

Eaton County,  
Michigan



Year Ended  
September 30,  
2013

Financial  
Statements and  
Single Audit Act  
Compliance

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# EATON COUNTY, MICHIGAN

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## INTRODUCTORY SECTION

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# EATON COUNTY CONTROLLER/PERSONNEL

March 13, 2014

1045 Independence  
Blvd  
Charlotte, MI 48813

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

John F. Fuentes,  
CPA  
*Controller*

Connie L. Sobie  
*Assistant  
Controller*

To the Members of the Board of Commissioners:

The Annual Financial Report of Eaton County, Michigan for the fiscal year ended September 30, 2013, 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 Health and Rehabilitation Services 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 this 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 in the financial section of the report. The auditor's reports relating specifically to the single audit are presented in this report as well.

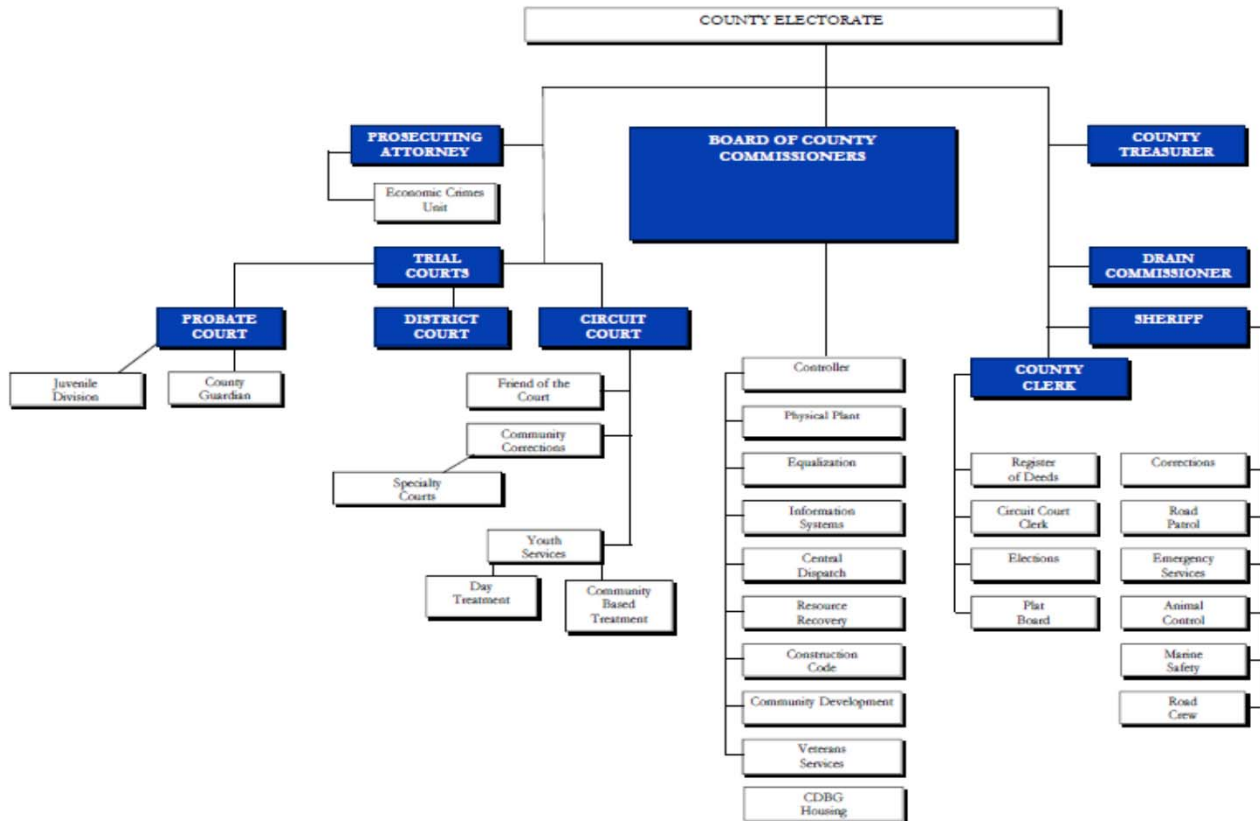
Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John Fuentes".

John Fuentes  
Controller

# EATON COUNTY, MICHIGAN

## Organizational Chart



# EATON COUNTY, MICHIGAN

## PRINCIPAL OFFICIALS

For the Year Ended September 30, 2013

### *Board of Commissioners*

Michael Hosey	District 1
Blake Mulder - Chairman	District 2
Terrance Augustine	District 3
Howard T. Spence	District 4
Jim Osieczonek	District 5
Jane Whitacre	District 6
Glenn Freeman III	District 7
Joseph C. Brehler	District 8
Wally Miars	District 9
Roger A. Eakin	District 10
Wayne Ridge	District 11
L. Daryl Baker - Vice Chairman	District 12
Dale Barr	District 13
Jeremy Whittum	District 14
Roger Harris	District 15

Tom Reich  
*County Sheriff*

Diana Bosworth  
*County Clerk/Register of Deeds*

Robert A. Robinson  
*County Treasurer*

Douglas R. Lloyd  
*Prosecuting Attorney*

Richard Wagner  
*Drain Commissioner*

John Fuentes, CPA, Controller  
Connie Sobie, Deputy Controller  
*Administration*

## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

March 14, 2014

The Board of Commissioners  
Eaton County, Michigan  
Charlotte, Michigan**Report on the Financial Statements**

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* (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Eaton County Health and Rehabilitation Services Enterprise Fund, which is a major fund and therefore a separate opinion unit that represents 64 percent, 49 percent, and 93 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Eaton County Health and Rehabilitation Services, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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.

### *Other Matters*

#### *Required Supplementary Information*

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



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 14, 2014, on our consideration of Eaton County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

# EATON COUNTY, MICHIGAN

## 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, 2013. 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 and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$48,618,337 (net position). Of this amount, \$24,831,947 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1,873,078 during 2013.
- 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 \$10,857,061, an increase of \$594,268 in comparison with the prior year. Of the fund balance amount, \$5,382,922 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 an increase of \$756,532 for 2013. At the end of the year, unassigned fund balance for the general fund was \$5,382,922, or approximately 18.8 percent of total general fund expenditures. Total fund balance for the general fund was \$5,501,177.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$1,363,394 during the current fiscal year.

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 Position 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.

# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

These two statements report the County's net position and changes in them. One can think of the County's net position as one way to measure the County's financial health. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. During 2013, the net position of the County increased by \$1,873,078.

The Statement of Net Position 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 Eaton County Health and Rehabilitation Services Facility. The financial statements of the Eaton County Health and Rehabilitation Services 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.

### 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.

# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

The County maintains 48 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, central dispatch and child care funds, each of which are considered to be major funds. Data from the other 40 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 as identified in the table of contents.

*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, county health and rehabilitation 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, county health and rehabilitation 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.

### 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 Position. 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.

### Additional Information

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

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

### Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net position and changes in net position of the County's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$48,618,337 at September 30, 2013.

# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and other assets	\$24,580,972	\$22,387,420	\$18,432,315	\$18,421,745	\$43,013,287	\$40,809,165
Capital assets, net	27,602,104	28,899,814	14,218,453	14,430,211	41,820,557	43,330,025
<b>Total assets</b>	<b>52,183,076</b>	<b>51,287,234</b>	<b>32,650,768</b>	<b>32,851,956</b>	<b>84,833,844</b>	<b>84,139,190</b>
Deferred outflows	-	-	45,024	50,073	45,024	50,073
<b>Liabilities</b>						
Long-term liabilities	14,837,408	15,683,453	11,824,825	12,669,599	26,662,233	28,353,052
Other liabilities	7,575,468	7,326,430	1,649,365	1,428,166	9,224,833	8,754,596
<b>Total liabilities</b>	<b>22,412,876</b>	<b>23,009,883</b>	<b>13,474,190</b>	<b>14,097,765</b>	<b>35,887,066</b>	<b>37,107,648</b>
Deferred inflows	373,465	336,356	-	-	373,465	336,356
<b>Net position:</b>						
Invested in capital assets, net of related debt	14,752,104	15,255,526	4,656,303	4,247,828	19,408,407	19,503,354
Restricted	4,377,983	104,748	-	-	4,377,983	104,748
Unrestricted	10,266,648	12,580,721	14,565,299	14,556,436	24,831,947	27,137,157
<b>Total net position</b>	<b>\$29,396,735</b>	<b>\$27,940,995</b>	<b>\$19,221,602</b>	<b>\$18,804,264</b>	<b>\$48,618,337</b>	<b>\$46,745,259</b>

A portion of the County's net position, \$19,408,407 (39.9 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 position, \$110,723 (less than .23 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$24,831,947 (51.1 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The County's net position increased by \$1,873,078 during the current fiscal year; an increase of \$1,455,740 for governmental activities and an increase of \$417,338 for business-type activities.

**Governmental activities.** Governmental activities increased the County's net position by \$1,455,740. The cost of all governmental activities this year was \$39,984,775 compared to \$41,384,339 from the prior year. 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 decreased by \$63,573.
- Decreases in operating grants (\$886,028) included reductions in reimbursement based Health and Social Services Grants resulting from reductions in expenses.

# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

- Unrestricted grants and contributions increased by \$579,058, due primarily to the county's eligibility for its full allocated revenue sharing payments. The county statutory revenue sharing reserve fund was exhausted in fiscal year 2012.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,605,437	\$ 4,590,905	\$17,488,275	\$17,677,365	\$22,093,712	\$22,268,270
Operating grants	9,436,593	10,322,621	5,060	21,346	9,441,653	10,343,967
General revenues:						
Property taxes	23,746,471	23,810,044	380,484	409,211	24,126,955	24,219,255
Grants and contributions not restricted to specific programs	2,914,531	2,335,473	-	-	2,914,531	2,335,473
Unrestricted investment earnings	366,578	428,212	-	-	366,578	428,212
<b>Total revenues</b>	<b>41,069,610</b>	<b>41,487,255</b>	<b>17,873,819</b>	<b>18,107,922</b>	<b>58,943,429</b>	<b>59,595,177</b>
<b>Expenses</b>						
Legislative	249,910	232,169	-	-	249,910	232,169
Judicial	5,283,382	5,351,504	-	-	5,283,382	5,351,504
General government	6,856,536	7,227,501	-	-	6,856,536	7,227,501
Public safety	17,213,751	17,121,219	-	-	17,213,751	17,121,219
Public works	376,007	386,757	-	-	376,007	386,757
Health and social services	6,606,917	7,648,710	-	-	6,606,917	7,648,710
Parks, recreation, and cultural	369,225	374,378	-	-	369,225	374,378
Miscellaneous	557,406	504,129	-	-	557,406	504,129
Unallocated depreciation	1,845,436	1,871,628	-	-	1,845,436	1,871,628
Interest on long-term debt	626,205	666,344	-	-	626,205	666,344
County Health and Rehabilitation Services	-	-	16,757,127	16,023,002	16,757,127	16,023,002
Jail Commissary	-	-	23,900	22,271	23,900	22,271
Delinquent tax collections	-	-	304,549	231,585	304,549	231,585
<b>Total expenses</b>	<b>39,984,775</b>	<b>41,384,339</b>	<b>17,085,576</b>	<b>16,276,858</b>	<b>57,070,351</b>	<b>57,661,197</b>
Change in net position, before transfers	1,084,835	102,916	788,243	1,831,064	1,873,078	1,933,980
Transfers	370,905	479,834	(370,905)	(479,834)	-	-
Change in net position	1,455,740	582,750	417,338	1,351,230	1,873,078	1,933,980
Net position, beginning of year, as restated	27,940,995	27,358,245	18,804,264	17,453,034	46,745,259	44,811,279
<b>Net position, end of year</b>	<b>\$29,396,735</b>	<b>\$27,940,995</b>	<b>\$19,221,602</b>	<b>\$18,804,264</b>	<b>\$48,618,337</b>	<b>\$46,745,259</b>



# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

Business-type activities. Business-type activities increased the County's net position by \$417,338, for the current year. Key elements of the current year increase are as follows:

- The County Health and Rehabilitation Services Facility reported an increase in net position of \$44,618.
- Operating revenues of the Facility decreased from the prior year by \$344,352 while operating expenses increased by \$734,125 over the prior year.

### 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 \$10,587,061 an increase of \$594,268 in comparison with the prior year. Of the fund balance amount, \$5,382,922 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 \$5,382,922, while total fund balance was \$5,501,177. 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 18.8 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$756,532 during the current fiscal year. This is primarily attributable to reduced tax revenue and the utilization of a portion of the unassigned fund balance to complete facility maintenance projects.

The central dispatch fund has a fund balance of \$3,253,364, an increase of \$139,395 for the year.

The child care fund has a fund balance of \$99,753, a decrease of \$143,123 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 position of the health and rehabilitation services facility, delinquent tax revolving, and jail commissary enterprise funds at the end of the year amounted to \$4,801,956, \$9,617,618, and \$145,725, respectively. The health and rehabilitation services fund had an increase in net position for the year of \$44,618, the delinquent tax revolving fund had an increase of \$338,439, and the jail commissary fund had an increase of \$34,281. 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) increased by \$30,800 from the original to the final budget.

Expenditures in the general fund (including transfers out) decreased by \$360,452 from the original to the final budget.

# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of September 30, 2013 amounted to \$27,602,104 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and vehicles and equipment. The net decrease in the County's investment in governmental activities capital assets for the current fiscal year was \$1,297,710. The County's business-type activities' capital assets decreased by \$211,758.

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

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and land improvements	\$ 102,628	\$ 102,628	\$ -	\$ -	\$ 102,628	\$ 102,628
Buildings and improvements	24,581,786	25,682,249	13,102,698	13,508,007	37,684,484	39,190,256
Vehicles and equipment	2,900,364	3,114,937	767,597	907,514	3,667,961	4,022,451
Construction in progress	17,326	-	348,158	14,690	365,484	14,690
<b>Total capital assets, net</b>	<b>\$27,602,104</b>	<b>\$28,899,814</b>	<b>\$14,218,453</b>	<b>\$14,430,211</b>	<b>\$41,820,557</b>	<b>\$43,330,025</b>

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$22,289,435; this entire amount comprises debt backed by the full faith and credit of the County.

	Outstanding Debt - General Obligation					
	Governmental Activities		Business-type Activities		Total	
	2013	2102	2013	2102	2013	2102
General obligation bonds	\$12,795,000	\$13,490,000	\$ 9,494,435	\$10,162,829	\$22,289,435	\$23,652,829
Delinquent tax notes	-	-	2,025,000	2,300,000	2,025,000	2,300,000
<b>Total long-term debt</b>	<b>\$12,795,000</b>	<b>\$13,490,000</b>	<b>\$11,519,435</b>	<b>\$12,462,829</b>	<b>\$24,314,435</b>	<b>\$25,952,829</b>

The County's total general obligation debt decreased by \$1,363,394 (5.2 percent) during the current fiscal year.

During the year, the County issued \$3.7 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 \$361,774,677 which is significantly in excess of the County's outstanding general obligation debt.

# EATON COUNTY, MICHIGAN

## Management's Discussion and Analysis

### Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2014 fiscal year:

- The County has continued to allocate its full allocation of State Revenue Sharing payments based on meeting its continued requirements under the County Incentive Program.
- The County increased its general fund expenditure budget by \$417,721. Of this amount \$186,000 is attributed to new personnel in the areas of Technology and Veterans Services. The remainder of the general fund expenditure budget increase was associated with inflationary increases to maintain current service levels.

