30, 2011, was as follows:

Actuarial accrued liabilities (AAL) and unfunded actuarial accrued liability	<u>\$ 831,122</u>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Detailed data for the actuarial methods and assumptions used are reported in the separately issued audit report for the Eaton County Medical Care Facility.

Road Commission. The Road Commission has established a retiree health care fund (a fiduciary fund) with the intent of pre-funding postemployment health care benefits to eligible retirees and their families. Annual employer contributions to fund the Plan are currently on a pay-as-you-go basis with the intent of building the fund for purposes of paying future benefits. The Road Commission made contributions of \$553,814 to the Plan for the year ended September 30, 2011.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the plan:

Annual required contribution	\$ 231,132
Interest on net OPEB obligation	(16,467)
Adjustment to annual required contribution	<u>15,818</u>
Annual OPEB cost	230,483
Contributions made	<u>(553,814)</u>
Change in net OPEB obligation	(323,331)
Net OPEB obligation, beginning of year	<u>(329,394)</u>
Net OPEB obligation (asset), end of year	<u><u>\$ (652,725)</u></u>

The annual OPEB cost, the percentage of annual OPEB costs contributed to the system, and the net OPEB obligation as of September 30, 2011, and the preceding two years, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
9/30/2009	\$ 644,869	95.48%	\$ 36,523
9/30/2010	215,084	269.00%	(329,394)
9/30/2011	230,483	240.28%	(652,725)

Funded Status and Funding Progress. The funded status of the Plan as of September 30, 2009, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 3,697,360
Actuarial value of plan assets	<u>649,075</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 3,048,285</u></u>
Funded ratio	18%
Covered payroll (active plan members)	\$ 1,706,511
UAAL as a percentage of covered payroll	179%

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Methods and Assumptions. The annual required contribution was determined as part of the September 30, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4% interest rate compounded annually and (b) medical trend rates ranging from 4.0% to 16.0%. The unfunded actuarial accrued liability is being amortized over 30 years.

M. DEFINED BENEFIT PENSION PLANS

The County (general), Medical Care Facility and District Health Department participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to eligible members and beneficiaries. The MERS Retirement Board establishes and amends plan benefit provisions as authorized under State statutes. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

All full-time County, Medical Care Facility and District Health Department employees are covered by the Plans; Road Commission employees are not covered by MERS.

The employer is required to contribute at an actuarially determined rate; the current rate is 12.35% of annual covered payroll for the County, 4.55% for the Medical Care Facility, and 14.01% for the District Health Department. County general employees are required to contribute 1.0% to 16.5% of their annual covered payroll, depending on employee classification or applicable bargaining unit. Medical Care Facility and District Health Department employees are required to contribute 4.98% and between 2 and 4.11% of their annual covered payroll, respectively. Employer contribution requirements are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended September 30, 2011, the annual pension cost for the County (\$2,203,972), Medical Care Facility (\$306,752) and District Health Department (\$481,352) was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases based on an age-related scale to reflect merit, longevity and promotional salary increases.

Three-year trend information for annual pension costs is as follows:

	Years Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
County				
	2009	\$ 1,917,295	100%	\$ -
	2010	1,880,537	100%	-
	2011	2,203,972	100%	-
Medical Care Facility				
	2009	\$ 190,623	100%	\$ -
	2010	238,424	100%	-
	2011	306,752	100%	-
District Health Department				
	2009	\$ 452,907	100%	\$ -
	2010	463,558	100%	-
	2011	481,352	100%	-

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 27 years.

The funded status of each plan as of December 31, 2010, the most recent actuarial valuation date, was as follows:

	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
County	\$72,180,067	\$111,678,749	\$39,498,682	65.0%	\$17,004,840	232.3%
Medical Care Facility	6,274,531	6,410,937	136,406	97.9%	6,333,430	2.2%
District Health Department	11,935,277	15,130,489	3,195,212	79.0%	3,392,244	94.2%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

N. DEFINED CONTRIBUTION PENSION PLAN – ROAD COMMISSION

The Road Commission provides pension benefits for substantially all of its regular full-time employees through a defined contribution pension plan. The Road Commission is the plan administrator; however, the daily plan administration and operation is provided through the American Funds Group. The Road Commission contributes an amount equal to 12% of each employee's compensation during the plan year, after completion of one year of service. Members do not contribute any annual compensation to this plan. The Road Commission's contributions to the plan for the year ended September 30, 2011 were \$203,164.

O. NET ASSETS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, net	\$ 29,903,720	\$ 14,879,652
Deduct capital related bonds and lease agreements	(14,497,023)	(10,760,593)
Deduct unamortized premium on bonds	(7,344)	-
Total invested in capital assets, net of related debt	<u>\$ 15,399,353</u>	<u>\$ 4,119,059</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

P. COMPONENTS OF FUND BALANCES

	General	Central Dispatch	Child Care	Revenue Sharing Reserve	Jail Millage II	Other Governmental Funds	Total
Nonspendable							
Prepaid expenditures	\$ 93,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,199
Advances	50,000	-	-	-	-	-	50,000
	<u>\$ 143,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,199</u>
Restricted							
Judicial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,198	\$ 33,198
General government	-	-	-	519,152	-	-	519,152
Public safety	-	3,028,929	-	-	1,435,589	56,684	4,521,202
Health and social services	-	-	15,492	-	-	78,496	93,988
Debt service	-	-	-	-	-	4	4
Permanent trusts	-	-	-	-	-	121,173	121,173
	<u>\$ -</u>	<u>\$ 3,028,929</u>	<u>\$ 15,492</u>	<u>\$ 519,152</u>	<u>\$ 1,435,589</u>	<u>\$ 289,555</u>	<u>\$ 5,288,717</u>
Committed							
Judicial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,158	\$ 485,158
General government	-	-	-	-	-	309,457	309,457
Public safety	-	-	-	-	-	501,075	501,075
Health and social services	-	-	-	-	-	270,623	270,623
Capital projects	-	-	-	-	-	246	246
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,559</u>	<u>\$ 1,566,559</u>
Unassigned (deficit)	<u>\$ 4,913,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,938)</u>	<u>\$ 4,829,284</u>

Q. RESTATEMENT

The County adopted the provisions of GASB Statement No. 54 in the current year. While the classifications of fund balance in the County's various governmental funds were revised, the implementation of this standard had no effect on the total fund balance. Beginning fund balance of the general fund increased by \$1,146,253. The increase is due to the following funds being combined with the general fund.

Fund balances, October 1

Parks and recreation	\$ 56,556
Parks - special projects	34,690
Landfill	43,126
Public improvement	524,983
Planning aerial photos	1,524
Parcel layer comprehensive plan	30,182
Prisoner boarding	4,082
Law library	62
Soil erosion enforcement	1,755
Child care - DHS	17,066
Soldiers and sailors	14,528
Historical commission	5,375
Computer	412,324
Total	<u><u>\$ 1,146,253</u></u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

R. SUBSEQUENT EVENTS

In December 2011, the government issued \$5,545,000 of building authority refunding bonds.

* * * * *

REQUIRED SUPPLEMENTARY
INFORMATION

EATON COUNTY, MICHIGAN
Municipal Employees' Retirement System of Michigan
Required Supplementary Information

Schedules of Funding Progress

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
County						
2005	\$ 53,631,459	\$ 86,026,742	\$ 32,395,283	62%	\$ 16,051,061	202%
2006	57,847,117	91,715,418	33,868,301	63%	16,700,534	203%
2007	62,750,905	97,891,680	35,140,775	64%	17,619,888	199%
2008	65,292,666	104,440,981	38,478,315	63%	17,148,993	224%
2009	68,709,116	105,457,559	36,748,443	65%	17,216,598	213%
2010	72,180,067	111,678,749	39,498,682	65%	17,004,840	232%
Medical Care Facility						
2005	\$ 4,271,539	\$ 4,352,491	\$ 80,952	98%	\$ 2,885,808	3%
2006	4,657,256	4,870,465	213,209	96%	3,724,984	6%
2007	5,108,373	5,460,420	352,047	94%	3,728,953	9%
2008	5,390,294	5,787,158	396,864	93%	4,176,661	10%
2009	5,762,198	5,927,405	165,207	97%	4,455,232	4%
2010	6,274,531	6,410,937	136,406	98%	6,333,430	2%
District Health Department						
2005	\$ 8,832,437	\$ 10,825,312	\$ 1,992,875	82%	\$ 3,399,822	59%
2006	9,640,293	12,043,582	2,403,289	80%	3,681,332	65%
2007	10,475,737	13,128,713	2,652,976	80%	3,313,448	80%
2008	10,931,223	14,036,163	3,104,940	78%	3,391,807	92%
2009	11,378,916	14,426,606	3,047,690	79%	3,360,608	91%
2010	11,935,277	15,130,489	3,195,212	79%	3,392,244	94%

EATON COUNTY, MICHIGAN
Municipal Employees' Retirement System of Michigan
Required Supplementary Information

Schedules of Employer Contributions

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Annual Actual Contribution</u>	<u>Percentage Contributed</u>
County			
2006	\$ 1,771,595	\$ 1,771,595	100.0%
2007	1,832,190	1,832,190	100.0%
2008	1,970,757	1,970,757	100.0%
2009	1,917,295	1,917,295	100.0%
2010	1,880,537	1,880,537	100.0%
2011	2,203,972	2,203,972	100.0%
Medical Care Facility			
2006	\$ 147,254	\$ 147,254	100.0%
2007	199,360	199,360	100.0%
2008	181,884	181,884	100.0%
2009	190,623	190,623	100.0%
2010	238,424	238,424	100.0%
2011	306,752	306,752	100.0%
District Health Department			
2006	\$ 449,375	\$ 449,375	100.0%
2007	459,176	459,176	100.0%
2008	450,353	450,353	100.0%
2009	452,907	452,907	100.0%
2010	463,558	463,558	100.0%
2011	481,352	481,352	100.0%