During the current fiscal year, the unassigned fund balance in the general fund increased by \$756,532. 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.

### 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.

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## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

# EATON COUNTY, MICHIGAN

## Statement of Net Position

September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>Assets</b>				
Cash and cash equivalents	\$ 14,061,919	\$ 9,966,177	\$ 24,028,096	\$ 19,559,835
Investments	3,465,703	-	3,465,703	-
Receivables, net	6,855,686	8,359,513	15,215,199	36,284,158
Internal balances	83	(83)	-	-
Other assets	197,581	106,708	304,289	640,801
Net other postemployment benefit asset	-	-	-	1,205,765
Leases receivable	-	-	-	8,306,062
Capital assets not being depreciated	119,954	348,158	468,112	59,006,743
Capital assets being depreciated, net	27,482,150	13,870,295	41,352,445	91,154,845
<b>Total assets</b>	<b>52,183,076</b>	<b>32,650,768</b>	<b>84,833,844</b>	<b>216,158,209</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	45,024	45,024	151,230
<b>Liabilities</b>				
Accounts payable and accrued expenses	2,947,078	1,106,082	4,053,160	1,304,326
Interest payable	59,944	100,078	160,022	558,359
Unearned revenue	15,000	-	15,000	139,579
Long-term liabilities:				
Due within one year	953,942	940,204	1,894,146	5,003,429
Due in more than one year	13,883,466	10,884,621	24,768,087	44,460,091
Net other postemployment benefit obligation	4,553,446	443,205	4,996,651	-
<b>Total liabilities</b>	<b>22,412,876</b>	<b>13,474,190</b>	<b>35,887,066</b>	<b>51,465,784</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	373,465	-	373,465	-
<b>Net position</b>				
Net investment in capital assets	14,752,104	4,656,303	19,408,407	109,703,362
Restricted for:				
Judicial	24,229	-	24,229	-
Public safety	4,028,415	-	4,028,415	-
Health and human services	199,898	-	199,898	-
Debt service	38,947	-	38,947	13,525,393
Permanent trusts	86,494	-	86,494	-
Unrestricted	10,266,648	14,565,299	24,831,947	41,614,900
<b>Total net position</b>	<b>\$ 29,396,735</b>	<b>\$ 19,221,602</b>	<b>\$ 48,618,337</b>	<b>\$ 164,843,655</b>

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

# EATON COUNTY, MICHIGAN

## Statement of Activities

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 249,910	\$ -	\$ -	\$ -	\$ (249,910)
Judicial	5,283,382	1,931,892	1,539,051	-	(1,812,439)
General government	6,856,536	1,196,835	549,756	-	(5,109,945)
Public safety	17,213,751	1,087,660	4,813,026	-	(11,313,065)
Public works	376,007	-	-	-	(376,007)
Health and social services	6,606,917	311,565	2,486,935	-	(3,808,417)
Parks, recreation and culture	369,225	77,485	-	-	(291,740)
Other	557,406	-	-	-	(557,406)
Unallocated depreciation	1,845,436	-	-	-	(1,845,436)
Interest on long-term debt	626,205	-	47,825	-	(578,380)
<b>Total governmental activities</b>	<b>39,984,775</b>	<b>4,605,437</b>	<b>9,436,593</b>	<b>-</b>	<b>(25,942,745)</b>
Business-type activities:					
Health and rehabilitation services	16,757,127	16,292,166	-	-	(464,961)
Jail commissary	23,900	58,181	-	-	34,281
Delinquent tax collections	304,549	1,137,928	5,060	-	838,439
<b>Total business-type activities</b>	<b>17,085,576</b>	<b>17,488,275</b>	<b>5,060</b>	<b>-</b>	<b>407,759</b>
<b>Total primary government</b>	<b>\$ 57,070,351</b>	<b>\$ 22,093,712</b>	<b>\$ 9,441,653</b>	<b>\$ -</b>	<b>\$ (25,534,986)</b>
<b>Component units</b>					
Road Commission	\$ 10,322,187	\$ 1,054,244	\$ 7,614,681	\$ 1,943,833	\$ 290,571
Board of Public Works	337,645	-	340,044	-	2,399
Drainage Districts	3,187,005	3,102	3,897	4,161,666	981,660
District Health Department	7,125,615	1,375,740	5,621,009	-	(128,866)
<b>Total component units</b>	<b>\$ 20,972,452</b>	<b>\$ 2,433,086</b>	<b>\$ 13,579,631</b>	<b>\$ 6,105,499</b>	<b>\$ 1,145,764</b>

continued...



# EATON COUNTY, MICHIGAN

## Statement of Activities

For the Year Ended September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net position				
Net (expense) revenues	<u>\$ (25,942,745)</u>	<u>\$ 407,759</u>	<u>\$ (25,534,986)</u>	<u>\$ 1,145,764</u>
General revenues:				
Property taxes	23,746,471	380,484	24,126,955	-
Grants and contributions not restricted to specific programs	2,914,531	-	2,914,531	-
Unrestricted investment earnings	366,578	-	366,578	1,884
Transfers - internal activities	370,905	(370,905)	-	-
Total general revenues and transfers	<u>27,398,485</u>	<u>9,579</u>	<u>27,408,064</u>	<u>1,884</u>
Change in net position	1,455,740	417,338	1,873,078	1,147,648
Net position, October 1, as restated	<u>27,940,995</u>	<u>18,804,264</u>	<u>46,745,259</u>	<u>163,696,007</u>
Net position, September 30	<u>\$ 29,396,735</u>	<u>\$ 19,221,602</u>	<u>\$ 48,618,337</u>	<u>\$ 164,843,655</u>

concluded.

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

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## FUND FINANCIAL STATEMENTS

# EATON COUNTY, MICHIGAN

## Balance Sheet

Governmental Funds

September 30, 2013

	General Fund	Central Dispatch Fund	Child Care Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,730,342	\$ 3,324,038	\$ -	\$ 2,273,461	\$ 7,327,841
Receivables:					
Property taxes	4,284,992	56,519	-	64,547	4,406,058
Accounts, net	97,455	-	38,081	175	135,711
Due from other governments	665,346	40,531	959,661	172,762	1,838,300
Due from component units	376,145	-	-	-	376,145
Interfund receivable	692,079	-	-	-	692,079
Prepays	58,255	-	-	-	58,255
Advances to component unit	60,000	-	-	-	60,000
<b>Total assets</b>	<b>\$ 7,964,614</b>	<b>\$ 3,421,088</b>	<b>\$ 997,742</b>	<b>\$ 2,510,945</b>	<b>\$ 14,894,389</b>
<b>Liabilities</b>					
Accounts payable	\$ 811,031	\$ 64,016	\$ 216,430	\$ 234,821	\$ 1,326,298
Accrued liabilities	322,380	38,561	41,223	43,674	445,838
Due to other governmental units	-	-	63,301	37,906	101,207
Due to other funds	1,062,664	8,613	4,799	7,365	1,083,441
Interfund payable	-	-	572,236	119,843	692,079
Unearned revenue	15,000	-	-	-	15,000
<b>Total liabilities</b>	<b>2,211,075</b>	<b>111,190</b>	<b>897,989</b>	<b>443,609</b>	<b>3,663,863</b>
<b>Deferred inflows of resources</b>					
Taxes levied but intended for subsequent period	252,362	56,534	-	64,569	373,465
<b>Fund balances</b>					
Nonspendable	118,255	-	-	-	118,255
Restricted	-	3,253,364	99,753	1,024,866	4,377,983
Committed	-	-	-	977,901	977,901
Unassigned	5,382,922	-	-	-	5,382,922
<b>Total fund balances</b>	<b>5,501,177</b>	<b>3,253,364</b>	<b>99,753</b>	<b>2,002,767</b>	<b>10,857,061</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,964,614</b>	<b>\$ 3,421,088</b>	<b>\$ 997,742</b>	<b>\$ 2,510,945</b>	<b>\$ 14,894,389</b>

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

# EATON COUNTY, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
September 30, 2013

Total fund balances for governmental funds \$ 10,857,061

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

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

Capital assets	\$ 58,623,348	
Accumulated depreciation	<u>(31,021,244)</u>	27,602,104

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 Position. This is the net effect of these balances on the statement.

Bonds and installment contracts payable	(12,843,574)	
Unamortized bond premium	(6,426)	
Interest payable	(59,944)	
Net other postemployment benefit obligation	<u>(4,553,446)</u>	(17,463,390)

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 Position.

10,388,368

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 Position.

(1,987,408)

Net position of governmental activities \$ 29,396,735

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, 2013

	General Fund	Central Dispatch Fund	Child Care Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 17,265,022	\$ 3,078,964	\$ -	\$ 3,402,485	\$ 23,746,471
Licenses and permits	194,468	-	-	309,858	504,326
Intergovernmental:					
Federal/State	5,319,724	325,598	2,101,722	897,333	8,644,377
Local	3,073,339	-	105,450	47,825	3,226,614
Charges for services	2,914,631	-	-	560,420	3,475,051
Fines and forfeitures	346,255	-	-	495	346,750
Interest and rents	278,335	-	-	7,119	285,454
Other	195,654	-	202,140	83,458	481,252
<b>Total revenues</b>	<b>29,587,428</b>	<b>3,404,562</b>	<b>2,409,312</b>	<b>5,308,993</b>	<b>40,710,295</b>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative	252,180	-	-	-	252,180
Judicial	5,259,583	-	-	80,547	5,340,130
General government	6,769,029	-	-	116,235	6,885,264
Public safety	12,800,955	2,721,361	-	2,437,350	17,959,666
Public works	376,007	-	-	-	376,007
Health and social services	1,887,368	-	4,244,010	504,449	6,635,827
Parks, recreation and culture	374,567	-	-	-	374,567
Other	546,868	-	-	10,538	557,406
Capital outlay	299,734	197,489	-	185,030	682,253
<b>Debt service:</b>					
Principal	-	-	-	793,829	793,829
Interest and fiscal charges	-	-	-	629,803	629,803
<b>Total expenditures</b>	<b>28,566,291</b>	<b>2,918,850</b>	<b>4,244,010</b>	<b>4,757,781</b>	<b>40,486,932</b>
Revenues over (under) expenditures	1,021,137	485,712	(1,834,698)	551,212	223,363
<b>Other financing sources (uses)</b>					
Transfers in	977,740	-	1,691,849	1,428,118	4,097,707
Transfers out	(1,242,345)	(346,317)	(274)	(2,137,866)	(3,726,802)
<b>Total other financing sources (uses)</b>	<b>(264,605)</b>	<b>(346,317)</b>	<b>1,691,575</b>	<b>(709,748)</b>	<b>370,905</b>
Net change in fund balances	756,532	139,395	(143,123)	(158,536)	594,268
Fund balances, October 1	4,744,645	3,113,969	242,876	2,161,303	10,262,793
Fund balances, September 30	<u>\$ 5,501,177</u>	<u>\$ 3,253,364</u>	<u>\$ 99,753</u>	<u>\$ 2,002,767</u>	<u>\$ 10,857,061</u>

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

# EATON COUNTY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Changes in Net Position of Governmental Activities  
For the Year Ended September 30, 2013

Net change in fund balance - total governmental funds	\$	594,268
Amounts reported for <i>governmental activities</i> 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.		
Capital outlay	\$	547,726
Depreciation expense		<u>(1,845,436)</u>
		(1,297,710)
Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position.		
Repayment of debt principal		793,829
Accrued interest expense on bonds is not recorded by governmental funds, but is reported under interest and fiscal charges for purposes of net position.		
Change in accrued interest expense		3,139
Some expenses reported in the Statement of Activities do not require the use current financial resources and therefore are not reported as fund expenditures.		
Change in accrued compensated absences		51,757
Amortization of debt-related costs		459
Change in net obligation for other postemployment benefits		(123,446)
Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net change in net position of the internal service funds is reported with governmental activities in the Statement of Activities.		
		<u>1,433,444</u>
Change in net position of governmental activities	\$	<u>1,455,740</u>

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

# EATON COUNTY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - General Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 17,508,545	\$ 17,508,545	\$ 17,265,022	\$ (243,523)
Licenses and permits	208,950	208,950	194,468	(14,482)
Intergovernmental:				
Federal/State	4,990,769	4,996,569	5,319,724	323,155
Local	3,129,782	3,129,782	3,073,339	(56,443)
Charges for services	3,223,925	3,248,925	2,914,631	(334,294)
Fines and forfeitures	218,500	218,500	346,255	127,755
Interest and rents	319,829	319,829	278,335	(41,494)
Other	194,500	194,500	195,654	1,154
<b>Total revenues</b>	<b>29,794,800</b>	<b>29,825,600</b>	<b>29,587,428</b>	<b>(238,172)</b>
<b>Expenditures</b>				
Current:				
Legislative	274,263	286,763	252,180	(34,583)
Judicial	5,497,486	5,502,252	5,259,583	(242,669)
General government	7,074,379	7,136,739	6,769,029	(367,710)
Public safety	13,241,211	13,284,966	12,800,955	(484,011)
Public works	393,313	389,785	376,007	(13,778)
Health and social services	1,862,919	1,867,019	1,887,368	20,349
Parks, recreation and culture	394,284	418,589	374,567	(44,022)
Other	178,000	574,328	546,868	(27,460)
Capital outlay	1,346,070	910,609	299,734	(610,875)
<b>Total expenditures</b>	<b>30,261,925</b>	<b>30,371,050</b>	<b>28,566,291</b>	<b>(1,804,759)</b>
<b>Revenues over (under) expenditures</b>	<b>(467,125)</b>	<b>(545,450)</b>	<b>1,021,137</b>	<b>1,566,587</b>
<b>Other financing sources (uses)</b>				
Transfers in	977,740	977,740	977,740	-
Transfers out	(2,383,465)	(1,913,888)	(1,242,345)	(671,543)
<b>Total other financing sources (uses)</b>	<b>(1,405,725)</b>	<b>(936,148)</b>	<b>(264,605)</b>	<b>(671,543)</b>
<b>Net change in fund balance</b>	<b>(1,872,850)</b>	<b>(1,481,598)</b>	<b>756,532</b>	<b>2,238,130</b>
<b>Fund balance, October 1</b>	<b>4,744,645</b>	<b>4,744,645</b>	<b>4,744,645</b>	<b>-</b>
<b>Fund balance, September 30</b>	<b>\$ 2,871,795</b>	<b>\$ 3,263,047</b>	<b>\$ 5,501,177</b>	<b>\$ 2,238,130</b>

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



## EATON COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Central Dispatch Special Revenue Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,108,102	\$ 3,108,102	\$ 3,078,964	\$ (29,138)
Intergovernmental:				
Federal/State	286,000	286,000	325,598	39,598
Local	200	200	-	(200)
<b>Total revenues</b>	<u>3,394,302</u>	<u>3,394,302</u>	<u>3,404,562</u>	<u>10,260</u>
<b>Expenditures</b>				
Current - public safety	2,830,333	2,831,481	2,721,361	(110,120)
Capital outlay	253,000	251,852	197,489	(54,363)
<b>Total expenditures</b>	<u>3,083,333</u>	<u>3,083,333</u>	<u>2,918,850</u>	<u>(164,483)</u>
Revenues over expenditures	310,969	310,969	485,712	174,743
<b>Other financing uses</b>				
Transfers out	(346,317)	(346,317)	(346,317)	-
<b>Net change in fund balance</b>	<u>(35,348)</u>	<u>(35,348)</u>	<u>139,395</u>	<u>174,743</u>
Fund balance, October 1	<u>3,113,969</u>	<u>3,113,969</u>	<u>3,113,969</u>	<u>-</u>
<b>Fund balance, September 30</b>	<u><u>\$ 3,078,621</u></u>	<u><u>\$ 3,078,621</u></u>	<u><u>\$ 3,253,364</u></u>	<u><u>\$ 174,743</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

Final Budget and Actual - Child Care Special Revenue Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal/State	\$ 2,971,849	\$ 2,971,849	\$ 2,101,722	\$ (870,127)
Local	12,000	12,000	105,450	93,450
Other	235,100	235,100	202,140	(32,960)
<b>Total revenues</b>	<b>3,218,949</b>	<b>3,218,949</b>	<b>2,409,312</b>	<b>(809,637)</b>
<b>Expenditures</b>				
Current - health and social services	5,701,622	5,701,348	4,244,010	(1,457,338)
<b>Revenues under expenditures</b>	<b>(2,482,673)</b>	<b>(2,482,399)</b>	<b>(1,834,698)</b>	<b>647,701</b>
<b>Other financing sources</b>				
Transfers in	2,482,673	1,705,973	1,691,849	(14,124)
Transfers out	-	(274)	(274)	-
<b>Total other financing sources</b>	<b>2,482,673</b>	<b>1,705,699</b>	<b>1,691,575</b>	<b>(14,124)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(776,700)</b>	<b>(143,123)</b>	<b>633,577</b>
<b>Fund balance, October 1</b>	<b>242,876</b>	<b>242,876</b>	<b>242,876</b>	<b>-</b>
<b>Fund balance, September 30</b>	<b>\$ 242,876</b>	<b>\$ (533,824)</b>	<b>\$ 99,753</b>	<b>\$ 633,577</b>

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

EATON COUNTY, MICHIGAN

**Statement of Net Position**  
 Proprietary Funds  
 September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Jail Commissary	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 4,739,223	\$ 5,094,737	\$ 132,217	\$ 9,966,177	\$ 6,734,078
Investments	-	-	-	-	3,465,703
Receivables:					
Property taxes	-	6,527,024	-	6,527,024	-
Accounts, net	1,777,044	5,197	-	1,782,241	39,472
Due from other funds	-	-	-	-	1,083,524
Due from other governments	-	50,248	-	50,248	-
Inventories	67,374	-	14,017	81,391	-
Prepays	25,317	-	-	25,317	139,326
<b>Total current assets</b>	<b>6,608,958</b>	<b>11,677,206</b>	<b>146,234</b>	<b>18,432,398</b>	<b>11,462,103</b>
Noncurrent assets:					
Construction in progress	348,158	-	-	348,158	-
Buildings	16,318,417	-	-	16,318,417	-
Equipment	1,993,946	-	-	1,993,946	-
Accumulated depreciation	(4,442,068)	-	-	(4,442,068)	-
<b>Total noncurrent assets</b>	<b>14,218,453</b>	<b>-</b>	<b>-</b>	<b>14,218,453</b>	<b>-</b>
<b>Total assets</b>	<b>20,827,411</b>	<b>11,677,206</b>	<b>146,234</b>	<b>32,650,851</b>	<b>11,462,103</b>
Deferred outflows of resources					
Deferred charge on refunding	45,024	-	-	45,024	-
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	498,476	-	-	498,476	39,912
Accrued liabilities	572,592	-	426	573,018	1,033,823
Due to other funds	-	-	83	83	-
Due to other governments	-	34,588	-	34,588	-
Interest payable	100,078	-	-	100,078	-
Current portion of:					
Accrued compensated absences	192,651	-	-	192,651	-
Lease payable	49,158	-	-	49,158	-
Bonds and notes payable	698,395	-	-	698,395	-
<b>Total current liabilities</b>	<b>2,111,350</b>	<b>34,588</b>	<b>509</b>	<b>2,146,447</b>	<b>1,073,735</b>
Noncurrent liabilities:					
Long-term debt, net of current portion:					
Lease payable	63,581	-	-	63,581	-
Bonds and notes payable	8,796,040	2,025,000	-	10,821,040	-
Net other postemployment benefit obligation	443,205	-	-	443,205	-
<b>Total noncurrent liabilities</b>	<b>9,302,826</b>	<b>2,025,000</b>	<b>-</b>	<b>11,327,826</b>	<b>-</b>
<b>Total liabilities</b>	<b>11,414,176</b>	<b>2,059,588</b>	<b>509</b>	<b>13,474,273</b>	<b>1,073,735</b>
<b>Net position</b>					
Net investment in capital assets	4,656,303	-	-	4,656,303	-
Unrestricted	4,801,956	9,617,618	145,725	14,565,299	10,388,368
<b>Total net position</b>	<b>\$ 9,458,259</b>	<b>\$ 9,617,618</b>	<b>\$ 145,725</b>	<b>\$ 19,221,602</b>	<b>\$ 10,388,368</b>

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

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# EATON COUNTY, MICHIGAN

## Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Jail Commissary	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 16,292,166	\$ -	\$ -	\$ 16,292,166	\$ 10,602,400
Interest on taxes	-	860,336	-	860,336	-
Sales	-	-	58,181	58,181	-
Administrative fees/penalties	-	277,592	-	277,592	-
Other revenues	-	5,060	-	5,060	77,743
<b>Total operating revenues</b>	<b>16,292,166</b>	<b>1,142,988</b>	<b>58,181</b>	<b>17,493,335</b>	<b>10,680,143</b>
Operating expenses					
Personal services and benefits	11,483,209	7,344	21,611	11,512,164	2,109,371
Operating supplies	1,534,061	13,301	-	1,547,362	-
Contractual services	871,470	36,919	2,289	910,678	225,212
Insurance and claims	-	-	-	-	7,271,431
Tax tribunal refunds	-	215,799	-	215,799	-
Other expenses	2,523,999	6,411	-	2,530,410	-
<b>Total operating expenses</b>	<b>16,412,739</b>	<b>279,774</b>	<b>23,900</b>	<b>16,716,413</b>	<b>9,606,014</b>
Operating income (loss)	(120,573)	863,214	34,281	776,922	1,074,129
Nonoperating revenues (expenses)					
Interest income	-	-	-	-	45,699
Interest expense	(344,388)	(24,775)	-	(369,163)	-
Gain on investments	-	-	-	-	313,616
Property tax revenue	380,484	-	-	380,484	-
<b>Total nonoperating revenues (expenses)</b>	<b>36,096</b>	<b>(24,775)</b>	<b>-</b>	<b>11,321</b>	<b>359,315</b>
Income (loss) before transfers	(84,477)	838,439	34,281	788,243	1,433,444
Transfers in	129,095	-	-	129,095	-
Transfers out	-	(500,000)	-	(500,000)	-
Change in net position	44,618	338,439	34,281	417,338	1,433,444
Net position, October 1, as restated	9,413,641	9,279,179	111,444	18,804,264	8,954,924
Net position, September 30	\$ 9,458,259	\$ 9,617,618	\$ 145,725	\$ 19,221,602	\$ 10,388,368

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, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Jail Commissary	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 15,757,085	\$ 8,044,777	\$ 62,589	\$ 23,864,451	\$ -
Cash received from interfund services	-	-	-	-	10,673,094
Cash paid to local units for receivables	-	(6,545,645)	-	(6,545,645)	-
Cash paid to/for employees	(15,525,653)	(7,344)	(21,475)	(15,554,472)	(3,651,909)
Cash paid to suppliers	-	(45,531)	(9,512)	(55,043)	(6,104,826)
Other receipts	1,375,604	5,060	-	1,380,664	-
<b>Net cash provided by operating activities</b>	<b>1,607,036</b>	<b>1,451,317</b>	<b>31,602</b>	<b>3,089,955</b>	<b>916,359</b>
<b>Cash flows from noncapital financing activities</b>					
Transfer in	129,095	-	-	129,095	-
Transfer out	-	(500,000)	-	(500,000)	-
Tax notes issued	-	3,700,000	-	3,700,000	-
Tax notes redeemed	-	(3,975,000)	-	(3,975,000)	-
Interest paid on tax notes / advances	-	(24,775)	-	(24,775)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>129,095</b>	<b>(799,775)</b>	<b>-</b>	<b>(670,680)</b>	<b>-</b>
<b>Cash flows from capital and related financing activities</b>					
Interest paid on debt	(339,339)	-	-	(339,339)	-
Principal paid on debt	(707,220)	-	-	(707,220)	-
Tax revenue	380,484	-	-	380,484	-
Capital acquisitions	(286,599)	-	-	(286,599)	-
<b>Net cash used in capital and related financing activities</b>	<b>(952,674)</b>	<b>-</b>	<b>-</b>	<b>(952,674)</b>	<b>-</b>
<b>Cash flows from investing activities</b>					
Sale of investments	-	-	-	-	27
Interest received	-	-	-	-	45,699
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,726</b>
<b>Change in cash and cash equivalents</b>	<b>783,457</b>	<b>651,542</b>	<b>31,602</b>	<b>1,466,601</b>	<b>962,085</b>
Cash and cash equivalents, October 1	3,955,766	4,443,195	100,615	8,499,576	5,771,993
<b>Cash and cash equivalents, September 30</b>	<b>\$ 4,739,223</b>	<b>\$ 5,094,737</b>	<b>\$ 132,217</b>	<b>\$ 9,966,177</b>	<b>\$ 6,734,078</b>

continued...

EATON COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Jail Commissary	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ (120,573)	\$ 863,214	\$ 34,281	\$ 776,922	\$ 1,074,129
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	580,295	-	-	580,295	-
Provision for bad debt	99,057	-	-	99,057	-
Change in assets and liabilities:					
Taxes receivable	-	304,342	-	304,342	-
Accounts receivable	381,735	(603)	4,408	385,540	(5,921)
Due from other funds	-	-	-	-	(6,053)
Interfund receivable	-	122,292	-	122,292	-
Due from other governments	-	150,972	-	150,972	-
Inventories	9,149	-	(6,722)	2,427	-
Prepays	26,597	-	-	26,597	(767)
Accounts payable	545,520	-	-	545,520	(4,740)
Accrued liabilities	85,256	-	112	85,368	(140,289)
Due to other funds	-	-	24	24	-
Due to other governments	-	11,100	(501)	10,599	-
Net cash provided by operating activities	<u>\$ 1,607,036</u>	<u>\$ 1,451,317</u>	<u>\$ 31,602</u>	<u>\$ 3,089,955</u>	<u>\$ 916,359</u>

concluded.

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

# EATON COUNTY, MICHIGAN

## Statement of Fiduciary Net Position

Agency Funds  
September 30, 2013

### Assets

Cash and cash equivalents	\$ 9,860,305
Due from other governments	<u>39,088</u>

### Total assets

\$ 9,899,393

### Liabilities

Undistributed receipts	<u>\$ 9,899,393</u>
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The accompanying notes are an integral part of these financial statements.



# EATON COUNTY, MICHIGAN

## Combining Statement of Net Position Discretely Presented Component Units September 30, 2013

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 4,424,117	\$ -	\$ 13,615,024	\$ 1,520,694	\$ 19,559,835
Receivables:					
Special assessments	143,911	-	33,698,744	-	33,842,655
Accounts, net	81,856	138	-	765,064	847,058
Due from other governmental units:					
Federal/State	1,298,971	-	-	-	1,298,971
Local	295,474	-	-	-	295,474
Inventories	435,116	-	-	-	435,116
Prepays	30,572	133,719	-	41,394	205,685
Net other postemployment benefit asset	1,205,765	-	-	-	1,205,765
Leases receivable	-	8,306,062	-	-	8,306,062
Capital assets not being depreciated	24,409,449	-	34,597,294	-	59,006,743
Capital assets being depreciated, net	48,066,428	-	43,061,139	27,278	91,154,845
<b>Total assets</b>	<b>80,391,659</b>	<b>8,439,919</b>	<b>124,972,201</b>	<b>2,354,430</b>	<b>216,158,209</b>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	62,500	34,923	53,807	-	151,230
<b>Liabilities</b>					
Accounts payable	298,018	-	49,290	111,256	458,564
Accrued liabilities	124,438	-	-	285,179	409,617
Interest payable	5,223	10,933	542,203	-	558,359
Due to primary government	376,007	138	-	-	376,145
Unearned revenue	-	133,719	-	5,860	139,579
Advances from primary government	-	-	60,000	-	60,000
Long-term debt:					
Due within one year	571,431	805,000	3,573,450	53,548	5,003,429
Due in more than one year	2,337,881	7,539,011	34,289,776	293,423	44,460,091
<b>Total liabilities</b>	<b>3,712,998</b>	<b>8,488,801</b>	<b>38,514,719</b>	<b>749,266</b>	<b>51,465,784</b>
<b>Net position</b>					
Net investment in capital assets	69,880,877	-	39,795,207	27,278	109,703,362
Restricted for debt service	-	-	13,525,393	-	13,525,393
Unrestricted (deficit)	6,860,284	(13,959)	33,190,689	1,577,886	41,614,900
<b>Total net position (deficit)</b>	<b>\$ 76,741,161</b>	<b>\$ (13,959)</b>	<b>\$ 86,511,289</b>	<b>\$ 1,605,164</b>	<b>\$ 164,843,655</b>

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, 2013

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
<b>Expenses</b>					
Public works	\$ -	\$ 337,645	\$ 3,187,005	\$ -	\$ 3,524,650
Health and social services	-	-	-	7,125,615	7,125,615
Highways and streets	10,322,187	-	-	-	10,322,187
<b>Total expenses</b>	<b>10,322,187</b>	<b>337,645</b>	<b>3,187,005</b>	<b>7,125,615</b>	<b>20,972,452</b>
<b>Program revenues</b>					
Charges for services	1,054,244	-	3,102	1,375,740	2,433,086
Operating grants and contributions	7,614,681	340,044	3,897	5,621,009	13,579,631
Capital grants and contributions	1,943,833	-	4,161,666	-	6,105,499
<b>Total program revenues</b>	<b>10,612,758</b>	<b>340,044</b>	<b>4,168,665</b>	<b>6,996,749</b>	<b>22,118,216</b>
<b>Net program revenues (expenses)</b>	<b>290,571</b>	<b>2,399</b>	<b>981,660</b>	<b>(128,866)</b>	<b>1,145,764</b>
<b>General revenues</b>					
Unrestricted investment earnings	728	-	1,156	-	1,884
<b>Change in net position</b>	<b>291,299</b>	<b>2,399</b>	<b>982,816</b>	<b>(128,866)</b>	<b>1,147,648</b>
<b>Net position (deficit), October 1, as restated</b>	<b>76,449,862</b>	<b>(16,358)</b>	<b>85,528,473</b>	<b>1,734,030</b>	<b>163,696,007</b>
<b>Net position (deficit), September 30</b>	<b>\$ 76,741,161</b>	<b>\$ (13,959)</b>	<b>\$ 86,511,289</b>	<b>\$ 1,605,164</b>	<b>\$ 164,843,655</b>

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

## NOTES TO FINANCIAL STATEMENTS

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### 1. 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.