EATON COUNTY, MICHIGAN
Postemployment Healthcare Plan - Retiree Health
Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date December 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2007	\$ 3,870,082	\$ 36,472,265	\$ 32,602,183	10.6%	*	*
2009	6,090,475	47,199,800	41,109,325	12.9%	18,276,740	224.9%

Schedule of Employer Contributions

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,316,158	16.1%
2010	1,526,855	6.7%
2011	1,744,803	3.0%

* Not available

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS/SCHEDULES**

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Property taxes				
Real and personal property taxes	\$ 17,038,001	\$ 17,129,751	\$ 16,932,232	\$ (197,519)
Industrial facilities tax	371,450	371,450	323,034	(48,416)
Payments in lieu	33,000	33,000	47,494	14,494
Delinquent taxes	15,000	15,000	33,891	18,891
Trailer park taxes	10,000	10,000	8,578	(1,422)
Real estate transfer tax	205,000	205,000	214,434	9,434
Interest and penalties	64,000	64,000	66,259	2,259
Total taxes	<u>17,736,451</u>	<u>17,828,201</u>	<u>17,625,922</u>	<u>(202,279)</u>
Licenses and permits				
Dog licenses	161,500	161,500	116,408	(45,092)
Pistol permits	26,000	26,000	28,164	2,164
Marriage licenses	14,000	14,000	13,372	(628)
Soil erosion	40,000	40,000	43,400	3,400
Total permits and regulatory licenses	<u>241,500</u>	<u>241,500</u>	<u>201,344</u>	<u>(40,156)</u>
Intergovernmental - federal/state				
Emergency management services	36,000	36,000	-	(36,000)
Cooperative reimbursement - Prosecutor	91,558	91,558	82,123	(9,435)
ADC Incentive	153,000	153,000	149,016	(3,984)
Cooperative reimbursement - Friend of the Court	893,730	893,730	666,442	(227,288)
FBI Surveillance	-	-	716	716
Strong Families/Safe Children	28,300	28,300	8,059	(20,241)
Local Law Enforcement Block Grant	8,000	8,000	5,174	(2,826)
Probate Judge's salary	102,000	102,000	10,939	(91,061)
Judicial salary standardization	228,620	228,620	322,815	94,195
Sheriff road patrol program	117,022	117,022	109,000	(8,022)
Marine safety program	5,000	5,000	4,898	(102)
Drug case incentive	300	300	1,508	1,208
Victims Rights Act	102,600	103,150	81,185	(21,965)
Parole violation grant	255,500	255,500	339,016	83,516
Diverted felon program	115,850	115,850	342,340	226,490
Assistant juvenile officer grant	52,776	52,776	52,776	-
Convention and tourism	447,371	477,825	508,277	30,452
Cigarette tax	27,000	27,000	17,113	(9,887)
Liquor license fees	25,000	25,000	28,967	3,967
State aid-case flow assistance	22,000	22,000	28,121	6,121
State court equity funding	505,375	505,375	421,968	(83,407)
Title IV-E	15,000	15,000	19,687	4,687
Vertical drug	20,000	20,000	26,878	6,878
Miscellaneous	26,100	26,100	24,987	(1,113)
Total intergovernmental - federal/state	<u>3,278,102</u>	<u>3,309,106</u>	<u>3,252,005</u>	<u>(57,101)</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Intergovernmental - local				
Township - planning	\$ 61,740	\$ 61,740	\$ 61,740	\$ -
Township - Sheriff	2,834,246	2,834,246	2,834,244	(2)
Road Commission - weighmaster	15,066	15,066	-	(15,066)
Total intergovernmental - local	<u>2,911,052</u>	<u>2,911,052</u>	<u>2,895,984</u>	<u>(15,068)</u>
Charges for services				
Court:				
District Court costs	964,500	1,003,200	1,036,281	33,081
Circuit Court probation	14,000	14,000	9,784	(4,216)
Court filing fees	165,500	165,500	158,428	(7,072)
Bond costs	1,500	1,500	1,550	50
Jury demand	6,200	6,200	9,841	3,641
Writ of garnishment	89,500	89,500	122,530	33,030
Attorney fee reimbursement	15,000	15,000	15,053	53
SOS reinstatement fee	42,000	42,000	40,457	(1,543)
Probation oversight	144,000	144,000	167,668	23,668
Alcohol assessment	28,000	28,000	31,283	3,283
Friend of the Court service fees	118,000	118,000	136,247	18,247
Probate Court services	40,000	40,000	41,562	1,562
Juvenile Court services	9,000	9,000	8,315	(685)
Prosecuting attorney services	250	250	29	(221)
Juvenile Court attorney fees	24,000	24,000	33,977	9,977
Crime victim assessment	200	200	222	22
Tether program	50,000	50,000	16,942	(33,058)
General government:				
County Clerk services	115,000	115,000	95,542	(19,458)
County Treasurer services	9,800	9,800	11,678	1,878
Register of Deed services	300,000	300,000	322,766	22,766
Drain Commission services	13,000	17,000	23,558	6,558
Child care collection fees	43,000	43,000	55,576	12,576
Property description services	20,600	20,600	26,152	5,552
Food stamp fraud	2,000	2,000	1,031	(969)
Community development services	20,000	20,000	15,296	(4,704)
Sheriff Department:				
Sheriff services	185,000	185,000	162,997	(22,003)
Economic crimes unit	495,000	495,000	419,872	(75,128)
OUIL/Impaired	25,000	25,000	18,851	(6,149)
False alarms	8,000	8,000	13,435	5,435
Abandoned vehicles	8,200	8,200	8,754	554
Impounded cars	200	200	-	(200)
Inmate medical	19,000	19,000	5,845	(13,155)
Sentenced inmate boarding	75,000	75,000	51,280	(23,720)
Sale of lost/stolen property	400	400	918	518
Boarding of dogs and cats	10,500	10,500	8,024	(2,476)
Medical Examiner-				
Cremation fees	-	-	10,932	10,932
Photocopies	8,050	8,050	11,138	3,088
Parks and recreation	71,250	71,250	66,651	(4,599)
Public improvement	351,000	-	-	-

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Concluded)
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Charges for services - concluded				
Planning aerial photos	\$ -	\$ -	\$ 4,866	\$ 4,866
Prisoner boarding	1,500	1,500	15,907	14,407
Historical commission	-	1,000	3,036	2,036
Computer	-	-	46,439	46,439
Miscellaneous	11,500	11,500	18,607	7,107
Total charges for services	<u>3,504,650</u>	<u>3,197,350</u>	<u>3,249,320</u>	<u>51,970</u>
Fines and forfeitures				
Ordinance fines and costs	128,000	128,000	162,045	34,045
Handicap parking	-	-	1,252	1,252
Bond forfeitures	27,500	27,500	30,255	2,755
Dog fines	2,000	2,000	6,789	4,789
Law library	6,500	6,500	6,500	-
Miscellaneous	3,000	3,000	4,343	1,343
Total fines and forfeitures	<u>167,000</u>	<u>167,000</u>	<u>211,184</u>	<u>44,184</u>
Interest and rents				
Interest on investments	90,000	90,000	11,392	(78,608)
Rental fees	269,829	269,829	277,209	7,380
Total interest and rents	<u>359,829</u>	<u>359,829</u>	<u>288,601</u>	<u>(71,228)</u>
Other				
Vending/pay phone commissions	68,200	68,200	77,365	9,165
Sale of capital assets	15,000	30,000	38,296	8,296
Reimbursements and refunds	101,990	99,101	155,677	56,576
Restitution	7,000	7,000	2,438	(4,562)
Parks and recreation	4,200	4,200	125	(4,075)
Miscellaneous	1,000	1,000	520	(480)
Total other	<u>197,390</u>	<u>209,501</u>	<u>274,421</u>	<u>64,920</u>
Total revenues	<u>28,395,974</u>	<u>28,223,539</u>	<u>27,998,781</u>	<u>(224,758)</u>
Other financing sources - transfers in				
Delinquent Tax Revolving	2,906,394	2,842,822	2,842,822	-
Central Dispatch	373,615	411,615	411,615	-
Child Care	-	850	850	-
Jail Millage II	465,493	454,922	454,922	-
Register of Deeds Technology	-	27,692	27,692	-
Property Forfeiture Prosecutor	-	412	412	-
Drug Court III	-	2,245	2,245	-
Drug Forfeiture	3,000	7,944	7,944	-
Lincoln Brick Trust	20,635	20,635	20,635	-
Total other financing sources	<u>3,769,137</u>	<u>3,769,137</u>	<u>3,769,137</u>	<u>-</u>
Total revenues and other sources	<u>\$ 32,165,111</u>	<u>\$ 31,992,676</u>	<u>\$ 31,767,918</u>	<u>\$ (224,758)</u>