#### 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 Unit

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 Health and Rehabilitation Services - 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, MICHIGAN

## Notes to Financial Statements

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 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 Ventures

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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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 \$395,924 to the Tri-County Community Mental Health Board for the year ended September 30, 2013.

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 \$104,958 for the year ended September 30, 2013.

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 \$60,426 for the year ended September 30, 2013.

Mid-South Substance Abuse Commission - is governed by 17 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 \$408,921 for the year ended September 30, 2013.

Lansing Tri-County Employment and Training Consortium - is governed by a 11 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.

### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position 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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### *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 County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state 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 the financial resources of the general government, except those accounted for and reported 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 County reports the following major proprietary funds:

The *health and services rehabilitations services 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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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

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

*Internal service funds* account for the insurance activity of the County provided to other departments and funds 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.

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 County'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.

### Assets, Liabilities and Equity

#### *Deposits and Investments*

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.



# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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, health and rehabilitation services 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 health and rehabilitation services 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.

### *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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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

	Years
Building and improvements	5-40
Equipment	3-10
Vehicles	2-5
Infrastructure - drains	40

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

	Years
Buildings	40
Equipment	5-8
Roads	5-30
Bridges	15-50
Other infrastructure	8-20

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County only has one item that qualifies for reporting in this category, which is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### *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 position. Bond premiums and discounts 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.

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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### *Deferred Inflows of Resources*

In addition to liabilities, the statements of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements are for property taxes levied during the year that were intended to for future periods.

### *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.

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.

## 2. 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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### 3. 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, 2013, the County incurred a expenditures in excess of the amounts appropriated as follows:

	Amended Budget	Actual	Variance
General fund:			
Health and social services:			
Mid-South Substance Abuse	\$ 302,274	\$ 408,921	\$ 106,647
Barry-Eaton Health Plan Corp	500,838	565,544	64,706
Other expense - miscellaneous	18,000	22,450	4,450
Nonmajor governmental funds:			
Sheriff road crew - public safety	89,977	90,213	236
Domestic preparedness - public safety	80,300	80,997	697

### 4. DEPOSITS AND INVESTMENTS

#### *Summary of Deposit and Investment Balances*

Following is a reconciliation of deposit and investment balances as of September 30, 2013:

	Primary Government	Component Units	Totals
Financial statements			
Statement of net position:			
Cash and cash equivalents	\$ 24,028,096	\$ 19,559,835	\$ 43,587,931
Investments	3,465,703	-	3,465,703
Statement of fiduciary assets and liabilities -			
Cash and cash equivalents	9,860,305	-	9,860,305
<b>Total</b>	<b>\$ 37,354,104</b>	<b>\$ 19,559,835</b>	<b>\$ 56,913,939</b>
Deposits and investments			
Bank deposits (checking accounts, savings accounts and certificates of deposits)			\$ 36,343,302
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			17,070,864
Retirees health insurance fund			3,465,703
Cash on hand			34,070
<b>Total</b>			<b>\$ 56,913,939</b>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### *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, 2013, \$33,906,023 of the County's total bank balance of \$34,184,079 (total book balance was \$36,343,302) 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, 2013, investments in the Treasurer's pool totaling \$17,070,864 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.

### *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, 2013:

#### Investments at fair value, as determined

##### by quoted market price:

U.S. treasuries	\$	558,104
Corporate securities		882,176
International corporate securities		34,351
Equities		1,905,139
Money market accounts		85,933
		<hr/>
	\$	<u>3,465,703</u>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

*Credit Risk.* As of September 30, 2013, the fund's investments in corporate securities were rated by Standard & Poor's as follows:

AA+	\$ 76,075
AA	37,104
AA-	260,323
A	109,464
A-	34,767
BBB+	144,750
BBB	107,444
BBB-	146,600
<b>Total</b>	<b><u>\$ 916,527</u></b>

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, 2013, 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.

*Interest Rate Risk.* As of September 30, 2013, maturities of the fund's fixed income securities were as follows:

	Fair Value	Investment Maturities (Fair value by years)		
		Due in 1-5 years	Due in 6-10 years	Due in 10+ years
U.S. treasuries	\$ 558,104	\$ 407,684	\$ 113,370	\$ 37,050
Corporate securities	882,176	254,101	628,075	-
International corporate securities	34,351	34,351	-	-
<b>Total</b>	<b><u>\$ 1,474,631</u></b>	<b><u>\$ 696,136</u></b>	<b><u>\$ 741,445</u></b>	<b><u>\$ 37,050</u></b>

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

*Foreign Currency Risk.* Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The fund's exposure to foreign currency risk is summarized as follows:

Investment/Country	Currency	Fair value (U.S. dollars)
International corporate securities		
Spain	European euro	<u>\$ 34,351</u>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### 5. RECEIVABLES

Receivables as of September 30, 2013 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units	Amount not expected to be collected within one
Property taxes	\$ 4,406,058	\$ 6,527,024	\$ -	\$ -
Accounts receivable	175,183	1,963,125	865,062	-
Less allowance for doubtful accounts	-	(180,884)	(18,004)	-
Special assessments	-	-	33,842,655	30,727,495
Due from other governments	1,838,300	50,248	1,594,445	-
Due from component units	376,145	-	-	-
Advances to component unit	60,000	-	-	-
	<u>\$ 6,855,686</u>	<u>\$ 8,359,513</u>	<u>\$ 36,284,158</u>	<u>\$ 30,727,495</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, 2013. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

### 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2013 is as follows:

	Receivable	Payable
Due from (to) other funds		
General fund	\$ -	\$ 1,062,664
Central dispatch fund	-	8,613
Child care fund	-	4,799
Nonmajor governmental funds	-	7,365
Jail commissary fund	-	83
Internal service funds	<u>1,083,524</u>	<u>-</u>
	<u>\$ 1,083,524</u>	<u>\$ 1,083,524</u>

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 position relate to the elimination of the internal service funds.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

In addition, at September 30, 2013, the following interfund receivables/payables were reported for funds with negative equity in pooled cash and investments:

	Interfund Receivable	Interfund Payable
General fund	\$ 692,079	\$ -
Child care fund	-	572,236
Nonmajor governmental funds	-	119,843
	<hr/>	<hr/>
Total	<u>\$ 692,079</u>	<u>\$ 692,079</u>

For the year ended September 30, 2013, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 977,740	\$ 1,242,345
Central dispatch fund	-	346,317
Child care fund	1,691,849	274
Nonmajor governmental funds	1,428,118	2,137,866
Health and rehabilitation services fund	129,095	-
Delinquent tax revolving fund	-	500,000
	<hr/>	<hr/>
	<u>\$ 4,226,802</u>	<u>\$ 4,226,802</u>

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



# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 102,628	\$ -	\$ -	\$ 102,628
Construction in progress	-	17,326	-	17,326
Total capital assets not being depreciated	<u>102,628</u>	<u>17,326</u>	<u>-</u>	<u>119,954</u>
Capital assets being depreciated:				
Buildings and improvements	43,830,696	88,040	-	43,918,736
Vehicles and equipment	14,270,379	442,360	(128,081)	14,584,658
Total capital assets being depreciated	<u>58,101,075</u>	<u>530,400</u>	<u>(128,081)</u>	<u>58,503,394</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,148,447)	(1,188,503)	-	(19,336,950)
Vehicles and equipment	(11,155,442)	(656,933)	128,081	(11,684,294)
Total accumulated depreciation	<u>(29,303,889)</u>	<u>(1,845,436)</u>	<u>128,081</u>	<u>(31,021,244)</u>
Total capital assets being depreciated, net	<u>28,797,186</u>	<u>(1,315,036)</u>	<u>-</u>	<u>27,482,150</u>
Governmental activities capital assets, net	<u>\$ 28,899,814</u>	<u>\$ (1,297,710)</u>	<u>\$ -</u>	<u>\$ 27,602,104</u>
<b>Business-type activities</b>				
Capital assets not being depreciated -				
Construction in progress	\$ 14,690	\$ 348,158	\$ (14,690)	\$ 348,158
Capital assets being depreciated:				
Buildings and improvements	16,303,727	14,690	-	16,318,417
Vehicles and equipment	1,973,566	20,380	-	1,993,946
Total capital assets being depreciated	<u>18,277,293</u>	<u>35,070</u>	<u>-</u>	<u>18,312,363</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,795,720)	(419,999)	-	(3,215,719)
Vehicles and equipment	(1,066,052)	(160,297)	-	(1,226,349)
Total accumulated depreciation	<u>(3,861,772)</u>	<u>(580,296)</u>	<u>-</u>	<u>(4,442,068)</u>
Total capital assets being depreciated, net	<u>14,415,521</u>	<u>(545,226)</u>	<u>-</u>	<u>13,870,295</u>
Business-type activities capital assets, net	<u>\$ 14,430,211</u>	<u>\$ (197,068)</u>	<u>\$ (14,690)</u>	<u>\$ 14,218,453</u>

Depreciation expense in governmental activities is not allocated by function.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - Road Commission</b>				
Capital assets not being depreciated:				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements	766,476	17,111	-	783,587
Right of ways	23,294,686	88,174	-	23,382,860
Total capital assets not being depreciated	<u>24,304,164</u>	<u>105,285</u>	<u>-</u>	<u>24,409,449</u>
Capital assets being depreciated:				
Buildings and improvements	6,481,922	-	-	6,481,922
Equipment	6,837,802	73,199	(159,829)	6,751,172
Infrastructure	93,686,714	3,111,994	(3,506,814)	93,291,894
Depletable assets	50,559	-	-	50,559
Total capital assets being depreciated	<u>107,056,997</u>	<u>3,185,193</u>	<u>(3,666,643)</u>	<u>106,575,547</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,686,975)	(129,319)	158,382	(1,657,912)
Equipment	(6,549,077)	(130,479)	-	(6,679,556)
Infrastructure	(49,398,540)	(4,229,366)	3,506,814	(50,121,092)
Depletable assets	(50,559)	-	-	(50,559)
Total accumulated depreciation	<u>(57,685,151)</u>	<u>(4,489,164)</u>	<u>3,665,196</u>	<u>(58,509,119)</u>
Total capital assets being depreciated, net	<u>49,371,846</u>	<u>(1,303,971)</u>	<u>(1,447)</u>	<u>48,066,428</u>
Capital assets, net	<u>\$ 73,676,010</u>	<u>\$ (1,198,686)</u>	<u>\$ (1,447)</u>	<u>\$ 72,475,877</u>
<b>Component unit - Drainage District</b>				
Capital assets not being depreciated -				
Construction in progress	\$ 33,975,453	\$ 1,346,841	\$ (725,000)	\$ 34,597,294
Capital assets being depreciated -				
Infrastructure	61,177,174	725,000	-	61,902,174
Less accumulated depreciation for -				
Infrastructure	(17,315,700)	(1,525,335)	-	(18,841,035)
Total capital assets being depreciated, net	<u>43,861,474</u>	<u>(800,335)</u>	<u>-</u>	<u>43,061,139</u>
Capital assets, net	<u>\$ 77,836,927</u>	<u>\$ 546,506</u>	<u>\$ (725,000)</u>	<u>\$ 77,658,433</u>
<b>Component Unit - District Health</b>				
Capital assets being depreciated -				
Equipment	\$ 220,905	\$ -	\$ -	\$ 220,905
Less accumulated depreciation for -				
Equipment	(167,711)	(25,916)	-	(193,627)
Capital assets, net	<u>\$ 53,194</u>	<u>\$ (25,916)</u>	<u>\$ -</u>	<u>\$ 27,278</u>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### 8. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2013 are summarized as follows:

	Governmental Activities	Business-type Activities	Components Units
Accounts payable	\$ 1,366,210	\$ 498,476	\$ 458,564
Accrued liabilities	1,479,661	573,018	409,617
Due to other governments	101,207	34,588	-
Due to primary government	-	-	376,145
Advances from primary government	-	-	60,000
	<u>\$ 2,947,078</u>	<u>\$ 1,106,082</u>	<u>\$ 1,304,326</u>

### 9. 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
<b>Governmental activities</b>				
2007 Jail Expansion	4.25%-5.00%	2028	\$ 15,000,000	\$ 12,010,000
2008 Dental Clinic	4.00%-4.50%	2028	900,000	785,000
				<u>\$ 12,795,000</u>
<b>Business-type activities</b>				
2008 Health and Rehabilitation Services	4.55%	2027	\$ 5,700,000	\$ 4,745,000
2011 Health and Rehabilitation Services	2.00%-3.00%	2027	5,545,000	4,749,435
				<u>\$ 9,494,435</u>
<b>Component Unit - Public Works</b>				
Grand Ledge Water/Sewer	4.00%-5.00%	2025	\$ 7,975,000	\$ 5,620,000
Diamondale/Windsor Sewer Refunding	4.00%-5.00%	2015	4,115,000	605,000
Brookfield Water	1.625%	2026	2,860,000	1,965,000
				<u>\$ 8,190,000</u>
<b>Component Unit - Road Commission</b>				
2013 Transportation Refunding	1.210%	2018	\$ 2,595,000	\$ 2,595,000

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 680,000	\$ 593,318	\$ 698,395	\$ 335,573	\$ 1,345,000	\$ 356,441
2015	705,000	564,856	733,395	315,753	1,345,000	318,173
2016	740,000	535,288	763,395	294,850	1,050,000	279,322
2017	770,000	504,238	798,395	270,565	1,065,000	251,065
2018	805,000	271,864	823,395	245,098	1,090,000	218,762
2019-2023	4,585,000	1,780,700	4,002,460	790,350	3,255,000	696,230
2024-2028	4,510,000	579,076	1,675,000	194,058	1,635,000	91,224
	<u>\$ 12,795,000</u>	<u>\$ 4,829,340</u>	<u>\$ 9,494,435</u>	<u>\$ 2,446,247</u>	<u>\$ 10,785,000</u>	<u>\$ 2,211,217</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, 2013, the County's legal debt limit was \$361,774,677.

*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 \$48,574 with interest at 4.4 percent.

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2014	<u>\$ 48,574</u>	<u>\$ 1,069</u>

*Capital lease.* The Eaton County Health and Rehabilitation Services 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 \$30,801 with interest at 7.5 percent. The facility also entered into another capital lease agreement during fiscal 2013 for a document imaging and workflow station. The original amount of the obligation was \$81,938. Capital lease obligations outstanding at year-end amounted to \$81,938 with interest at 9.5 percent.