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Legislative				
Board of Commissioners	\$ 294,392	\$ 299,392	\$ 241,077	\$ 58,315
Judicial				
Circuit Court	1,315,687	1,276,495	1,232,718	43,777
District Court	1,605,317	1,644,917	1,486,582	158,335
Friend of Court	1,354,137	1,312,922	1,273,569	39,353
County Guardian	63,000	63,000	60,236	2,764
Probate Court	522,399	529,588	523,523	6,065
Juvenile Court	737,605	806,052	804,833	1,219
Probation	10,382	9,782	5,526	4,256
Law library	6,500	6,500	6,500	-
Total judicial	<u>5,615,027</u>	<u>5,649,256</u>	<u>5,393,487</u>	<u>255,769</u>
General government				
Elections	73,650	73,650	62,395	11,255
Clerk	584,233	583,963	555,576	28,387
Births and Deaths	200	200	157	43
Plat Board	323	323	38	285
Controller	776,918	773,986	742,054	31,932
Information Systems	724,628	724,991	706,315	18,676
Equalization	574,675	666,425	651,022	15,403
Prosecuting Attorney	1,387,241	1,387,791	1,317,123	70,668
Economic Crimes Unit	475,310	475,310	397,081	78,229
Register of Deeds	215,446	215,446	201,829	13,617
Treasurer	364,119	362,374	346,697	15,677
Cooperative Extension	159,185	159,185	138,175	21,010
Building Authority Administration	725	725	-	725
Building and Grounds	1,586,642	1,596,377	1,581,317	15,060
Drain Commission	381,607	388,926	386,343	2,583
Thornapple-Ground Soil Conservation	18,891	18,891	18,891	-
Eaton County Office Building	25,403	33,168	31,657	1,511
Total general government	<u>7,349,196</u>	<u>7,461,731</u>	<u>7,136,670</u>	<u>325,061</u>
Public safety				
Sheriff - General	5,080,919	5,125,210	4,943,646	181,564
Sheriff - Corrections	4,065,038	3,996,444	3,852,051	144,393
Sheriff - Delta office	3,644,597	3,639,912	3,547,319	92,593
Sheriff - Weighmaster	22,375	13,334	-	13,334
Sheriff - Road Patrol	164,067	186,769	185,133	1,636
Marine Safety	11,925	11,925	9,576	2,349
Community Development	256,246	255,387	247,727	7,660
Tri-County Regional Planning	102,900	102,900	102,900	-
Animal Control	368,449	371,864	348,241	23,623
Emergency Services	122,216	-	-	-
Prisoner boarding	134,766	134,766	100,423	34,343
Vertical drug	74,750	74,750	73,981	769
Total public safety	<u>14,048,248</u>	<u>13,913,261</u>	<u>13,410,997</u>	<u>502,264</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Public works				
Drains at Large	\$ 408,410	\$ 405,143	\$ 354,536	\$ 50,607
Health and social services				
Mid-South Substance Abuse	223,685	254,139	254,139	-
Medical Examiner	154,033	154,033	131,972	22,061
Community Mental Health	403,345	403,345	403,345	-
Barry-Eaton Health Plan Corporation	650,000	509,777	509,777	-
Tri-County Office on Aging	61,296	61,296	60,624	672
Veterans	62,098	62,098	58,862	3,236
Landfill	35,000	42,404	42,404	-
Child care - DHS	2,500	3,074	3,074	-
Soldiers and sailors	30,000	30,000	19,622	10,378
District Health - appropriation	265,800	409,290	409,289	1
District Health - cigarette tax	25,000	25,000	12,080	12,920
Total health and social services	<u>1,912,757</u>	<u>1,954,456</u>	<u>1,905,188</u>	<u>49,268</u>
Recreation and culture				
Courthouse Square Association	15,000	15,000	15,000	-
Parks and recreation	427,357	427,357	390,219	37,138
Parks special projects	-	5,165	5,165	-
Historical commission	-	1,000	910	90
Total recreation and culture	<u>442,357</u>	<u>448,522</u>	<u>411,294</u>	<u>37,228</u>
Other				
Computer	5,000	5,000	1,301	3,699
Miscellaneous	313,000	261,959	14,745	247,214
Total other	<u>318,000</u>	<u>266,959</u>	<u>16,046</u>	<u>250,913</u>
Capital outlay:				
General	262,828	296,749	251,506	45,243
Public improvement	590,999	590,999	198,034	392,965
Computer	362,665	768,304	665,122	103,182
Total capital outlay	<u>1,216,492</u>	<u>1,656,052</u>	<u>1,114,662</u>	<u>541,390</u>
Total expenditures	<u>31,604,879</u>	<u>32,054,772</u>	<u>29,983,957</u>	<u>2,070,815</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual (Concluded)
General Fund
For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Other financing uses - transfers out				
Appropriations:				
Child Care	\$ 1,300,000	\$ 1,320,980	\$ 1,320,000	\$ 980
Family Independence Agency	14,000	14,000	14,000	-
Other:				
Central Dispatch	-	122,216	122,216	-
Dental Clinic	-	7,486	7,486	-
Child Care (cigarette tax)	7,000	7,000	5,033	1,967
Medical Care Facility	129,095	129,095	129,095	-
Building Authority - Eaton County Office Building	103,492	103,492	103,492	-
Installment Purchase	104,239	104,239	104,239	-
Housing	26,446	26,446	26,446	-
STOP Domestic Violence	15,575	15,575	15,575	-
Construction Code	38,273	38,273	38,273	-
Total other financing uses	<u>1,738,120</u>	<u>1,888,802</u>	<u>1,885,855</u>	<u>2,947</u>
Total expenditures and other uses	<u>\$ 33,342,999</u>	<u>\$ 33,943,574</u>	<u>\$ 31,869,812</u>	<u>\$ 2,073,762</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

Special Revenue Funds

<u>ASSETS</u>	<u>Fox Park</u>	<u>Solid Waste Ordinance</u>	<u>CDBG Housing Grant</u>	<u>Homeowner Purchase Rehab</u>	<u>Home Rehab Charlotte</u>
Assets					
Cash and cash equivalents	\$ 2,219	\$ 276,059	\$ 33,997	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	100	-	-
Due from other governmental units	-	-	21,690	23,300	17,452
<u>TOTAL ASSETS</u>	<u>\$ 2,219</u>	<u>\$ 276,059</u>	<u>\$ 55,787</u>	<u>\$ 23,300</u>	<u>\$ 17,452</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ 12,712	\$ 7,763	\$ -	\$ -
Accrued liabilities	-	405	1,144	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	3	180	-	-
Advances from other funds	-	-	-	-	-
Interfund payable	-	-	-	23,300	11,112
Deferred revenue	-	-	-	-	-
 Total liabilities	<u>-</u>	<u>13,120</u>	<u>9,087</u>	<u>23,300</u>	<u>11,112</u>
 Fund balances					
Restricted for:					
Judicial	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	46,700	-	6,340
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for :					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	2,219	262,939	-	-	-
Capital projects	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
 Total fund balances	<u>2,219</u>	<u>262,939</u>	<u>46,700</u>	<u>-</u>	<u>6,340</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 2,219</u>	<u>\$ 276,059</u>	<u>\$ 55,787</u>	<u>\$ 23,300</u>	<u>\$ 17,452</u>

Special Revenue Funds

Economic Development Revolving	Construction Code Enforcement	Remonu- mentation Grant	Register of Deeds Technology	Jail Millage	Criminal Property Forfeiture	Drug Law Forfeiture	S.T.O.P. Grant
\$ 87,520	\$ 68,607	\$ 28,711	\$ 261,002	\$ 24,563	\$ 868	\$ 16,369	\$ -
-	-	-	-	-	-	-	-
-	-	101	505	-	-	-	-
-	-	-	-	-	-	-	16,184
<u>\$ 87,520</u>	<u>\$ 68,607</u>	<u>\$ 28,812</u>	<u>\$ 261,507</u>	<u>\$ 24,563</u>	<u>\$ 868</u>	<u>\$ 16,369</u>	<u>\$ 16,184</u>
\$ 82,055	\$ 5,392	\$ 1,967	\$ -	\$ -	\$ -	\$ 932	\$ -
-	2,026	-	-	-	-	-	1,062
-	-	-	-	-	-	-	-
-	448	-	-	-	-	-	125
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,610
-	-	-	-	24,563	-	-	-
<u>82,055</u>	<u>7,866</u>	<u>1,967</u>	<u>-</u>	<u>24,563</u>	<u>-</u>	<u>932</u>	<u>8,797</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,387
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	26,845	261,507	-	-	-	-
-	60,741	-	-	-	868	15,437	-
5,465	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,465</u>	<u>60,741</u>	<u>26,845</u>	<u>261,507</u>	<u>-</u>	<u>868</u>	<u>15,437</u>	<u>7,387</u>
<u>\$ 87,520</u>	<u>\$ 68,607</u>	<u>\$ 28,812</u>	<u>\$ 261,507</u>	<u>\$ 24,563</u>	<u>\$ 868</u>	<u>\$ 16,369</u>	<u>\$ 16,184</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2011

Special Revenue Funds

<u>ASSETS</u>	<u>Drug Court III - Circuit Court</u>	<u>Community Corrections</u>	<u>Domestic Preparedness</u>	<u>Property Forfeiture Prosecutor</u>	<u>Bureau of Justice LLEBG</u>
Assets					
Cash and cash equivalents	\$ 10,265	\$ -	\$ -	\$ 2,384	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	2,100	-	-	-
Due from other governmental units	18,404	28,230	54,480	-	-
<u>TOTAL ASSETS</u>	<u>\$ 28,669</u>	<u>\$ 30,330</u>	<u>\$ 54,480</u>	<u>\$ 2,384</u>	<u>\$ -</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 4,548	\$ 3,878	\$ 14,179	\$ -	\$ -
Accrued liabilities	432	2,316	-	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	78	452	-	-	-
	-	-	-	-	-
Interfund payable	-	3,308	36,434	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	5,058	9,954	50,613	-	-
Fund balances					
Restricted for:					
Judicial	23,611	-	-	-	-
Public safety	-	20,376	3,867	-	-
Health and social services	-	-	-	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for :					
Judicial					
General government	-	-	-	-	-
Public safety	-	-	-	2,384	-
Health and social services	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	23,611	20,376	3,867	2,384	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 28,669</u>	<u>\$ 30,330</u>	<u>\$ 54,480</u>	<u>\$ 2,384</u>	<u>\$ -</u>