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

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2014	\$ 49,158	\$ 6,241
2015	26,595	4,902
2016	29,234	2,263
2017	<u>7,752</u>	<u>123</u>
	<u>\$ 112,739</u>	<u>\$ 13,529</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, 2013, drain bonds and notes totaling \$37,319,285 were outstanding, including \$720,000 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,	Drainage Districts	
	Principal	Interest
2014	\$ 3,573,450	\$ 1,851,944
2015	3,140,167	1,666,213
2016	3,156,167	1,515,720
2017	3,027,167	1,364,395
2018	2,973,167	1,214,709
2019-2023	13,894,167	4,119,909
2024-2028	6,790,000	1,036,228
2029-2033	765,000	70,858
	<u>\$ 37,319,285</u>	<u>\$ 12,839,976</u>

*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 \$2,025,000 from the 2013 Series were outstanding at September 30, 2013, which is expected to be paid in the year ending September 30, 2014.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 13,490,000	\$ -	\$ (695,000)	\$ 12,795,000	\$ 680,000
Deferred amounts for -					
Issuance premiums	6,885	-	(459)	6,426	-
Installment contracts	147,403	-	(98,829)	48,574	48,574
Compensated absences	2,039,165	2,090,144	(2,141,901)	1,987,408	225,368
	<u>\$ 15,683,453</u>	<u>\$ 2,090,144</u>	<u>\$ (2,936,189)</u>	<u>\$ 14,837,408</u>	<u>\$ 953,942</u>
<b>Business-type activities</b>					
General obligation bonds	\$ 10,162,829	\$ -	\$ (668,394)	\$ 9,494,435	\$ 698,395
Lease payable	69,627	81,938	(38,826)	112,739	49,158
Delinquent tax notes	2,300,000	3,700,000	(3,975,000)	2,025,000	-
Compensated absences	187,216	191,896	(186,461)	192,651	192,651
	<u>\$ 12,719,672</u>	<u>\$ 3,973,834</u>	<u>\$ (4,868,681)</u>	<u>\$ 11,824,825</u>	<u>\$ 940,204</u>
<b>Component Units:</b>					
<b>Road Commission</b>					
Transportation bonds	\$ 3,020,000	\$ 2,595,000	\$ (3,020,000)	\$ 2,595,000	\$ 540,000
Compensated absences	310,903	108,526	(105,117)	314,312	31,431
	<u>\$ 3,330,903</u>	<u>\$ 2,703,526</u>	<u>\$ (3,125,117)</u>	<u>\$ 2,909,312</u>	<u>\$ 571,431</u>
<b>Board of Public Works</b>					
General obligation bonds	\$ 8,965,000	\$ -	\$ (775,000)	\$ 8,190,000	\$ 805,000
Deferred amounts for -					
Issuance premiums	167,403	-	(13,392)	154,011	-
	<u>\$ 9,132,403</u>	<u>\$ -</u>	<u>\$ (788,392)</u>	<u>\$ 8,344,011</u>	<u>\$ 805,000</u>
<b>Drainage Districts</b>					
Drain bonds and notes	\$ 40,198,595	\$ 720,000	\$ (3,599,310)	\$ 37,319,285	\$ 3,573,450
Deferred amounts for -					
Issuance premiums	588,648	-	(44,707)	543,941	-
	<u>\$ 40,787,243</u>	<u>\$ 720,000</u>	<u>\$ (3,644,017)</u>	<u>\$ 37,863,226</u>	<u>\$ 3,573,450</u>
<b>District Health</b>					
Compensated absences	\$ 347,918	\$ 356,616	\$ (357,563)	\$ 346,971	\$ 53,548

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

### 10. 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 Health and Rehabilitation Services 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:

	2013	2012
Workers compensation		
Estimated liability, October 1	\$ 135,874	\$ 73,703
Estimated claims incurred, including changes in estimates	(47,632)	252,906
Claim payments	<u>(18,558)</u>	<u>(190,735)</u>
Estimated liability, September 30	<u>\$ 69,684</u>	<u>\$ 135,874</u>

*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:

	2013	2012
Health insurance		
Estimated liability, October 1	\$ 840,977	\$ 881,271
Estimated claims incurred, including changes in estimates	3,208,846	3,087,860
Claim payments	<u>(3,212,746)</u>	<u>(3,128,154)</u>
Estimated liability, September 30	<u>\$ 837,077</u>	<u>\$ 840,977</u>

# 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 County 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 County. 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 County records an asset for its portion of the unexpended member retention fund. At September 30, 2013, the balance of the County's member retention fund was \$1,357,501.

	2013	2012
General liability		
Estimated liability, October 1	\$ 177,369	\$ 340,406
Estimated claims incurred, including changes in estimates	28,500	(142,707)
Claim payments	<u>(93,325)</u>	<u>(20,330)</u>
Estimated liability, September 30	<u>\$ 112,544</u>	<u>\$ 177,369</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:

	2013	2012
Unemployment compensation		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	47,828	55,264
Claim payments	<u>(47,828)</u>	<u>(55,264)</u>
Estimated liability, September 30	<u>\$ -</u>	<u>\$ -</u>

*Life and disability insurance.* The County maintains a self-insurance 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:

	2013	2012
Life and disability		
Estimated liability, October 1	\$ 5,460	\$ 87
Estimated claims incurred, including changes in estimates	90,506	101,846
Claim payments	<u>(94,037)</u>	<u>(96,473)</u>
Estimated liability, September 30	<u>\$ 1,929</u>	<u>\$ 5,460</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:

	2013	2012
Dental		
Estimated liability, October 1	\$ 14,432	\$ 14,798
Estimated claims incurred, including changes in estimates	195,572	190,338
Claim payments	<u>(197,415)</u>	<u>(190,704)</u>
Estimated liability, September 30	<u>\$ 12,589</u>	<u>\$ 14,432</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.

## 11. 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 County expects such amounts, if any, to be immaterial.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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

### 12. 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 2012 levy, for which revenue was recognized in fiscal 2012, was \$3,242,760,534. 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 health and rehabilitation services 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.

### 13. 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 employee's 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, 2013, the fair value of the trust assets was \$4,882,843; because these assets are in trust with a third party trustee, they are not reported in the accompanying financial statements. The County contributed \$62,306 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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

*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.

*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 30, 2013, the County made no contributions and instead elected to continue funding substantially on a pay-as-you-go basis, which amounted to \$1,400,462 for the year. 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, 2013, 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	\$ 1,588,965
Interest on net OPEB obligation	265,800
Adjustment to annual required contribution	<u>(330,857)</u>
Annual OPEB cost	1,523,908
Contributions made	<u>(1,400,462)</u>
Increase in net OPEB obligation	123,446
Net OPEB obligation, beginning of year	<u>4,430,000</u>
Net OPEB obligation, end of year	<u>\$ 4,553,446</u>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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, 2013, and the preceding two years, were as follows:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 1,744,803	2.9%	\$ 4,221,318
2012	1,969,018	89.4%	4,430,000
2013	1,523,908	91.9%	4,553,446

*Funded Status and Funding Progress.* The funded status of the Plan as of December 31, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 58,409,824
Actuarial value of plan assets	<u>7,589,895</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 50,819,929</u>
Funded ratio	13.0%
Covered payroll (active plan members)	\$ 17,600,899
UAAL as a percentage of covered payroll	288.7%

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.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

*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	December 31, 2012
Actuarial cost method	Entry age
Amortization method	Level dollar amount
Remaining amortization period	25 years
Asset valuation method	5-year smoothing
<b>Actuarial assumptions:</b>	
Investment rate of return	6.0%
Projected salary increases	4.5%
Healthcare inflation rate	9.0% initially; 4.5% ultimately

### Health and Rehabilitation Services Facility

The Health and Rehabilitation Services Facility participates in a defined benefit 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.

*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 Health and Rehabilitation Services 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, 2013, the components of the Health and Rehabilitation Services 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	\$ 141,252
Contributions made	(16,278)
Increase in net OPEB obligation	<u>124,974</u>
Net OPEB obligation, beginning of year	<u>318,231</u>
Net OPEB obligation, end of year	<u>\$ 443,205</u>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

*Funded Status and Funding Progress.* The funded status of the Plan as of September 30, 2013, was as follows:

Actuarial accrued liabilities (AAL) and unfunded actuarial accrued liability (UAAL)	<u>\$ 869,223</u>
--	-------------------

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 Health and Rehabilitation Services 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 \$509,541 to the Plan for the year ended September 30, 2013.

*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.

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	\$ 235,542
Interest on net OPEB (asset)	(46,550)
Adjustment to annual required contribution	<u>45,792</u>
Annual OPEB cost	234,784
Contributions made	<u>(509,541)</u>
Increase in net OPEB asset	(274,757)
Net OPEB asset, beginning of year	<u>(931,008)</u>
Net OPEB asset, end of year	<u>\$ (1,205,765)</u>

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

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, 2013, and the preceding two years, were as follows:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 230,483	240.0%	\$ (652,725)
2012	235,542	218.0%	(931,008)
2013	234,784	217.0%	(1,205,765)

*Funded Status and Funding Progress.* The funded status of the Plan as of September 30, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 4,860,367
Actuarial value of plan assets	<u>1,842,354</u>
<b>Unfunded actuarial accrued liability (UAAL)</b>	<b><u>\$ 3,018,013</u></b>
Funded ratio	37.9%
Covered payroll (active plan members)	\$ 1,668,960
UAAL as a percentage of covered payroll	180.8%

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.

*Actuarial Methods and Assumptions.* The annual required contribution was determined as part of the September 30, 2012 actuarial valuation using a simplified version of the entry age cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2012, was 27 years.

## 14. DEFINED BENEFIT PENSION PLANS

The County (general), Health and Rehabilitation Services 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, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

All full-time County, Health and Rehabilitation Services 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 12.91% of annual covered payroll for the County, 4.62% for the Health and Rehabilitation Services Facility, and 14.13% 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. Health and Rehabilitation Services Facility and District Health Department employees are required to contribute 3% and between 2% and 7.98% 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, 2013, the annual pension cost for the County (\$2,181,251), Health and Rehabilitation Services Facility (\$337,528) and District Health Department (\$446,235) was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2012 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:

Three-Year Trend Information				
Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	
<b>County</b>				
2011	\$ 2,203,972	100%	\$	-
2012	2,067,192	100%		-
2013	2,181,251	100%		-
<b>Health and Rehabilitation Services Facility (HRSF)</b>				
2011	\$ 306,752	100%	\$	-
2012	318,720	100%		-
2013	337,528	100%		-
<b>District Health Department (DHD)</b>				
2011	\$ 481,352	100%	\$	-
2012	459,812	100%		-
2013	446,235	100%		-

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 26 years.



# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

The funded status of each plan as of December 31, 2012, the most recent actuarial valuation date, was as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
County	\$ 77,756,681	\$ 122,102,177	\$ 44,345,496	63.7%	\$ 16,309,574	271.9%
HRSF	7,428,030	7,613,340	185,310	97.6%	7,428,030	2.5%
DHD	13,035,859	16,958,876	3,923,017	76.9%	3,139,549	125.0%

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.

### 15. 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, 2013 were \$204,945.

### 16. NET INVESTMENT IN CAPITAL ASSETS

	Governmental activities	Business-type activities
Capital assets not being depreciated	\$ 119,954	\$ 348,158
Capital assets being depreciated, net	27,482,150	13,870,295
Total capital assets	27,602,104	14,218,453
Capital related bonds	(12,795,000)	(9,494,435)
Installment contracts	(48,574)	-
Deferred loss on bond refunding	-	45,024
Leases payable	-	(112,739)
Unamortized premium on bonds	(6,426)	-
Total net investment in capital assets	\$ 14,752,104	\$ 4,656,303

# EATON COUNTY, MICHIGAN

## Notes to Financial Statements

### 17. COMPONENTS OF FUND BALANCES

	General Fund	Central Dispatch Fund	Child Care Fund	Other Governmental Funds	Total
Nonspendable:					
Prepaid expenditures	\$ 58,255	\$ -	\$ -	\$ -	\$ 58,255
Advances	60,000	-	-	-	60,000
<b>Total nonspendable</b>	<b>118,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,255</b>
Restricted for:					
Judicial	-	-	-	24,229	24,229
Public safety	-	3,253,364	-	775,051	4,028,415
Health and social services	-	-	99,753	100,145	199,898
Debt service	-	-	-	38,947	38,947
Permanent trusts	-	-	-	86,494	86,494
<b>Total restricted</b>	<b>-</b>	<b>3,253,364</b>	<b>99,753</b>	<b>1,024,866</b>	<b>4,377,983</b>
Committed for:					
General government	-	-	-	282,874	282,874
Public safety	-	-	-	425,658	425,658
Health and social services	-	-	-	269,123	269,123
Capital projects	-	-	-	246	246
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,901</b>	<b>977,901</b>
Unassigned	5,382,922	-	-	-	5,382,922
<b>Total fund balances</b>	<b>\$ 5,501,177</b>	<b>\$ 3,253,364</b>	<b>\$ 99,753</b>	<b>\$ 2,002,767</b>	<b>\$ 10,857,061</b>

### 18. RESTATEMENTS

The County adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. In addition to the revised classification of certain financial elements in the financial statements, the implementation of GASB Statement No. 65 resulted in a restatement of net position due to the elimination of the presentation of bond issuance costs as an asset amortized over the life of the related bonds. As a result of this change in accounting principle, beginning net position of business-type activities, board of public works and drainage districts component units decreased by \$641,100, \$90,060 and \$145,382, respectively.



## REQUIRED SUPPLEMENTARY INFORMATION

# EATON COUNTY, MICHIGAN

## Required Supplementary Information

### Municipal Employees' Retirement System

#### 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)
<b>County</b>						
2007	\$ 62,750,905	\$ 97,891,680	\$ 35,140,775	64.1%	\$ 17,619,888	199.4%
2008	65,292,666	104,440,981	38,478,315	62.5%	17,148,993	224.4%
2009	68,709,116	105,457,559	36,748,443	65.2%	17,216,598	213.4%
2010	72,180,067	111,678,749	39,498,682	64.6%	17,004,840	232.3%
2011	75,462,500	116,697,386	41,234,886	64.7%	16,427,810	251.0%
2012	77,756,681	122,102,177	44,345,496	63.7%	16,309,574	271.9%
<b>Health and Rehabilitation Services Facility</b>						
2007	\$ 5,390,294	\$ 5,787,158	\$ 396,864	93.1%	\$ 4,176,661	9.5%
2008	5,762,198	5,927,405	165,207	97.2%	4,455,232	3.7%
2009	6,274,531	6,410,937	136,406	97.9%	6,333,430	2.2%
2010	6,879,977	7,117,665	237,688	96.7%	6,643,080	3.6%
2011	6,879,977	7,117,665	237,688	96.7%	6,643,080	3.6%
2012	7,428,030	7,613,340	185,310	97.6%	7,428,030	2.5%
<b>District Health Department</b>						
2007	\$ 10,475,737	\$ 13,128,713	\$ 2,652,976	79.8%	\$ 3,313,448	80.1%
2008	10,931,223	14,036,163	3,104,940	77.9%	3,391,807	91.5%
2009	11,378,916	14,426,606	3,047,690	78.9%	3,360,608	90.7%
2010	11,935,277	15,130,489	3,195,212	78.9%	3,392,244	94.2%
2011	12,410,592	16,260,293	3,847,701	76.3%	3,109,868	123.7%
2012	13,035,859	16,958,876	3,923,017	76.9%	3,139,549	125.0%

# EATON COUNTY, MICHIGAN

## Required Supplementary Information

### Municipal Employees' Retirement System

Schedules of Employer Contributions				
Year Ended September 30	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed	
<b>County</b>				
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%	
2012	2,067,192	2,067,192	100.0%	
2013	2,181,251	2,181,251	100.0%	
<b>Health and Rehabilitation Services Facility</b>				
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%	
2012	318,720	318,720	100.0%	
2013	337,528	337,528	100.0%	
<b>District Health Department</b>				
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%	
2012	459,812	459,812	100.0%	
2013	446,235	446,235	100.0%	

# EATON COUNTY, MICHIGAN

## Required Supplementary Information

### Postemployment Healthcare Plan - Retiree Health

#### Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
2011	6,923,689	53,761,648	46,837,959	12.9%	17,631,734	265.6%
2012	7,589,895	58,409,824	50,819,929	13.0%	17,600,899	288.7%

#### Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 1,734,628	3.0%
2012	1,908,255	92.2%
2013	1,588,965	88.1%

\* Not available

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

# EATON COUNTY, MICHIGAN

## Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes				
Real and personal property taxes	\$ 16,849,906	\$ 16,849,906	\$ 16,522,796	\$ (327,110)
Industrial facilities tax	364,139	364,139	334,919	(29,220)
Payments in lieu	39,500	39,500	49,467	9,967
Delinquent taxes	15,000	15,000	25,044	10,044
Trailer park taxes	10,000	10,000	8,871	(1,129)
Real estate transfer tax	160,000	160,000	261,536	101,536
Interest and penalties	70,000	70,000	62,389	(7,611)
<b>Total taxes</b>	<b>17,508,545</b>	<b>17,508,545</b>	<b>17,265,022</b>	<b>(243,523)</b>
Licenses and permits				
Dog licenses	126,950	126,950	96,481	(30,469)
Pistol permits	28,000	28,000	49,376	21,376
Marriage licenses	14,000	14,000	14,666	666
Soil erosion	40,000	40,000	33,945	(6,055)
<b>Total permits and regulatory licenses</b>	<b>208,950</b>	<b>208,950</b>	<b>194,468</b>	<b>(14,482)</b>
Intergovernmental - federal/state				
Child care	-	-	146	146
Cooperative reimbursement - Prosecutor	91,082	91,082	84,687	(6,395)
ADC Incentive	147,672	147,672	141,499	(6,173)
Cooperative reimbursement - Friend of the Court	747,509	747,509	706,592	(40,917)
Strong Families/Safe Children	3,000	3,000	2,300	(700)
Local Law Enforcement Block Grant	8,000	8,000	-	(8,000)
Probate Judge's salary	102,000	102,000	102,702	702
Judicial salary standardization	228,620	228,620	215,437	(13,183)
Sheriff road patrol program	98,100	98,100	98,100	-
Marine safety program	5,000	5,000	7,390	2,390
Drug case incentive	1,050	1,050	1,416	366
Victims Rights Act	102,600	102,600	105,500	2,900
Parole violation grant	305,000	305,000	436,046	131,046
Diverted felon program	310,000	310,000	309,690	(310)
Assistant juvenile officer grant	52,776	52,776	52,776	-
Convention and tourism	604,548	604,548	817,841	213,293
Cigarette tax	-	5,800	5,700	(100)
Liquor license fees	25,000	25,000	29,462	4,462
State income tax	1,655,914	1,655,914	1,691,108	35,194
State aid-case flow assistance	26,000	26,000	25,042	(958)
State court equity funding	420,000	420,000	430,167	10,167
Title IV-E	15,000	15,000	17,957	2,957
Vertical drug	16,898	16,898	16,898	-
Miscellaneous	25,000	25,000	21,268	(3,732)
<b>Total intergovernmental - federal/state</b>	<b>4,990,769</b>	<b>4,996,569</b>	<b>5,319,724</b>	<b>323,155</b>

continued...



# EATON COUNTY, MICHIGAN

## Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Intergovernmental - local				
Township - planning	\$ 142,976	\$ 142,976	\$ 142,976	\$ -
Township - Sheriff	2,876,267	2,876,267	2,876,268	1
Prosecuting attorney services	110,539	110,539	54,095	(56,444)
Total intergovernmental - local	<u>3,129,782</u>	<u>3,129,782</u>	<u>3,073,339</u>	<u>(56,443)</u>
Charges for services				
Court:				
District Court costs	998,100	998,100	792,558	(205,542)
Circuit Court probation	14,000	14,000	17,835	3,835
Court filing fees	142,500	142,500	146,276	3,776
Bond costs	1,000	1,000	1,810	810
Jury demand	7,700	7,700	5,085	(2,615)
Writ of garnishment	101,600	101,600	124,718	23,118
Attorney fee reimbursement	18,000	18,000	19,970	1,970
SOS reinstatement fee	40,000	40,000	34,281	(5,719)
Probation oversight	169,500	169,500	172,086	2,586
Alcohol assessment	30,500	30,500	25,519	(4,981)
Friend of the Court service fees	125,500	125,500	144,900	19,400
Probate Court services	35,000	35,000	45,500	10,500
Juvenile Court services	9,000	9,000	4,301	(4,699)
Prosecuting attorney services	200	200	5	(195)
Juvenile Court attorney fees	30,000	30,000	27,924	(2,076)
Crime victim assessment	200	200	122	(78)
Inmate medical	-	25,000	10,502	(14,498)
Tether program	50,000	50,000	725	(49,275)
General government:				
County Clerk services	100,000	100,000	90,600	(9,400)
County Treasurer services	11,800	11,800	11,270	(530)
Register of Deed services	316,000	316,000	360,318	44,318
Drain Commission services	84,000	84,000	56,542	(27,458)
Child care collection fees	43,000	43,000	45,797	2,797
Property description services	20,600	20,600	18,255	(2,345)
Food stamp fraud	1,200	1,200	2,813	1,613
Community development services	15,000	15,000	16,490	1,490
Sheriff Department:				
Sheriff services	185,000	185,000	142,376	(42,624)
Economic crimes unit	436,500	436,500	386,400	(50,100)
OUIL/Impaired	25,000	25,000	13,616	(11,384)
False alarms	8,000	8,000	8,860	860
Abandoned vehicles	8,200	8,200	5,226	(2,974)
Impounded cars	200	200	-	(200)
Inmate medical	10,000	10,000	4,998	(5,002)
Sentenced inmate boarding	75,000	75,000	45,158	(29,842)
Sale of lost/stolen property	400	400	13	(387)
Boarding of dogs and cats	10,500	10,500	6,596	(3,904)
Medical Examiner-				
Cremation fees	9,000	9,000	11,632	2,632
Photocopies	8,375	8,375	10,432	2,057
Parks and recreation	70,850	70,850	66,769	(4,081)

continued...

# EATON COUNTY, MICHIGAN

## Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
<b>Charges for services - concluded</b>				
Planning aerial photos	\$ -	\$ -	\$ 232	\$ 232
Computer	-	-	10,273	10,273
Miscellaneous	12,500	12,500	25,848	13,348
<b>Total charges for services</b>	<b>3,223,925</b>	<b>3,248,925</b>	<b>2,914,631</b>	<b>(334,294)</b>
<b>Fines and forfeitures</b>				
Ordinance fines and costs	186,000	186,000	322,919	136,919
Handicap parking	-	-	315	315
Bond forfeitures	21,000	21,000	12,295	(8,705)
Dog fines	2,000	2,000	2,706	706
Law library	6,500	6,500	6,500	-
Miscellaneous	3,000	3,000	1,520	(1,480)
<b>Total fines and forfeitures</b>	<b>218,500</b>	<b>218,500</b>	<b>346,255</b>	<b>127,755</b>
<b>Interest and rents</b>				
Interest on investments	50,000	50,000	144	(49,856)
Rental fees	269,829	269,829	278,191	8,362
<b>Total interest and rents</b>	<b>319,829</b>	<b>319,829</b>	<b>278,335</b>	<b>(41,494)</b>
<b>Other</b>				
Vending/pay phone commissions	68,200	68,200	76,522	8,322
Sale of capital assets	10,000	10,000	6,847	(3,153)
Reimbursements and refunds	110,700	110,700	101,858	(8,842)
Restitution	4,000	4,000	5,785	1,785
Parks and recreation	1,000	1,000	443	(557)
Miscellaneous	600	600	4,199	3,599
<b>Total other</b>	<b>194,500</b>	<b>194,500</b>	<b>195,654</b>	<b>1,154</b>
<b>Total revenues</b>	<b>29,794,800</b>	<b>29,825,600</b>	<b>29,587,428</b>	<b>(238,172)</b>
<b>Other financing sources - transfers in</b>				
Delinquent Tax Revolving	530,043	506,384	513,784	7,400
Central Dispatch	346,317	346,317	346,317	-
Jail Millage II	7,350	7,850	7,850	-
Register of Deeds Technology	69,495	72,495	72,495	-
Child care fund	-	274	274	-
Felony Sobriety Court	-	8,235	8,235	-
Drug Forfeiture	3,000	4,113	1,113	(3,000)
Home Tax Exemption Audit	-	10,537	6,137	(4,400)
Solid Waste Ordinance	900	900	900	-
Lincoln Brick Trust	20,635	20,635	20,635	-
<b>Total other financing sources</b>	<b>977,740</b>	<b>977,740</b>	<b>977,740</b>	<b>-</b>
<b>Total revenues and other financing sources</b>	<b>\$ 30,772,540</b>	<b>\$ 30,803,340</b>	<b>\$ 30,565,168</b>	<b>\$ (238,172)</b>

concluded.

# EATON COUNTY, MICHIGAN

## Detailed Schedule of Expenditures and Other Financing Uses Budget and Actual - General Fund For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
<b>Expenditures</b>				
<b>Legislative</b>				
Board of Commissioners	\$ 274,263	\$ 286,763	\$ 252,180	\$ (34,583)
<b>Judicial</b>				
Circuit Court	1,310,547	1,305,840	1,228,750	(77,090)
District Court	1,449,236	1,458,709	1,419,665	(39,044)
Friend of Court	1,354,446	1,354,446	1,297,396	(57,050)
County Guardian	63,000	63,000	60,000	(3,000)
Probate Court	536,059	536,059	498,326	(37,733)
Juvenile Court	766,915	766,915	742,708	(24,207)
Probation	10,783	10,783	6,238	(4,545)
Law library	6,500	6,500	6,500	-
<b>Total judicial</b>	<b>5,497,486</b>	<b>5,502,252</b>	<b>5,259,583</b>	<b>(242,669)</b>
<b>General government</b>				
Elections	76,450	82,677	82,531	(146)
Clerk	519,389	537,462	533,504	(3,958)
Births and Deaths	275	275	176	(99)
Plat Board	323	323	-	(323)
Controller	730,226	760,021	710,587	(49,434)
Information Systems	682,900	682,900	653,695	(29,205)
Equalization	539,659	538,646	512,817	(25,829)
Prosecuting Attorney	1,380,038	1,381,753	1,347,563	(34,190)
Economic Crimes Unit	415,437	410,850	342,840	(68,010)
Register of Deeds	220,636	220,636	200,793	(19,843)
Treasurer	371,789	381,631	360,960	(20,671)
Cooperative Extension	134,629	134,829	133,648	(1,181)
Building Authority Administration	725	725	-	(725)
Building and Grounds	1,553,077	1,553,814	1,495,405	(58,409)
Drain Commission	403,413	404,782	362,601	(42,181)
Thornapple-Ground Soil Conservation	18,891	18,891	18,891	-
Eaton County Office Building	26,522	26,524	13,018	(13,506)
<b>Total general government</b>	<b>7,074,379</b>	<b>7,136,739</b>	<b>6,769,029</b>	<b>(367,710)</b>
<b>Public safety</b>				
Sheriff - General	4,809,761	4,816,829	4,588,863	(227,966)
Sheriff - Corrections	3,780,677	3,839,949	3,748,993	(90,956)
Sheriff - Delta office	3,652,284	3,629,220	3,554,805	(74,415)
Sheriff - Weighmaster	50,000	50,000	23,313	(26,687)
Sheriff - Road Patrol	193,963	194,792	191,086	(3,706)
Marine Safety	11,912	11,912	1,495	(10,417)
Community Development	188,667	188,648	178,695	(9,953)
Tri-County Regional Planning	104,960	104,960	104,958	(2)
Animal Control	369,577	369,211	330,305	(38,906)
Emergency Services	-	35	35	-
Vertical drug	79,410	79,410	78,407	(1,003)
<b>Total public safety</b>	<b>13,241,211</b>	<b>13,284,966</b>	<b>12,800,955</b>	<b>(484,011)</b>

continued...

# EATON COUNTY, MICHIGAN

## Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Public works				
Drains at Large	\$ 393,313	\$ 389,785	\$ 376,007	\$ (13,778)
Health and social services				
Mid-South Substance Abuse	302,274	302,274	408,921	106,647
Medical Examiner	150,692	150,692	93,983	(56,709)
Community Mental Health	395,924	395,924	395,924	-
Barry-Eaton Health Plan Corporation	650,000	500,838	565,544	64,706
Tri-County Office on Aging	61,166	61,166	60,426	(740)
Veterans	69,563	69,563	59,510	(10,053)
Landfill	35,000	35,000	27,427	(7,573)
Child care - DHS	2,500	2,500	-	(2,500)
Soldiers and sailors	30,000	30,000	21,352	(8,648)
District Health - appropriation	165,800	314,963	250,257	(64,706)
District Health - cigarette tax	-	4,099	4,024	(75)
Total health and social services	1,862,919	1,867,019	1,887,368	20,349
Recreation and culture				
Courthouse Square Association	15,000	15,000	15,000	-
Parks and recreation	375,184	374,989	353,435	(21,554)
Parks special projects	1,500	1,500	-	(1,500)
Michigan land trust	-	24,500	3,632	(20,868)
Historical commission	2,600	2,600	2,500	(100)
Total recreation and culture	394,284	418,589	374,567	(44,022)
Other				
Computer	40,000	556,328	524,418	(31,910)
Miscellaneous	138,000	18,000	22,450	4,450
Total other	178,000	574,328	546,868	(27,460)
Capital outlay				
General	244,579	204,253	145,667	(58,586)
Public improvement	537,739	542,797	109,677	(433,120)
Computer	563,752	163,559	44,390	(119,169)
Total capital outlay	1,346,070	910,609	299,734	(610,875)
Total expenditures	30,261,925	30,371,050	28,566,291	(1,804,759)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Other financing uses - transfers out				
Appropriations:				
Child Care	\$ 2,074,478	\$ 1,582,174	\$ 910,656	\$ (671,518)
Department of Human Services	14,000	14,000	14,000	-
Other:				
Child Care (cigarette tax)	-	1,700	1,676	(24)
Medical Care Facility	129,095	129,095	129,095	-
Work crew	18,477	18,477	18,477	-
Community corrections	-	17,500	17,500	-
Housing	28,917	28,917	28,917	-
Installment Purchase	104,239	104,239	104,239	-
STOP Domestic Violence	14,259	17,786	17,785	(1)
<b>Total other financing uses</b>	<b>2,383,465</b>	<b>1,913,888</b>	<b>1,242,345</b>	<b>(671,543)</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 32,645,390</b>	<b>\$ 32,284,938</b>	<b>\$ 29,808,636</b>	<b>\$ (2,476,302)</b>

concluded.