Special Revenue Funds

<u>Drug Forfeiture Prosecutor</u>	<u>Michigan Justice Training</u>	<u>Dispatcher Training</u>	<u>OHSP Traffic Enforcement</u>	<u>Department of Human Services</u>	<u>Veterans Trust</u>	<u>Home Tax Exemption Audit</u>	<u>Brownfield Redevelopment</u>	<u>Local Corrections Officer Training</u>
\$ 23,554	\$ 20,388	\$ 5,141	\$ -	\$ 78,320	\$ 1,214	\$ 36,330	\$ -	\$ 109,941
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	86,303	1,337	-	-	231	-
<u>\$ 23,554</u>	<u>\$ 20,388</u>	<u>\$ 5,141</u>	<u>\$ 86,303</u>	<u>\$ 79,657</u>	<u>\$ 1,214</u>	<u>\$ 36,330</u>	<u>\$ 231</u>	<u>\$ 109,941</u>
\$ -	\$ -	\$ 475	\$ -	\$ 1,337	\$ 78	\$ -	\$ 231	\$ 654
-	-	-	-	-	-	-	-	-
-	-	-	-	54,000	-	15,225	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	86,303	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	475	86,303	55,337	78	15,225	231	654
-	-	-	-	-	-	-	-	-
-	20,388	4,666	-	-	-	-	-	-
-	-	-	-	24,320	1,136	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,105	-	-
23,554	-	-	-	-	-	-	-	109,287
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>23,554</u>	<u>20,388</u>	<u>4,666</u>	<u>-</u>	<u>24,320</u>	<u>1,136</u>	<u>21,105</u>	<u>-</u>	<u>109,287</u>
<u>\$ 23,554</u>	<u>\$ 20,388</u>	<u>\$ 5,141</u>	<u>\$ 86,303</u>	<u>\$ 79,657</u>	<u>\$ 1,214</u>	<u>\$ 36,330</u>	<u>\$ 231</u>	<u>\$ 109,941</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2011

	<u>Special Revenue Funds</u>				
	<u>LEAD Drug Testing</u>	<u>Kellogg Foundation Grant</u>	<u>Juvenile Millage</u>	<u>Felony Sobriety Court</u>	<u>Energy Efficiency</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 1,390	\$ 485,158	\$ 290,753	\$ -	\$ -
Receivables:					
Property taxes	-	-	14,324	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	-	22,023	-
	<u>1,390</u>	<u>485,158</u>	<u>290,753</u>	<u>22,023</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,390</u>	<u>\$ 485,158</u>	<u>\$ 305,077</u>	<u>\$ 22,023</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 3,339	\$ 5,473	\$ -
Accrued liabilities	-	-	-	1,506	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	-	190	-
	-	-	-	-	-
Interfund payable	-	-	-	5,267	-
Deferred revenue	-	-	14,324	-	-
	<u>-</u>	<u>-</u>	<u>17,663</u>	<u>12,436</u>	<u>-</u>
Total liabilities	-	-	17,663	12,436	-
Fund balances					
Restricted for:					
Judicial	-	-	-	9,587	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for :					
Judicial	-	485,158	-	-	-
General government	-	-	-	-	-
Public safety	1,390	-	287,414	-	-
Health and social services	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
	<u>1,390</u>	<u>485,158</u>	<u>287,414</u>	<u>9,587</u>	<u>-</u>
Total fund balances	1,390	485,158	287,414	9,587	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,390</u>	<u>\$ 485,158</u>	<u>\$ 305,077</u>	<u>\$ 22,023</u>	<u>\$ -</u>

Debt Service Funds					Capital Project Fund	Permanent Trust Funds	
Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Installment Purchase	Dental Clinic	Dental Clinic Construction	Juvenile Court Trust	Youth Facility Trust
\$ 1	\$ -	\$ 1	\$ 2	\$ 1	\$ 246	\$ 10,681	\$ 7,009
-	-	-	-	-	-	-	-
-	175	-	-	23,440	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1</u>	<u>\$ 175</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 23,441</u>	<u>\$ 246</u>	<u>\$ 10,681</u>	<u>\$ 7,009</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	107,379	-	-	-
-	175	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	175	-	-	107,379	-	-	48
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	-	1	2	-	-	10,681	6,961
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	246	-	-
-	-	-	-	(83,938)	-	-	-
<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>(83,938)</u>	<u>246</u>	<u>10,681</u>	<u>6,961</u>
<u>\$ 1</u>	<u>\$ 175</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 23,441</u>	<u>\$ 246</u>	<u>\$ 10,681</u>	<u>\$ 7,009</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Concluded)
September 30, 2011

	<u>Permanent Trust Funds</u>					<u>Total</u>
	<u>Lincoln Brick Trust</u>	<u>Sheriff Donations Trust</u>	<u>Animal Control Donations Trust</u>	<u>Prosecuting Attorney Donations Trust</u>	<u>EATON Trust</u>	
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 101,704	\$ 39	\$ 1,149	\$ 44	\$ 595	\$ 1,986,225
Receivables:						
Property taxes	-	-	-	-	-	14,324
Accounts, net	-	-	-	-	-	26,421
Due from other governmental units	-	-	-	-	-	289,634
	<u>101,704</u>	<u>39</u>	<u>1,149</u>	<u>44</u>	<u>595</u>	<u>2,316,604</u>
<u>TOTAL ASSETS</u>	<u>\$ 101,704</u>	<u>\$ 39</u>	<u>\$ 1,149</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,316,604</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,061
Accrued liabilities	-	-	-	-	-	8,891
Due to other governmental units -						
Federal/state	-	-	-	-	-	69,225
Due to other funds	-	-	-	-	-	1,476
	-	-	-	-	-	107,379
Interfund payable	-	-	-	-	-	173,509
Deferred revenue	-	-	-	-	-	38,887
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,428</u>
Total liabilities	-	-	-	-	-	544,428
Fund balances						
Restricted for:						
Judicial	-	-	-	-	-	33,198
Public safety	-	-	-	-	-	56,684
Health and social services	-	-	-	-	-	78,496
Debt service	-	-	-	-	-	4
Permanent trusts	101,704	39	1,149	44	595	121,173
Committed for :						
Judicial	-	-	-	-	-	485,158
General government	-	-	-	-	-	309,457
Public safety	-	-	-	-	-	501,075
Health and social services	-	-	-	-	-	270,623
Capital projects	-	-	-	-	-	246
Unassigned (deficit)	-	-	-	-	-	(83,938)
	<u>101,704</u>	<u>39</u>	<u>1,149</u>	<u>44</u>	<u>595</u>	<u>1,772,176</u>
Total fund balances	101,704	39	1,149	44	595	1,772,176
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 101,704</u>	<u>\$ 39</u>	<u>\$ 1,149</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,316,604</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue Funds				
	Fox Park	Solid Waste Ordinance	CDBG Housing Grant	Homeowner Purchase Rehab	Home Rehab Charlotte
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	182,864	100,893	143,974
Local	-	-	-	-	-
Charges for services	-	252,010	45,996	-	10,396
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	12,000	-
Total revenues	-	252,010	228,860	112,893	154,370
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	240,477	212,619	112,893	148,030
Miscellaneous	-	-	-	-	-
Capital outlay	-	263	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	240,740	212,619	112,893	148,030
Revenue over (under) expenditures	-	11,270	16,241	-	6,340
Other financing sources (uses)					
Transfers in	-	-	26,446	-	-
Transfers out	-	(8,127)	-	-	-
Total other financing sources (uses)	-	(8,127)	26,446	-	-
Net change in fund balances	-	3,143	42,687	-	6,340
Fund balances, October 1	2,219	259,796	4,013	-	-
Fund balances, September 30	\$ 2,219	\$ 262,939	\$ 46,700	\$ -	\$ 6,340

Special Revenue Funds

Economic Development Revolving	Construction Code Enforcement	Remonu- mentation Grant	Register of Deeds Technology	Jail Millage	Criminal Property Forfeiture	Drug Law Forfeiture	S.T.O.P. Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	237,181	-	-	-	-	-	-
-	-	48,705	-	-	-	-	55,352
-	-	-	-	-	-	-	-
-	9,253	17,948	90,795	-	-	-	-
-	-	-	-	-	-	45,043	-
-	-	-	38	-	-	-	-
-	-	-	-	-	-	-	-
-	246,434	66,653	90,833	-	-	45,043	55,352
-	-	-	-	-	-	-	-
-	-	65,466	24,182	-	-	-	-
-	257,019	-	-	-	-	31,128	71,622
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	257,019	65,466	24,182	-	-	31,128	71,622
-	(10,585)	1,187	66,651	-	-	13,915	(16,270)
-	38,273	-	-	-	-	-	15,575
-	-	-	(77,740)	-	-	(3,000)	-
-	38,273	-	(77,740)	-	-	(3,000)	15,575
-	27,688	1,187	(11,089)	-	-	10,915	(695)
5,465	33,053	25,658	272,596	-	868	4,522	8,082
<u>\$ 5,465</u>	<u>\$ 60,741</u>	<u>\$ 26,845</u>	<u>\$ 261,507</u>	<u>\$ -</u>	<u>\$ 868</u>	<u>\$ 15,437</u>	<u>\$ 7,387</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

Special Revenue Funds

	Drug Court III Circuit Court	Community Corrections	Domestic Preparedness	Property Forfeiture Prosecutor	Bureau of Justice LLEBG
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	64,596	187,404	483,836	-	13,371
Local	-	-	-	-	-
Charges for services	2,656	52,200	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	74,601	-	-
Total revenues	67,252	239,604	558,437	-	13,371
Expenditures					
Current:					
Judicial	69,245	-	-	-	-
General government	-	-	-	-	-
Public safety	-	239,849	102,906	-	-
Health and social services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	462,921	-	13,371
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	69,245	239,849	565,827	-	13,371
Revenue over (under) expenditures	(1,993)	(245)	(7,390)	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(2,245)	-	-	(412)	-
Total other financing sources (uses)	(2,245)	-	-	(412)	-
Net change in fund balances	(4,238)	(245)	(7,390)	(412)	-
Fund balances, October 1	27,849	20,621	11,257	2,796	-
Fund balances, September 30	\$ 23,611	\$ 20,376	\$ 3,867	\$ 2,384	\$ -

Special Revenue Funds

Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services	Veterans Trust	Home Tax Exemption Audit	Brownfield Redevelopment	Local Corrections Officer Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	14,466	21,998	86,019	413,989	14,966	-	72,338	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	32,219
19,125	-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,327	-	-
-	-	-	-	-	-	-	-	-
<u>19,125</u>	<u>14,466</u>	<u>21,998</u>	<u>86,019</u>	<u>413,989</u>	<u>14,966</u>	<u>10,327</u>	<u>72,338</u>	<u>32,219</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,057	11,779	22,006	13,980	-	-	-	-	13,797
-	-	-	-	486,195	15,581	-	72,338	-
-	-	-	-	-	-	-	-	-
-	-	-	72,323	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,057</u>	<u>11,779</u>	<u>22,006</u>	<u>86,303</u>	<u>486,195</u>	<u>15,581</u>	<u>-</u>	<u>72,338</u>	<u>13,797</u>
<u>16,068</u>	<u>2,687</u>	<u>(8)</u>	<u>(284)</u>	<u>(72,206)</u>	<u>(615)</u>	<u>10,327</u>	<u>-</u>	<u>18,422</u>
-	-	-	-	14,000	-	-	-	-
(4,994)	-	-	-	-	-	(2,888)	-	-
(4,994)	-	-	-	14,000	-	(2,888)	-	-
11,074	2,687	(8)	(284)	(58,206)	(615)	7,439	-	18,422
12,480	17,701	4,674	284	82,526	1,751	13,666	-	90,865
<u>\$ 23,554</u>	<u>\$ 20,388</u>	<u>\$ 4,666</u>	<u>\$ -</u>	<u>\$ 24,320</u>	<u>\$ 1,136</u>	<u>\$ 21,105</u>	<u>\$ -</u>	<u>\$ 109,287</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue Funds				
	LEAD Drug Testing	Kellogg Foundation Grant	Juvenile Millage	Felony Sobriety Court	Energy Efficiency
Revenues					
Property taxes	\$ -	\$ -	\$ 1,172,405	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	-	122,562	328,072
Local	-	-	-	-	-
Charges for services	72	-	-	2,892	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>72</u>	<u>-</u>	<u>1,172,405</u>	<u>125,454</u>	<u>328,072</u>
Expenditures					
Current:					
Judicial	-	-	-	122,559	-
General government	-	-	-	-	-
Public safety	-	-	199,212	-	4,958
Health and social services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	331,241
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>199,212</u>	<u>122,559</u>	<u>336,199</u>
Revenue over (under) expenditures	<u>72</u>	<u>-</u>	<u>973,193</u>	<u>2,895</u>	<u>(8,127)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	8,127
Transfers out	-	(176,102)	(1,105,612)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(176,102)</u>	<u>(1,105,612)</u>	<u>-</u>	<u>8,127</u>
Net change in fund balances	72	(176,102)	(132,419)	2,895	-
Fund balances, October 1	<u>1,318</u>	<u>661,260</u>	<u>419,833</u>	<u>6,692</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 1,390</u>	<u>\$ 485,158</u>	<u>\$ 287,414</u>	<u>\$ 9,587</u>	<u>\$ -</u>

Debt Service Funds					Capital Project Fund	Permanent Trust Funds	
Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Installment Purchase	Dental Clinic	Dental Clinic Construction	Juvenile Court Trust	Youth Facility Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	52,730	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	15	2	-
-	-	-	-	23,440	-	25	8,046
-	52,730	-	-	23,440	15	27	8,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	575	6,996
-	-	-	-	-	426,038	-	-
90,000	45,000	570,000	90,590	30,000	-	-	-
14,280	7,730	638,712	13,648	34,169	-	-	-
104,280	52,730	1,208,712	104,238	64,169	426,038	575	6,996
(104,280)	-	(1,208,712)	(104,238)	(40,729)	(426,023)	(548)	1,050
103,492	-	1,054,498	104,239	-	7,486	-	-
-	-	-	-	-	-	-	-
103,492	-	1,054,498	104,239	-	7,486	-	-
(788)	-	(154,214)	1	(40,729)	(418,537)	(548)	1,050
789	-	154,215	1	(43,209)	418,783	11,229	5,911
\$ 1	\$ -	\$ 1	\$ 2	\$ (83,938)	\$ 246	\$ 10,681	\$ 6,961

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	<u>Permanent Trust Funds</u>					<u>Total</u>
	<u>Lincoln Brick Trust</u>	<u>Sheriff Donations Trust</u>	<u>Animal Control Donations Trust</u>	<u>Prosecuting Attorney Donations Trust</u>	<u>EATON Trust</u>	
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,172,405
Licenses and permits	-	-	-	-	-	237,181
Intergovernmental:						
Federal/state	-	-	-	-	-	2,368,776
Local	-	-	-	-	-	52,730
Charges for services	-	-	-	-	-	516,437
Fines and forfeitures	-	-	-	-	-	64,168
Interest and rent	18	-	-	-	-	10,400
Miscellaneous	13,620	558	354	-	-	132,644
Total revenues	<u>13,638</u>	<u>558</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>4,554,741</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	191,804
General government	-	-	-	-	-	89,648
Public safety	-	-	-	-	-	971,313
Health and social services	-	-	-	-	-	1,288,133
Miscellaneous	6,954	834	-	-	-	15,359
Capital outlay	-	-	-	-	-	1,319,528
Debt service:						
Principal retirement	-	-	-	-	-	825,590
Interest and fiscal charges	-	-	-	-	-	708,539
Total expenditures	<u>6,954</u>	<u>834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,409,914</u>
Revenue over (under) expenditures	<u>6,684</u>	<u>(276)</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>(855,173)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	1,372,136
Transfers out	(20,635)	-	-	-	-	(1,401,755)
Total other financing sources (uses)	<u>(20,635)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,619)</u>
Net change in fund balances	<u>(13,951)</u>	<u>(276)</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>(884,792)</u>
Fund balances, October 1	115,655	315	795	44	595	2,656,968
Fund balances, September 30	<u>\$ 101,704</u>	<u>\$ 39</u>	<u>\$ 1,149</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 1,772,176</u>

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	Fox Park			Solid Waste Ordinance		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	279,700	252,010	(27,690)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	279,700	252,010	(27,690)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	325,671	240,477	85,194
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	263	263	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	-	-	325,934	240,740	85,194
Revenue over (under) expenditures	-	-	-	(46,234)	11,270	57,504
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(8,128)	(8,127)	1
Total other financing sources (uses)	-	-	-	(8,128)	(8,127)	1
Net change in fund balances	-	-	-	(54,362)	3,143	57,505
Fund balances, October 1	2,219	2,219	-	259,796	259,796	-
Fund balances (deficit), September 30	\$ 2,219	\$ 2,219	\$ -	\$ 205,434	\$ 262,939	\$ 57,505

CDBG Housing Grant			Homeowner Purchase Rehab			Homeowner Rehab Charlotte		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
155,540	182,864	27,324	175,000	100,893	(74,107)	166,650	143,974	(22,676)
-	-	-	-	-	-	-	-	-
11,304	45,996	34,692	-	-	-	-	10,396	10,396
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	12,000	12,000	-	-	-
166,844	228,860	62,016	175,000	112,893	(62,107)	166,650	154,370	(12,280)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
227,440	212,619	14,821	157,500	112,893	44,607	150,000	148,030	1,970
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
227,440	212,619	14,821	157,500	112,893	44,607	150,000	148,030	1,970
(60,596)	16,241	76,837	17,500	-	(17,500)	16,650	6,340	(10,310)
60,596	26,446	(34,150)	-	-	-	-	-	-
-	-	-	(17,500)	-	17,500	(16,650)	-	16,650
60,596	26,446	(34,150)	(17,500)	-	17,500	(16,650)	-	16,650
-	42,687	42,687	-	-	-	-	6,340	6,340
4,013	4,013	-	-	-	-	-	-	-
\$ 4,013	\$ 46,700	\$ 42,687	\$ -	\$ -	\$ -	\$ -	\$ 6,340	\$ 6,340

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	<u>Economic Development Revolving</u>			<u>Construction Code Enforcement</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	220,000	237,181	17,181
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	3,900	9,253	5,353
Fines and forfeitures	-	-	-	500	-	(500)
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,400</u>	<u>246,434</u>	<u>22,034</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	262,673	257,019	5,654
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,673</u>	<u>257,019</u>	<u>5,654</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,273)</u>	<u>(10,585)</u>	<u>27,688</u>
Other financing sources (uses)						
Transfers in	-	-	-	38,273	38,273	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,273</u>	<u>38,273</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,688</u>	<u>27,688</u>
Fund balances, October 1	5,465	5,465	-	33,053	33,053	-
Fund balances (deficit), September 30	<u>\$ 5,465</u>	<u>\$ 5,465</u>	<u>\$ -</u>	<u>\$ 33,053</u>	<u>\$ 60,741</u>	<u>\$ 27,688</u>