# EATON COUNTY, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

	Special Revenue Funds			
	Sheriff Road Crew	Solid Waste Ordinance	Swift and Sure Sanctions	CDBG Housing Grant
<b>Assets</b>				
Cash and cash equivalents	\$ 7,293	\$ 302,248	\$ -	\$ 13,052
Receivables:				
Property taxes	-	-	-	-
Accounts, net	-	-	-	-
Due from other governmental units	-	-	37,812	-
<b>Total assets</b>	<u>\$ 7,293</u>	<u>\$ 302,248</u>	<u>\$ 37,812</u>	<u>\$ 13,052</u>
<b>Liabilities</b>				
Accounts payable	\$ 469	\$ 37,373	\$ 275	\$ -
Accrued liabilities	1,210	1,087	420	-
Due to other governmental units -				
Federal/state	-	-	-	-
Due to other funds	286	130	2	-
Interfund payable	-	-	37,031	-
<b>Total liabilities</b>	<u>1,965</u>	<u>38,590</u>	<u>37,728</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
<b>Fund balances</b>				
Restricted for:				
Judicial	-	-	-	-
Public safety	5,328	-	84	-
Health and social services	-	-	-	13,052
Debt service	-	-	-	-
Permanent trusts	-	-	-	-
Committed for:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and social services	-	263,658	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<u>5,328</u>	<u>263,658</u>	<u>84</u>	<u>13,052</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 7,293</u>	<u>\$ 302,248</u>	<u>\$ 37,812</u>	<u>\$ 13,052</u>

Special Revenue Funds

Economic Development Revolving	Construction Code Enforcement	Remonumentation Grant	Register of Deeds Technology	Criminal Property Forfeiture	Drug Law Forfeiture	S.T.O.P. Grant
\$ 128,264	\$ 251,096	\$ 34,711	\$ 259,369	\$ 868	\$ 7,609	\$ 9,385
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,892
<u>\$ 128,264</u>	<u>\$ 251,096</u>	<u>\$ 34,711</u>	<u>\$ 259,369</u>	<u>\$ 868</u>	<u>\$ 7,609</u>	<u>\$ 13,277</u>
\$ 122,799	\$ 2,021	\$ 29,310	\$ -	\$ -	\$ 110	\$ -
-	3,478	-	-	-	-	11,584
-	-	-	-	-	-	-
-	498	-	-	-	-	1,693
-	-	-	-	-	-	-
<u>122,799</u>	<u>5,997</u>	<u>29,310</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>13,277</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5,401	259,369	-	-	-
-	245,099	-	-	868	7,499	-
5,465	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,465</u>	<u>245,099</u>	<u>5,401</u>	<u>259,369</u>	<u>868</u>	<u>7,499</u>	<u>-</u>
<u>\$ 128,264</u>	<u>\$ 251,096</u>	<u>\$ 34,711</u>	<u>\$ 259,369</u>	<u>\$ 868</u>	<u>\$ 7,609</u>	<u>\$ 13,277</u>

continued...

# EATON COUNTY, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

	Special Revenue Funds			
	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness	Property Forfeiture Prosecutor
<b>Assets</b>				
Cash and cash equivalents	\$ 6,756	\$ -	\$ -	\$ 2,384
Receivables:				
Property taxes	-	-	-	-
Accounts, net	-	-	-	-
Due from other governmental units	21,115	28,522	46,322	-
<b>Total assets</b>	<u>\$ 27,871</u>	<u>\$ 28,522</u>	<u>\$ 46,322</u>	<u>\$ 2,384</u>
<b>Liabilities</b>				
Accounts payable	\$ 3,081	\$ 2,916	\$ 3,228	\$ -
Accrued liabilities	501	814	-	-
Due to other governmental units -				
Federal/state	-	-	-	-
Due to other funds	60	82	-	-
Interfund payable	-	23,218	36,730	-
<b>Total liabilities</b>	<u>3,642</u>	<u>27,030</u>	<u>39,958</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
<b>Fund balances</b>				
Restricted for:				
Judicial	24,229	-	-	-
Public safety	-	1,492	6,364	-
Health and social services	-	-	-	-
Debt service	-	-	-	-
Permanent trusts	-	-	-	-
Committed for:				
General government	-	-	-	-
Public safety	-	-	-	2,384
Health and social services	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<u>24,229</u>	<u>1,492</u>	<u>6,364</u>	<u>2,384</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 27,871</u>	<u>\$ 28,522</u>	<u>\$ 46,322</u>	<u>\$ 2,384</u>



Special Revenue Funds

Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services	Veterans Trust	Home Tax Exemption Audit
\$ 15,151	\$ 18,182	\$ 10,523	\$ -	\$ 119,413	\$ 2,696	\$ 21,010
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	16,985	3,737	-	-
<u>\$ 15,151</u>	<u>\$ 18,182</u>	<u>\$ 10,523</u>	<u>\$ 16,985</u>	<u>\$ 123,150</u>	<u>\$ 2,696</u>	<u>\$ 21,010</u>
\$ -	\$ 1,556	\$ 231	\$ 5,504	\$ 1,808	\$ 1,945	\$ -
-	-	-	1,388	-	-	-
-	-	-	-	35,000	-	2,906
-	-	-	262	-	-	-
-	-	-	9,830	-	-	-
-	1,556	231	16,984	36,808	1,945	2,906
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	16,626	10,292	-	-	-	-
-	-	-	-	86,342	751	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	18,104
15,151	-	-	1	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,151</u>	<u>16,626</u>	<u>10,292</u>	<u>1</u>	<u>86,342</u>	<u>751</u>	<u>18,104</u>
<u>\$ 15,151</u>	<u>\$ 18,182</u>	<u>\$ 10,523</u>	<u>\$ 16,985</u>	<u>\$ 123,150</u>	<u>\$ 2,696</u>	<u>\$ 21,010</u>

continued...

# EATON COUNTY, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

	Special Revenue Funds			
	Local Corrections Officer Training	LEAD Drug Testing	Juvenile Millage	Jail Millage II
<b>Assets</b>				
Cash and cash equivalents	\$ 153,230	\$ 1,426	\$ 425,570	\$ 357,510
Receivables:				
Property taxes	-	-	16,185	48,362
Accounts, net	-	-	-	-
Due from other governmental units	-	-	-	1,518
<b>Total assets</b>	<u>\$ 153,230</u>	<u>\$ 1,426</u>	<u>\$ 441,755</u>	<u>\$ 407,390</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 10,800	\$ 11,367
Accrued liabilities	-	-	-	23,192
Due to other governmental units -				
Federal/state	-	-	-	-
Due to other funds	-	-	-	4,352
Interfund payable	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>10,800</u>	<u>38,911</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	16,184	48,385
<b>Fund balances</b>				
Restricted for:				
Judicial	-	-	-	-
Public safety	-	-	414,771	320,094
Health and social services	-	-	-	-
Debt service	-	-	-	-
Permanent trusts	-	-	-	-
Committed for:				
General government	-	-	-	-
Public safety	153,230	1,426	-	-
Health and social services	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<u>153,230</u>	<u>1,426</u>	<u>414,771</u>	<u>320,094</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 153,230</u>	<u>\$ 1,426</u>	<u>\$ 441,755</u>	<u>\$ 407,390</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
\$ 1	\$ -	\$ 1	\$ 3	\$ 38,942	\$ 246	\$ 10,397
-	-	-	-	-	-	-
-	175	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1</u>	<u>\$ 175</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 38,942</u>	<u>\$ 246</u>	<u>\$ 10,397</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	175	-	-	-	-	-
-	175	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	-	1	3	38,942	-	-
-	-	-	-	-	-	10,397
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	246	-
<u>1</u>	<u>-</u>	<u>1</u>	<u>3</u>	<u>38,942</u>	<u>246</u>	<u>10,397</u>
<u>\$ 1</u>	<u>\$ 175</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 38,942</u>	<u>\$ 246</u>	<u>\$ 10,397</u>

continued...

# EATON COUNTY, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

	Permanent Trust Funds			
	Youth Facility Trust	Lincoln Brick Trust	Sheriff Donations Trust	Animal Control Donations Trust
<b>Assets</b>				
Cash and cash equivalents	\$ 3,618	\$ 69,770	\$ 188	\$ 1,910
Receivables:				
Property taxes	-	-	-	-
Accounts, net	-	-	-	-
Due from other governmental units	-	-	-	-
<b>Total assets</b>	<u>\$ 3,618</u>	<u>\$ 69,770</u>	<u>\$ 188</u>	<u>\$ 1,910</u>
<b>Liabilities</b>				
Accounts payable	\$ 28	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governmental units -				
Federal/state	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
<b>Total liabilities</b>	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Fund balances</b>				
Restricted for:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and social services	-	-	-	-
Debt service	-	-	-	-
Permanent trusts	3,590	69,770	188	1,910
Committed for:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and social services	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<u>3,590</u>	<u>69,770</u>	<u>188</u>	<u>1,910</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 3,618</u>	<u>\$ 69,770</u>	<u>\$ 188</u>	<u>\$ 1,910</u>

Permanent Trust Funds			
Prosecuting Attorney Donations Trust	EATON Trust		Total
\$ 44	\$ 595	\$ 2,273,461	
-	-	64,547	
-	-	175	
-	-	172,762	
<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,510,945</u>	
\$ -	\$ -	\$ 234,821	
-	-	43,674	
-	-	37,906	
-	-	7,365	
-	-	119,843	
<u>-</u>	<u>-</u>	<u>443,609</u>	
<u>-</u>	<u>-</u>	<u>64,569</u>	
-	-	24,229	
-	-	775,051	
-	-	100,145	
-	-	38,947	
44	595	86,494	
-	-	282,874	
-	-	425,658	
-	-	269,123	
-	-	246	
<u>44</u>	<u>595</u>	<u>2,002,767</u>	
<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,510,945</u>	

concluded.

# EATON COUNTY, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2013

	Special Revenue Funds			
	Sheriff Road Crew	Solid Waste Ordinance	Swift and Sure Sanctions	CDBG Housing Grant
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	-	-	39,190	56,018
Local	-	-	-	-
Charges for services	59,064	262,701	83	37,232
Fines and forfeitures	-	-	-	-
Interest and rent	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>59,064</b>	<b>262,701</b>	<b>39,273</b>	<b>93,250</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	90,213	-	39,189	-
Health and social services	-	267,563	-	128,986
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>90,213</b>	<b>267,563</b>	<b>39,189</b>	<b>128,986</b>
Revenues over (under) expenditures	(31,149)	(4,862)	84	(35,736)
<b>Other financing sources (uses)</b>				
Transfers in	36,477	-	-	28,917
Transfers out	-	(900)	-	-
<b>Total other financing sources (uses)</b>	<b>36,477</b>	<b>(900)</b>	<b>-</b>	<b>28,917</b>
Net change in fund balances	5,328	(5,762)	84	(6,819)
Fund balances, October 1	-	269,420	-	19,871
Fund balances, September 30	\$ 5,328	\$ 263,658	\$ 84	\$ 13,052



Special Revenue Funds						
Economic Development Revolving	Construction Code Enforcement	Remonumentation Grant	Register of Deeds Technology	Criminal Property Forfeiture	Drug Law Forfeiture	S.T.O.P. Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	309,858	-	-	-	-	-
-	-	69,248	-	-	-	55,354
-	-	-	-	-	-	-
-	6,671	21,787	111,070	-	-	-
-	-	-	-	-	495	-
-	-	-	42	-	-	-
-	-	-	-	-	-	-
-	316,529	91,035	111,112	-	495	55,354
-	-	-	-	-	-	-
-	-	86,335	28,260	-	-	-
-	258,464	-	-	-	110	73,139
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	258,464	86,335	28,260	-	110	73,139
-	58,065	4,700	82,852	-	385	(17,785)
-	-	-	-	-	-	17,785
-	-	-	(72,495)	-	-	-
-	-	-	(72,495)	-	-	17,785
-	58,065	4,700	10,357	-	385	-
5,465	187,034	701	249,012	868	7,114	-
\$ 5,465	\$ 245,099	\$ 5,401	\$ 259,369	\$ 868	\$ 7,499	\$ -

continued...

# EATON COUNTY, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2013

	Special Revenue Funds			
	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness	Property Forfeiture Prosecutor
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	75,721	112,636	267,435	-
Local	-	-	-	-
Charges for services	14,541	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rent	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>90,262</b>	<b>112,636</b>	<b>267,435</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Judicial	80,547	-	-	-
General government	-	-	-	-
Public safety	-	129,662	80,997	-
Health and social services	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	185,030	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>80,547</b>	<b>129,662</b>	<b>266,027</b>	<b>-</b>
Revenues over (under) expenditures	9,715	(17,026)	1,408	-
<b>Other financing sources (uses)</b>				
Transfers in	-	17,500	-	-
Transfers out	(8,613)	(18,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(8,613)</b>	<b>(500)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,102</b>	<b>(17,526)</b>	<b>1,408</b>	<b>-</b>
Fund balances, October 1	23,127	19,018	4,956	2,384
<b>Fund balances, September 30</b>	<b>\$ 24,229</b>	<b>\$ 1,492</b>	<b>\$ 6,364</b>	<b>\$ 2,384</b>





Special Revenue Funds						
Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services	Veterans Trust	Home Tax Exemption Audit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	12,738	26,059	49,962	93,798	17,788	-
-	-	-	-	-	-	-
-	-	-	13,410	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	7,050
-	-	-	-	-	-	-
-	12,738	26,059	63,372	93,798	17,788	7,050
-	-	-	-	-	-	-
-	-	-	-	-	-	1,640
919	16,658	15,778	55,136	-	-	-
-	-	-	-	88,978	18,922	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
919	16,658	15,778	55,136	88,978	18,922	1,640
(919)	(3,920)	10,281	8,236	4,820	(1,134)	5,410
-	-	-	-	14,000	-	-
(735)	-	-	(8,235)	-	-	(11,491)
(735)	-	-	(8,235)	14,000	-	(11,491)
(1,654)	(3,920)	10,281	1	18,820	(1,134)	(6,081)
16,805	20,546	11	-	67,522	1,885	24,185
\$ 15,151	\$ 16,626	\$ 10,292	\$ 1	\$ 86,342	\$ 751	\$ 18,104

continued...

# EATON COUNTY, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2013

	Special Revenue Funds			
	Local Corrections Officer Training	LEAD Drug Testing	Juvenile Millage	Jail Millage II
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 1,134,051	\$ 2,268,434
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	-	-	-	1,518
Local	-	-	-	-
Charges for services	33,861	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rent	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>33,861</b>	<b>-</b>	<b>1,134,051</b>	<b>2,269,952</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	10,431	-	66,448	1,580,338
Health and social services	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>10,431</b>	<b>-</b>	<b>66,448</b>	<b>1,580,338</b>
Revenues over (under) expenditures	23,430	-	1,067,603	689,614
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(779,712)	(1,217,050)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(779,712)</b>	<b>(1,217,050)</b>
Net change in fund balances	23,430	-	287,891	(527,436)
Fund balances, October 1	129,800	1,426	126,880	847,530
Fund balances, September 30	\$ 153,230	\$ 1,426	\$ 414,771	\$ 320,094

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	47,825	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2
-	-	-	-	70,320	-	-
-	47,825	-	-	70,320	-	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	28
-	-	-	-	-	-	-
-	45,000	620,000	98,829	30,000	-	-
-	2,825	589,200	5,409	32,369	-	-
-	47,825	1,209,200	104,238	62,369	-	28
-	-	(1,209,200)	(104,238)	7,951	-	(26)
-	-	1,209,200	104,239	-	-	-
-	-	-	-	-	-	-
-	-	1,209,200	104,239	-	-	-
-	-	-	1	7,951	-	(26)
1	-	1	2	30,991	246	10,423
<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 38,942</u>	<u>\$ 246</u>	<u>\$ 10,397</u>

continued...