Remonumentation Grant			Register of Deeds Technology			Jail Millage		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
56,402	48,705	(7,697)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
17,119	17,948	829	90,000	90,795	795	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	30	38	8	-	-	-
-	-	-	-	-	-	-	-	-
<u>73,521</u>	<u>66,653</u>	<u>(6,868)</u>	<u>90,030</u>	<u>90,833</u>	<u>803</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
73,521	65,466	8,055	59,298	24,182	35,116	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>73,521</u>	<u>65,466</u>	<u>8,055</u>	<u>59,298</u>	<u>24,182</u>	<u>35,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,187	1,187	30,732	66,651	35,919	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(77,740)	(77,740)	-	-	-	-
-	-	-	(77,740)	(77,740)	-	-	-	-
-	1,187	1,187	(47,008)	(11,089)	35,919	-	-	-
25,658	25,658	-	272,596	272,596	-	-	-	-
<u>\$ 25,658</u>	<u>\$ 26,845</u>	<u>\$ 1,187</u>	<u>\$ 225,588</u>	<u>\$ 261,507</u>	<u>\$ 35,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	Criminal Property Forfeiture			Drug Law Forfeiture		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	600	-	(600)	5,587	45,043	39,456
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>600</u>	<u>-</u>	<u>(600)</u>	<u>5,587</u>	<u>45,043</u>	<u>39,456</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	600	-	600	31,129	31,128	1
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>600</u>	<u>-</u>	<u>600</u>	<u>31,129</u>	<u>31,128</u>	<u>1</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,542)</u>	<u>13,915</u>	<u>39,457</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(3,000)	(3,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Net change in fund balances	-	-	-	(28,542)	10,915	39,457
Fund balances, October 1	<u>868</u>	<u>868</u>	<u>-</u>	<u>4,522</u>	<u>4,522</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 868</u>	<u>\$ 868</u>	<u>\$ -</u>	<u>\$ (24,020)</u>	<u>\$ 15,437</u>	<u>\$ 39,457</u>

S.T.O.P. Grant			Drug Court III			Community Corrections		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
56,100	55,352	(748)	100,800	64,596	(36,204)	197,852	187,404	(10,448)
-	-	-	-	-	-	-	-	-
-	-	-	7,000	2,656	(4,344)	53,095	52,200	(895)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
56,100	55,352	(748)	107,800	67,252	(40,548)	250,947	239,604	(11,343)
-	-	-	100,800	69,245	31,555	-	-	-
-	-	-	-	-	-	-	-	-
71,675	71,622	53	-	-	-	250,050	239,849	10,201
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
71,675	71,622	53	100,800	69,245	31,555	250,050	239,849	10,201
(15,575)	(16,270)	(695)	7,000	(1,993)	(8,993)	897	(245)	(1,142)
15,575	15,575	-	-	-	-	-	-	-
-	-	-	(2,245)	(2,245)	-	(897)	-	897
15,575	15,575	-	(2,245)	(2,245)	-	(897)	-	897
-	(695)	(695)	4,755	(4,238)	(8,993)	-	(245)	(245)
8,082	8,082	-	27,849	27,849	-	20,621	20,621	-
\$ 8,082	\$ 7,387	\$ (695)	\$ 32,604	\$ 23,611	\$ (8,993)	\$ 20,621	\$ 20,376	\$ (245)

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EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	Domestic Preparedness			Property Forfeiture Prosecutor		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	500,216	483,836	(16,380)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	66,500	74,601	8,101	-	-	-
Total revenues	<u>566,716</u>	<u>558,437</u>	<u>(8,279)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	103,790	102,906	884	-	-	-
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	462,926	462,921	5	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>566,716</u>	<u>565,827</u>	<u>889</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>-</u>	<u>(7,390)</u>	<u>(7,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(412)	(412)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(412)</u>	<u>(412)</u>	<u>-</u>
Net change in fund balances	-	(7,390)	(7,390)	(412)	(412)	-
Fund balances, October 1	11,257	11,257	-	2,796	2,796	-
Fund balances (deficit), September 30	<u>\$ 11,257</u>	<u>\$ 3,867</u>	<u>\$ (7,390)</u>	<u>\$ 2,384</u>	<u>\$ 2,384</u>	<u>\$ -</u>

Bureau of Justice LLEBG			Drug Forfeiture Prosecutor			Michigan Justice Training		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
13,371	13,371	-	-	-	-	15,000	14,466	(534)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,500	19,125	16,625	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,371	13,371	-	2,500	19,125	16,625	15,000	14,466	(534)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4,860	3,057	1,803	15,000	11,779	3,221
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,371	13,371	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,371	13,371	-	4,860	3,057	1,803	15,000	11,779	3,221
-	-	-	(2,360)	16,068	18,428	-	2,687	2,687
-	-	-	-	-	-	-	-	-
-	-	-	(4,994)	(4,994)	-	-	-	-
-	-	-	(4,994)	(4,994)	-	-	-	-
-	-	-	(7,354)	11,074	18,428	-	2,687	2,687
-	-	-	12,480	12,480	-	17,701	17,701	-
\$ -	\$ -	\$ -	\$ 5,126	\$ 23,554	\$ 18,428	\$ 17,701	\$ 20,388	\$ 2,687

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EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	<u>Dispatcher Training</u>			<u>OHSP Traffic Enforcement</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	21,998	21,998	-	86,303	86,019	(284)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>21,998</u>	<u>21,998</u>	<u>-</u>	<u>86,303</u>	<u>86,019</u>	<u>(284)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	22,009	22,006	3	13,980	13,980	-
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	72,323	72,323	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>22,009</u>	<u>22,006</u>	<u>3</u>	<u>86,303</u>	<u>86,303</u>	<u>-</u>
Revenue over (under) expenditures	<u>(11)</u>	<u>(8)</u>	<u>3</u>	<u>-</u>	<u>(284)</u>	<u>(284)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(11)</u>	<u>(8)</u>	<u>3</u>	<u>-</u>	<u>(284)</u>	<u>(284)</u>
Fund balances, October 1	<u>4,674</u>	<u>4,674</u>	<u>-</u>	<u>284</u>	<u>284</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 4,663</u>	<u>\$ 4,666</u>	<u>\$ 3</u>	<u>\$ 284</u>	<u>\$ -</u>	<u>\$ (284)</u>

Department of Human Services			Veterans Trust			Home Tax Exemption Audit		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
586,000	413,989	(172,011)	16,000	14,966	(1,034)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,889	10,327	7,438
-	-	-	-	-	-	-	-	-
<u>586,000</u>	<u>413,989</u>	<u>(172,011)</u>	<u>16,000</u>	<u>14,966</u>	<u>(1,034)</u>	<u>2,889</u>	<u>10,327</u>	<u>7,438</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
600,000	486,195	113,805	16,000	15,581	419	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>600,000</u>	<u>486,195</u>	<u>113,805</u>	<u>16,000</u>	<u>15,581</u>	<u>419</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(14,000)</u>	<u>(72,206)</u>	<u>(58,206)</u>	<u>-</u>	<u>(615)</u>	<u>(615)</u>	<u>2,889</u>	<u>10,327</u>	<u>7,438</u>
14,000	14,000	-	-	-	-	-	-	-
-	-	-	-	-	-	(2,889)	(2,888)	1
<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,889)</u>	<u>(2,888)</u>	<u>1</u>
-	(58,206)	(58,206)	-	(615)	(615)	-	7,439	7,439
<u>82,526</u>	<u>82,526</u>	<u>-</u>	<u>1,751</u>	<u>1,751</u>	<u>-</u>	<u>13,666</u>	<u>13,666</u>	<u>-</u>
<u>\$ 82,526</u>	<u>\$ 24,320</u>	<u>\$ (58,206)</u>	<u>\$ 1,751</u>	<u>\$ 1,136</u>	<u>\$ (615)</u>	<u>\$ 13,666</u>	<u>\$ 21,105</u>	<u>\$ 7,439</u>

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	Brownfield Redevelopment			Local Corrections Officer Training		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	72,338	72,338	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	20,000	32,219	12,219
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>72,338</u>	<u>72,338</u>	<u>-</u>	<u>20,000</u>	<u>32,219</u>	<u>12,219</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	20,000	13,797	6,203
Health and social services	72,338	72,338	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>72,338</u>	<u>72,338</u>	<u>-</u>	<u>20,000</u>	<u>13,797</u>	<u>6,203</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,422</u>	<u>18,422</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,422</u>	<u>18,422</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,865</u>	<u>90,865</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,865</u>	<u>\$ 109,287</u>	<u>\$ 18,422</u>

LEAD Drug Testing			Kellogg Foundation Grant			Juvenile Millage		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,190,607	\$ 1,172,405	\$ (18,202)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	72	72	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	72	72	-	-	-	1,190,607	1,172,405	(18,202)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	213,120	199,212	13,908
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	213,120	199,212	13,908
-	72	72	-	-	-	977,487	973,193	(4,294)
-	-	-	-	-	-	-	-	-
-	-	-	(176,102)	(176,102)	-	(1,105,612)	(1,105,612)	-
-	-	-	(176,102)	(176,102)	-	(1,105,612)	(1,105,612)	-
-	72	72	(176,102)	(176,102)	-	(128,125)	(132,419)	(4,294)
1,318	1,318	-	661,260	661,260	-	419,833	419,833	-
\$ 1,318	\$ 1,390	\$ 72	\$ 485,158	\$ 485,158	\$ -	\$ 291,708	\$ 287,414	\$ (4,294)

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EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2011

	<u>Felony Sobriety Court</u>			<u>Energy Efficiency</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	138,040	122,562	(15,478)	328,496	328,072	(424)
Local	-	-	-	-	-	-
Charges for services	-	2,892	2,892	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>138,040</u>	<u>125,454</u>	<u>(12,586)</u>	<u>328,496</u>	<u>328,072</u>	<u>(424)</u>
Expenditures						
Current:						
Judicial	138,040	122,559	15,481	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	4,960	4,958	2
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	331,664	331,241	423
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>138,040</u>	<u>122,559</u>	<u>15,481</u>	<u>336,624</u>	<u>336,199</u>	<u>425</u>
Revenue over (under) expenditures	<u>-</u>	<u>2,895</u>	<u>2,895</u>	<u>(8,128)</u>	<u>(8,127)</u>	<u>1</u>
Other financing sources (uses)						
Transfers in	-	-	-	8,128	8,127	(1)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,128</u>	<u>8,127</u>	<u>(1)</u>
Net change in fund balances	-	2,895	2,895	-	-	-
Fund balances, October 1	6,692	6,692	-	-	-	-
Fund balances (deficit), September 30	<u>\$ 6,692</u>	<u>\$ 9,587</u>	<u>\$ 2,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2011

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Assets			
Current assets:			
Cash and cash equivalents	\$ 300,445	\$ 923,124	\$ 1,891,522
Investments	2,772,111	-	-
Accounts receivable	567	171	-
Due from other funds	23,738	3,446	-
Prepays	-	19,402	529,992
	<u>3,096,861</u>	<u>946,143</u>	<u>2,421,514</u>
Total current assets			
Liabilities			
Current liabilities:			
Accounts payable	-	19,192	-
Accrued liabilities	-	73,703	881,271
	<u>-</u>	<u>92,895</u>	<u>881,271</u>
Total current liabilities			
Net assets			
Unrestricted	<u>\$ 3,096,861</u>	<u>\$ 853,248</u>	<u>\$ 1,540,243</u>

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 645,849	\$ 62,166	\$ 99,809	\$ 266,399	\$ 204,281	\$ 4,393,595
-	-	-	-	-	2,772,111
-	27	49	-	-	814
-	2,089	2,549	39,299	-	71,121
-	-	-	-	-	549,394
<u>645,849</u>	<u>64,282</u>	<u>102,407</u>	<u>305,698</u>	<u>204,281</u>	<u>7,787,035</u>
-	-	-	-	-	19,192
<u>340,406</u>	<u>-</u>	<u>87</u>	<u>-</u>	<u>14,798</u>	<u>1,310,265</u>
<u>340,406</u>	<u>-</u>	<u>87</u>	<u>-</u>	<u>14,798</u>	<u>1,329,457</u>
<u>\$ 305,443</u>	<u>\$ 64,282</u>	<u>\$ 102,320</u>	<u>\$ 305,698</u>	<u>\$ 189,483</u>	<u>\$ 6,457,578</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2011

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Operating revenues			
Charges for services	\$ 1,405,817	\$ 221,296	\$ 6,316,805
Other revenues	-	264	-
	1,405,817	221,560	6,316,805
Operating expenses			
Personal services and fringe benefits	272	-	-
Contractual services	60,380	16,563	-
Insurance and claims	1,305,533	117,214	5,781,526
	1,366,185	133,777	5,781,526
Operating income (loss)	39,632	87,783	535,279
Nonoperating revenues (expenses)			
Interest income	9	170	-
Unrealized gain on investment	(2,167)	-	-
	(2,158)	170	-
Change in net assets	37,474	87,953	535,279
Net assets, October 1	3,059,387	765,295	1,004,964
Net assets, September 30	\$ 3,096,861	\$ 853,248	\$ 1,540,243

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 690,757	\$ 89,669	\$ 139,014	\$ 2,169,784	\$ 245,921	\$ 11,279,063
-	-	-	-	-	264
<u>690,757</u>	<u>89,669</u>	<u>139,014</u>	<u>2,169,784</u>	<u>245,921</u>	<u>11,279,327</u>
-	-	-	2,107,494	-	2,107,766
2,657	-	395	-	221,319	301,314
<u>997,209</u>	<u>66,846</u>	<u>93,978</u>	<u>-</u>	<u>553</u>	<u>8,362,859</u>
<u>999,866</u>	<u>66,846</u>	<u>94,373</u>	<u>2,107,494</u>	<u>221,872</u>	<u>10,771,939</u>
<u>(309,109)</u>	<u>22,823</u>	<u>44,641</u>	<u>62,290</u>	<u>24,049</u>	<u>507,388</u>
23,759	-	-	-	-	23,938
-	-	-	-	-	(2,167)
<u>23,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,771</u>
(285,350)	22,823	44,641	62,290	24,049	529,159
<u>590,793</u>	<u>41,459</u>	<u>57,679</u>	<u>243,408</u>	<u>165,434</u>	<u>5,928,419</u>
<u>\$ 305,443</u>	<u>\$ 64,282</u>	<u>\$ 102,320</u>	<u>\$ 305,698</u>	<u>\$ 189,483</u>	<u>\$ 6,457,578</u>

EATON COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2011

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Cash flows from operating activities			
Cash received from interfund services	\$ 1,445,718	\$ 228,241	\$ 6,316,805
Cash paid to/for employees/retirees	(1,305,805)	(228,249)	-
Cash paid to suppliers	(59,967)	(17,459)	(5,625,813)
Net cash provided (used in) by operating activities	<u>79,946</u>	<u>(17,467)</u>	<u>690,992</u>
Cash flows from investing activities			
Sale of investments	155	-	-
Interest received	9	170	-
Net cash provided by investing activities	<u>164</u>	<u>170</u>	<u>-</u>
Net change in cash and cash equivalents	80,110	(17,297)	690,992
Cash and cash equivalents, October 1	<u>220,335</u>	<u>940,421</u>	<u>1,200,530</u>
Cash and cash equivalents, September 30	<u><u>\$ 300,445</u></u>	<u><u>\$ 923,124</u></u>	<u><u>\$ 1,891,522</u></u>
Reconciliation of operating income (loss) to net cash provided (used in) by operating activities			
Operating income (loss)	\$ 39,632	\$ 87,783	\$ 535,279
Adjustments to reconcile operating income (loss) to net cash provided (used in) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	413	136	-
Due from other funds	39,901	6,681	-
Prepays	-	(6,193)	(359,475)
Accounts payable	-	5,161	-
Accrued liabilities	-	(111,035)	515,188
Net cash provided (used) by operating activities	<u><u>\$ 79,946</u></u>	<u><u>\$ (17,467)</u></u>	<u><u>\$ 690,992</u></u>

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 690,757	\$ 90,200	\$ 143,586	\$ 2,232,048	\$ 245,921	\$ 11,393,276
-	(66,845)	(97,876)	(2,107,494)	(3,949)	(3,810,218)
<u>(701,100)</u>	<u>-</u>	<u>(2,404)</u>	<u>-</u>	<u>(221,319)</u>	<u>(6,628,062)</u>
(10,343)	23,355	43,306	124,554	20,653	954,996
-	-	-	-	-	155
<u>23,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,938</u>
23,759	-	-	-	-	24,093
13,416	23,355	43,306	124,554	20,653	979,089
<u>632,433</u>	<u>38,811</u>	<u>56,503</u>	<u>141,845</u>	<u>183,628</u>	<u>3,414,506</u>
<u>\$ 645,849</u>	<u>\$ 62,166</u>	<u>\$ 99,809</u>	<u>\$ 266,399</u>	<u>\$ 204,281</u>	<u>\$ 4,393,595</u>
\$ (309,109)	\$ 22,823	\$ 44,641	\$ 62,290	\$ 24,049	\$ 507,388
-	6	43	-	-	598
-	526	4,572	62,264	-	113,944
-	-	-	-	-	(365,668)
-	-	(2,052)	-	-	3,109
<u>298,766</u>	<u>-</u>	<u>(3,898)</u>	<u>-</u>	<u>(3,396)</u>	<u>695,625</u>
<u>\$ (10,343)</u>	<u>\$ 23,355</u>	<u>\$ 43,306</u>	<u>\$ 124,554</u>	<u>\$ 20,653</u>	<u>\$ 954,996</u>

EATON COUNTY, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2011

	Trust and Agency	Library	District Court Bond
Assets			
Cash and cash equivalents	\$ 10,329,181	\$ 102,930	\$ 167,347
Accounts receivable	18,016	11,094	-
 Total assets	 10,347,197	 114,024	 167,347
 Liabilities			
Undistributed receipts	\$ 9,881,519	\$ -	\$ -
Due to individuals/agencies	251,187	-	167,347
Due to other governmental units	214,491	114,024	-
 Total liabilities	 \$ 10,347,197	 \$ 114,024	 \$ 167,347

Inmate Trust Account	Property Forfeiture Trust	Total
\$ 1,663	\$ 7,202	\$ 10,608,323
-	-	29,110
<u>1,663</u>	<u>7,202</u>	<u>10,637,433</u>
\$ -	\$ -	\$ 9,881,519
1,663	7,202	427,399
-	-	328,515
<u>1,663</u>	<u>7,202</u>	<u>10,637,433</u>

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Board of Public Works Component Unit
September 30, 2011

	Debt Service Funds				Total
	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Brookfield Water / Sewer Systems	
Assets					
Prepays	\$ 146,619	\$ -	\$ -	\$ -	\$ 146,619
Leases receivable	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total assets	\$ 146,619	\$ -	\$ -	\$ -	\$ 146,619
Liabilities					
Interest payable	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	146,619	-	-	-	146,619
Long-term debt:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total liabilities	146,619	-	-	-	146,619
Fund balances / net assets					
Unassigned	-	-	-	-	-
Total liabilities and fund balances	\$ 146,619	\$ -	\$ -	\$ -	\$ 146,619
Net assets - unrestricted					

GASB 34 Adjustments	Statement of Net Assets
\$ -	\$ 146,619
9,864,800	9,864,800
<u>97,265</u>	<u>97,265</u>
9,962,065	10,108,684
26,088	26,088
-	146,619
760,000	760,000
<u>9,104,800</u>	<u>9,104,800</u>
9,890,888	10,037,507
<u>-</u>	<u>-</u>
<u>\$ 71,177</u>	<u>\$ 71,177</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Board of Public Works Component Unit
September 30, 2011

Total fund balances for governmental funds \$ -

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Leases receivable are not current financial resources and therefore are not reported in governmental funds 9,864,800

Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - bonds payable	(9,864,800)
Deduct - interest payable	(26,088)
Add - unamortized bond issuance costs	<u>97,265</u>

Net assets of governmental activities \$ 71,177

EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Board of Public Works Component Unit
For the Year Ended September 30, 2011

	Debt Service Funds				Total
	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Brookfield Water / Sewer Systems	
Revenues					
Intergovernmental - local	\$ 274,258	\$ 388,450	\$ 214,269	\$ 167,294	\$ 1,044,271
Interest and rents	16	-	-	-	16
Total revenues	<u>274,274</u>	<u>388,450</u>	<u>214,269</u>	<u>167,294</u>	<u>1,044,287</u>
Expenditures / expenses					
Debt service:					
Principal	300,000	320,000	205,000	130,000	955,000
Interest and fiscal charges	<u>305,463</u>	<u>68,450</u>	<u>9,269</u>	<u>37,294</u>	<u>420,476</u>
Total expenditures/expenses	<u>605,463</u>	<u>388,450</u>	<u>214,269</u>	<u>167,294</u>	<u>1,375,476</u>
Net changes in fund balances	(331,189)	-	-	-	(331,189)
Change in net assets	-	-	-	-	-
Fund balances / net assets, October 1	<u>331,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,189</u>
Fund balances / net assets, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ (634,167)	\$ 410,104
-	16
(634,167)	410,120
(955,000)	-
(7,712)	412,764
(962,712)	412,764
(331,189)	-
(2,644)	(2,644)
(257,368)	73,821
\$ (591,201)	\$ 71,177

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Board of Public Works Component Unit
For the Year Ended September 30, 2011

Net change in fund balance - total governmental funds \$ (331,189)

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

Amounts received from local governments for the payment of bond principal is recorded in the funds as revenue, but eliminated for the Statement of Activities

Deduct - collections attributable to bond principal and accrued interest (634,167)

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Add - debt principal payments 955,000

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrual for interest payable on bonds and notes 7,712

Changes in net assets of governmental activities \$ (2,644)

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Drainage Districts Component Unit
September 30, 2011

	Debt		Capital Projects Funds	
	Service Fund			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level
Assets				
Cash and cash equivalents	\$ 2,626,312	\$ 12,069,959	\$ 6,460	\$ 10,999
Special assessments receivable	39,758,992	-	-	-
Due from other funds	6,140	-	43,540	-
Bond issuance costs	-	5,000	-	-
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 42,391,444	\$ 12,074,959	\$ 50,000	\$ 10,999
Liabilities				
Accounts payable	-	295,387	-	-
Interest payable	-	-	-	-
Due from other funds	3,115	46,565	-	-
Deferred revenue	39,739,333	-	-	-
Advances from primary government	-	-	50,000	-
Short-term notes payable	-	210,000	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	39,742,448	551,952	50,000	-
Fund balances / net assets				
Unassigned	2,648,996	11,523,007	-	10,999
Total liabilities and fund balances	\$ 42,391,444	\$ 12,074,959	\$ 50,000	\$ 10,999
Net assets				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total net assets				

<u>Lacey Lake Level</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 351	\$ 14,714,081	\$ -	\$ 14,714,081
-	39,758,992	-	39,758,992
-	49,680	(49,680)	-
-	5,000	156,424	161,424
-	-	35,795,380	35,795,380
-	-	40,606,312	40,606,312
<u>\$ 351</u>	<u>\$ 54,527,753</u>	<u>76,508,436</u>	<u>131,036,189</u>
-	295,387	-	295,387
-	-	615,535	615,535
-	49,680	(49,680)	-
-	39,739,333	(39,739,333)	-
-	50,000	-	50,000
-	210,000	-	210,000
-	-	3,729,308	3,729,308
-	-	40,194,293	40,194,293
-	40,344,400	4,750,123	45,094,523
<u>351</u>	<u>14,183,353</u>	<u>(14,183,353)</u>	<u>-</u>
<u>\$ 351</u>	<u>\$ 54,527,753</u>		
		32,478,091	32,478,091
		2,648,996	2,648,996
		<u>50,814,579</u>	<u>50,814,579</u>
		<u>\$ 85,941,666</u>	<u>\$ 85,941,666</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Drainage Districts Component Unit
September 30, 2011

Total fund balances for governmental funds \$ 14,183,353

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.

Add - capital assets	\$ 92,308,654	
Deduct - accumulated depreciation	<u>(15,906,962)</u>	76,401,692

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e. receivables) are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Add - deferred special assessments		39,739,333
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Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - long-term debt payable	(43,352,899)	
Deduct - unamortized premiums	(633,355)	
Add - unamortized deferred loss on refunding	62,653	
Add - unamortized bond issuance costs	156,424	
Deduct - interest payable	<u>(615,535)</u>	<u>(44,382,712)</u>

Net assets of governmental activities \$ 85,941,666

EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Drainage Districts Component Unit
For the Year Ended September 30, 2011

	Debt		Capital Projects Funds	
	Service Fund			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level
Revenues				
Charges for services	\$ -	\$ 492	\$ -	\$ -
Special assessments	5,609,785	291,815	-	-
Interest revenue	7,445	-	-	-
Miscellaneous	-	32,018	-	-
	<u>-</u>	<u>32,018</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,617,230</u>	<u>324,325</u>	<u>-</u>	<u>-</u>
Expenditures / expenses				
Public works	-	-	-	-
Capital outlay - construction and maintenance	-	1,850,785	-	-
Debt service:				
Principal	3,622,037	-	-	-
Interest and fiscal charges	1,865,224	75,390	-	-
	<u>1,865,224</u>	<u>75,390</u>	<u>-</u>	<u>-</u>
Total expenditures / expenses	<u>5,487,261</u>	<u>1,926,175</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures/expenses	129,969	(1,601,850)	-	-
Other financing sources				
Long-term debt issued	44,741	4,155,259	-	-
	<u>44,741</u>	<u>4,155,259</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	177,310	2,550,809	-	-
Change in net assets	-	-	-	-
Fund balances / net assets, October 1	<u>2,471,686</u>	<u>8,972,198</u>	<u>-</u>	<u>10,999</u>
Fund balances / net assets, September 30	<u>\$ 2,648,996</u>	<u>\$ 11,523,007</u>	<u>\$ -</u>	<u>\$ 10,999</u>

Lacey Lake Level	Total	GASB 34 Adjustments	Statement of Activities
\$ -	\$ 492	\$ -	\$ 492
-	5,901,600	(1,007,221)	4,894,379
-	7,445	-	7,445
-	32,018	-	32,018
-	5,941,555	(1,007,221)	4,934,334
-	-	1,405,013	1,405,013
-	1,850,785	(1,876,660)	(25,875)
-	3,622,037	(3,622,037)	-
-	1,940,614	(38,923)	1,901,691
-	7,413,436	(4,132,607)	3,280,829
-	(1,471,881)	3,125,386	1,653,505
-	4,200,000	(4,200,000)	-
-	2,728,119	(2,728,119)	-
-	-	1,653,505	1,653,505
351	11,455,234	72,832,927	84,288,161
\$ 351	\$ 14,183,353	\$ 71,758,313	\$ 85,941,666

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Drainage Districts Component Unit
For the Year Ended September 30, 2011

Net change in fund balance - total governmental funds \$ 2,728,119

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

Revenues in the Statement of Activities that do not provide current resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Deduct - decrease in deferred special assessments (1,007,221)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$ 1,876,660	
Deduct - depreciation expense	(1,405,013)	
	471,647	471,647

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Deduct - issuance of long-term and refunding debt	(4,200,000)	
Add - repayment of bond principal	3,622,037	
	(577,963)	(577,963)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrual for interest payable on long-term debt		38,923
		38,923

Changes in net assets of governmental activities \$ 1,653,505

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
District Health Department Component Unit
September 30, 2011

	Special Revenue	GASB 34 Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 2,033,305	\$ -	\$ 2,033,305
Accounts receivable, net	521,944	-	521,944
Prepays	23,322	-	23,322
Capital assets being depreciated, net	-	142,143	142,143
	Total assets	142,143	2,720,714
Liabilities			
Accounts payable	\$ 163,717	-	163,717
Accrued liabilities	218,032	-	218,032
Unearned revenue	47,894	-	47,894
Long-term debt:			
Due within one year	-	36,317	36,317
Due in more than one year	-	326,857	326,857
	Total liabilities	363,174	792,817
Fund balance / net assets			
Nonspendable for prepaids	23,322	(23,322)	-
Unassigned	2,125,606	(2,125,606)	-
	Total fund balance	(2,148,928)	-
	Total liabilities and fund balance	\$ 2,578,571	
Net assets:			
Invested in capital assets		142,143	142,143
Unrestricted		1,785,754	1,785,754
	Total net assets	\$ 1,927,897	\$ 1,927,897

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
District Health Department Component Unit
September 30, 2011

Total fund balances for governmental funds	\$	2,148,928
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Add - equipment	\$	1,196,815	
Deduct - accumulated depreciation		<u>(1,054,672)</u>	142,143

Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Assets.

	<u>(363,174)</u>
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Net assets of governmental activities	\$	<u><u>1,927,897</u></u>
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
District Health Department Component Unit
For the Year Ended September 30, 2011

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Licenses and permits	\$ 127,299	\$ -	\$ 127,299
Intergovernmental:			
Federal/State	4,279,356	-	4,279,356
Local	1,346,621	-	1,346,621
Charges for services	1,022,983	-	1,022,983
Miscellaneous	78,579	-	78,579
	<hr/>	<hr/>	<hr/>
Total revenues	6,854,838	-	6,854,838
Expenditures / expenses			
Health and social services	6,665,309	26,088	6,691,397
	<hr/>	<hr/>	<hr/>
Net changes in fund balance	189,529	(189,529)	-
Change in net assets	-	163,441	163,441
Fund balance / net assets, October 1	<hr/>	<hr/>	<hr/>
	1,959,399	(194,943)	1,764,456
Fund balance / net assets, September 30	<u>\$ 2,148,928</u>	<u>\$ (221,031)</u>	<u>\$ 1,927,897</u>

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
District Health Department Component Unit
For the Year Ended September 30, 2011

Net change in fund balance - total governmental funds	\$	189,529
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$	21,576	
Deduct - depreciation expense		<u>(37,803)</u>	(16,227)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in accrual for accrued compensated absences			<u>(9,861)</u>
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Changes in net assets of governmental activities	\$	<u>163,441</u>
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