# EATON COUNTY, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2013

	Permanent Trust Funds			
	Youth Facility Trust	Lincoln Brick Trust	Sheriff Donations Trust	Animal Control Donations Trust
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rent	-	25	-	-
Miscellaneous	5,705	6,757	-	676
<b>Total revenues</b>	<b>5,705</b>	<b>6,782</b>	<b>-</b>	<b>676</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and social services	-	-	-	-
Miscellaneous	6,169	4,175	166	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>6,169</b>	<b>4,175</b>	<b>166</b>	<b>-</b>
Revenues over (under) expenditures	(464)	2,607	(166)	676
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(20,635)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(20,635)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(464)</b>	<b>(18,028)</b>	<b>(166)</b>	<b>676</b>
Fund balances, October 1	4,054	87,798	354	1,234
<b>Fund balances, September 30</b>	<b>\$ 3,590</b>	<b>\$ 69,770</b>	<b>\$ 188</b>	<b>\$ 1,910</b>



Permanent Trust Funds		
Prosecuting Attorney Donations Trust	EATON Trust	Total
\$ -	\$ -	\$ 3,402,485
-	-	309,858
-	-	897,333
-	-	47,825
-	-	560,420
-	-	495
-	-	7,119
-	-	83,458
<hr/>		
-	-	5,308,993
<hr/>		
-	-	80,547
-	-	116,235
-	-	2,437,350
-	-	504,449
-	-	10,538
-	-	185,030
-	-	793,829
-	-	629,803
<hr/>		
-	-	4,757,781
<hr/>		
-	-	551,212
<hr/>		
-	-	1,428,118
-	-	(2,137,866)
<hr/>		
-	-	(709,748)
<hr/>		
-	-	(158,536)
<hr/>		
44	595	2,161,303
<hr/>		
\$ 44	\$ 595	\$ 2,002,767
<hr/>		

concluded.

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2013

	Sheriff Road Crew			Solid Waste Ordinance		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	53,500	59,064	5,564	279,700	262,701	(16,999)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>53,500</b>	<b>59,064</b>	<b>5,564</b>	<b>279,700</b>	<b>262,701</b>	<b>(16,999)</b>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	89,977	90,213	236	-	-	-
Health and social services	-	-	-	292,219	267,563	(24,656)
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>89,977</b>	<b>90,213</b>	<b>236</b>	<b>292,219</b>	<b>267,563</b>	<b>(24,656)</b>
Revenues over (under) expenditures	(36,477)	(31,149)	5,328	(12,519)	(4,862)	7,657
<b>Other financing sources (uses)</b>						
Transfers in	36,477	36,477	-	-	-	-
Transfers out	-	-	-	(900)	(900)	-
<b>Total other financing sources (uses)</b>	<b>36,477</b>	<b>36,477</b>	<b>-</b>	<b>(900)</b>	<b>(900)</b>	<b>-</b>
Net change in fund balances	-	5,328	5,328	(13,419)	(5,762)	7,657
Fund balances, October 1	-	-	-	269,420	269,420	-
Fund balances, September 30	\$ -	\$ 5,328	\$ 5,328	\$ 256,001	\$ 263,658	\$ 7,657

Swift and Sure Sanctions			CDBG Housing Grant			Economic Development Revolving		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
169,576	39,190	(130,386)	160,000	56,018	(103,982)	-	-	-
-	-	-	-	-	-	-	-	-
-	83	83	12,400	37,232	24,832	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>169,576</u>	<u>39,273</u>	<u>(130,303)</u>	<u>172,400</u>	<u>93,250</u>	<u>(79,150)</u>	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
169,576	39,189	(130,387)	-	-	-	-	-	-
-	-	-	201,317	128,986	(72,331)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>169,576</u>	<u>39,189</u>	<u>(130,387)</u>	<u>201,317</u>	<u>128,986</u>	<u>(72,331)</u>	-	-	-
-	84	84	(28,917)	(35,736)	(6,819)	-	-	-
-	-	-	28,917	28,917	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	28,917	28,917	-	-	-	-
-	84	84	-	(6,819)	(6,819)	-	-	-
-	-	-	19,871	19,871	-	5,465	5,465	-
<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 84</u>	<u>\$ 19,871</u>	<u>\$ 13,052</u>	<u>\$ (6,819)</u>	<u>\$ 5,465</u>	<u>\$ 5,465</u>	<u>\$ -</u>

continued...

EATON COUNTY, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended September 30, 2013

	Construction Code Enforcement			Remonumentation Grant		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	234,224	309,858	75,634	-	-	-
Intergovernmental:						
Federal/state	-	-	-	66,835	69,248	2,413
Local	-	-	-	-	-	-
Charges for services	6,500	6,671	171	19,500	21,787	2,287
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>240,724</b>	<b>316,529</b>	<b>75,805</b>	<b>86,335</b>	<b>91,035</b>	<b>4,700</b>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	86,335	86,335	-
Public safety	261,618	258,464	(3,154)	-	-	-
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>261,618</b>	<b>258,464</b>	<b>(3,154)</b>	<b>86,335</b>	<b>86,335</b>	<b>-</b>
Revenues over (under) expenditures	(20,894)	58,065	78,959	-	4,700	4,700
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(20,894)</b>	<b>58,065</b>	<b>78,959</b>	<b>-</b>	<b>4,700</b>	<b>4,700</b>
Fund balances, October 1	187,034	187,034	-	701	701	-
<b>Fund balances, September 30</b>	<b>\$ 166,140</b>	<b>\$ 245,099</b>	<b>\$ 78,959</b>	<b>\$ 701</b>	<b>\$ 5,401</b>	<b>\$ 4,700</b>



Register of Deeds Technology			Criminal Property Forfeiture			Drug Law Forfeiture		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
103,000	111,070	8,070	-	-	-	-	-	-
-	-	-	1,000	-	(1,000)	10,000	495	(9,505)
20	42	22	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>103,020</u>	<u>111,112</u>	<u>8,092</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>10,000</u>	<u>495</u>	<u>(9,505)</u>
-	-	-	-	-	-	-	-	-
35,200	28,260	(6,940)	-	-	-	-	-	-
-	-	-	1,000	-	(1,000)	10,000	110	(9,890)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>35,200</u>	<u>28,260</u>	<u>(6,940)</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>10,000</u>	<u>110</u>	<u>(9,890)</u>
<u>67,820</u>	<u>82,852</u>	<u>15,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385</u>	<u>385</u>
-	-	-	-	-	-	-	-	-
(72,495)	(72,495)	-	-	-	-	-	-	-
<u>(72,495)</u>	<u>(72,495)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,675)	10,357	15,032	-	-	-	-	385	385
249,012	249,012	-	868	868	-	7,114	7,114	-
<u>\$ 244,337</u>	<u>\$ 259,369</u>	<u>\$ 15,032</u>	<u>\$ 868</u>	<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 7,114</u>	<u>\$ 7,499</u>	<u>\$ 385</u>

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EATON COUNTY, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended September 30, 2013

	S.T.O.P. Grant			Drug Court III		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	55,354	55,354	-	80,000	75,721	(4,279)
Local	-	-	-	-	-	-
Charges for services	-	-	-	27,421	14,541	(12,880)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>55,354</b>	<b>55,354</b>	<b>-</b>	<b>107,421</b>	<b>90,262</b>	<b>(17,159)</b>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	98,808	80,547	(18,261)
General government	-	-	-	-	-	-
Public safety	73,144	73,139	(5)	-	-	-
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>73,144</b>	<b>73,139</b>	<b>(5)</b>	<b>98,808</b>	<b>80,547</b>	<b>(18,261)</b>
Revenues over (under) expenditures	(17,790)	(17,785)	5	8,613	9,715	1,102
<b>Other financing sources (uses)</b>						
Transfers in	17,790	17,785	(5)	-	-	-
Transfers out	-	-	-	(8,613)	(8,613)	-
<b>Total other financing sources (uses)</b>	<b>17,790</b>	<b>17,785</b>	<b>(5)</b>	<b>(8,613)</b>	<b>(8,613)</b>	<b>-</b>
Net change in fund balances	-	-	-	-	1,102	1,102
Fund balances, October 1	-	-	-	23,127	23,127	-
<b>Fund balances, September 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,127</b>	<b>\$ 24,229</b>	<b>\$ 1,102</b>

Community Corrections			Domestic Preparedness			Property Forfeiture Prosecutor		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
163,587	112,636	(50,951)	267,300	267,435	135	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>163,587</u>	<u>112,636</u>	<u>(50,951)</u>	<u>267,300</u>	<u>267,435</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
163,587	129,662	(33,925)	80,300	80,997	697	500	-	(500)
-	-	-	-	-	-	-	-	-
-	-	-	187,000	185,030	(1,970)	-	-	-
<u>163,587</u>	<u>129,662</u>	<u>(33,925)</u>	<u>267,300</u>	<u>266,027</u>	<u>(1,273)</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
-	(17,026)	(17,026)	-	1,408	1,408	(500)	-	500
17,500	17,500	-	-	-	-	-	-	-
(18,000)	(18,000)	-	-	-	-	-	-	-
<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(500)	(17,526)	(17,026)	-	1,408	1,408	(500)	-	500
19,018	19,018	-	4,956	4,956	-	2,384	2,384	-
<u>\$ 18,518</u>	<u>\$ 1,492</u>	<u>\$ (17,026)</u>	<u>\$ 4,956</u>	<u>\$ 6,364</u>	<u>\$ 1,408</u>	<u>\$ 1,884</u>	<u>\$ 2,384</u>	<u>\$ 500</u>

continued...

EATON COUNTY, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended September 30, 2013

	Drug Forfeiture Prosecutor			Michigan Justice Training		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	15,000	12,738	(2,262)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	2,500	-	(2,500)	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,500</b>	<b>-</b>	<b>(2,500)</b>	<b>15,000</b>	<b>12,738</b>	<b>(2,262)</b>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,239	919	(320)	16,659	16,658	(1)
Health and social services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,239</b>	<b>919</b>	<b>(320)</b>	<b>16,659</b>	<b>16,658</b>	<b>(1)</b>
Revenues over (under) expenditures	1,261	(919)	(2,180)	(1,659)	(3,920)	(2,261)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(4,761)	(735)	(4,026)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,761)</b>	<b>(735)</b>	<b>(4,026)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(3,500)</b>	<b>(1,654)</b>	<b>1,846</b>	<b>(1,659)</b>	<b>(3,920)</b>	<b>(2,261)</b>
Fund balances, October 1	16,805	16,805	-	20,546	20,546	-
<b>Fund balances, September 30</b>	<b>\$ 13,305</b>	<b>\$ 15,151</b>	<b>\$ 1,846</b>	<b>\$ 18,887</b>	<b>\$ 16,626</b>	<b>\$ (2,261)</b>

Dispatcher Training			OHSP Traffic Enforcement			Department of Human Services		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
25,000	26,059	1,059	60,000	49,962	(10,038)	480,000	93,798	(386,202)
-	-	-	-	-	-	-	-	-
-	-	-	12,456	13,410	954	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>25,000</u>	<u>26,059</u>	<u>1,059</u>	<u>72,456</u>	<u>63,372</u>	<u>(9,084)</u>	<u>480,000</u>	<u>93,798</u>	<u>(386,202)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
25,000	15,778	(9,222)	64,221	55,136	(9,085)	-	-	-
-	-	-	-	-	-	494,000	88,978	(405,022)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>25,000</u>	<u>15,778</u>	<u>(9,222)</u>	<u>64,221</u>	<u>55,136</u>	<u>(9,085)</u>	<u>494,000</u>	<u>88,978</u>	<u>(405,022)</u>
-	10,281	10,281	8,235	8,236	1	(14,000)	4,820	18,820
-	-	-	-	-	-	14,000	14,000	-
-	-	-	(8,235)	(8,235)	-	-	-	-
-	-	-	(8,235)	(8,235)	-	14,000	14,000	-
-	10,281	10,281	-	1	1	-	18,820	18,820
11	11	-	-	-	-	67,522	67,522	-
<u>\$ 11</u>	<u>\$ 10,292</u>	<u>\$ 10,281</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 67,522</u>	<u>\$ 86,342</u>	<u>\$ 18,820</u>

continued...

EATON COUNTY, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended September 30, 2013

	Veterans Trust			Home Tax Exemption Audit		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	19,000	17,788	(1,212)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	8,000	7,050	(950)
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>19,000</b>	<b>17,788</b>	<b>(1,212)</b>	<b>8,000</b>	<b>7,050</b>	<b>(950)</b>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	1,640	1,640	-
Public safety	-	-	-	-	-	-
Health and social services	19,000	18,922	(78)	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>19,000</b>	<b>18,922</b>	<b>(78)</b>	<b>1,640</b>	<b>1,640</b>	<b>-</b>
Revenues over (under) expenditures	-	(1,134)	(1,134)	6,360	5,410	(950)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(10,537)	(11,491)	954
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,537)</b>	<b>(11,491)</b>	<b>954</b>
Net change in fund balances	-	(1,134)	(1,134)	(4,177)	(6,081)	(1,904)
Fund balances, October 1	1,885	1,885	-	24,185	24,185	-
Fund balances, September 30	\$ 1,885	\$ 751	\$ (1,134)	\$ 20,008	\$ 18,104	\$ (1,904)

Local Corrections Officer Training			LEAD Drug Testing			Juvenile Millage		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,146,274	\$ 1,134,051	\$ (12,223)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,000	33,861	3,861	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,000	33,861	3,861	-	-	-	1,146,274	1,134,051	(12,223)
-	-	-	-	-	-	-	-	-
30,000	10,431	(19,569)	-	-	-	68,800	66,448	(2,352)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,000	10,431	(19,569)	-	-	-	68,800	66,448	(2,352)
-	23,430	23,430	-	-	-	1,077,474	1,067,603	(9,871)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(779,712)	(779,712)	-
-	-	-	-	-	-	(779,712)	(779,712)	-
-	23,430	23,430	-	-	-	297,762	287,891	(9,871)
129,800	129,800	-	1,426	1,426	-	126,880	126,880	-
\$ 129,800	\$ 153,230	\$ 23,430	\$ 1,426	\$ 1,426	\$ -	\$ 424,642	\$ 414,771	\$ (9,871)

continued...

EATON COUNTY, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
 Budget and Actual - Nonmajor Special Revenue Funds  
 For the Year Ended September 30, 2013

	Jail Millage II		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 2,287,125	\$ 2,268,434	\$ (18,691)
Licenses and permits	-	-	-
Intergovernmental:			
Federal/state	2,000	1,518	(482)
Local	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rent	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>2,289,125</b>	<b>2,269,952</b>	<b>(19,173)</b>
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	1,695,904	1,580,338	(115,566)
Health and social services	-	-	-
Miscellaneous	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>1,695,904</b>	<b>1,580,338</b>	<b>(115,566)</b>
Revenues over (under) expenditures	593,221	689,614	96,393
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(1,217,050)	(1,217,050)	-
<b>Total other financing sources (uses)</b>	<b>(1,217,050)</b>	<b>(1,217,050)</b>	<b>-</b>
Net change in fund balances	(623,829)	(527,436)	96,393
Fund balances, October 1	847,530	847,530	-
<b>Fund balances, September 30</b>	<b>\$ 223,701</b>	<b>\$ 320,094</b>	<b>\$ 96,393</b>

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# EATON COUNTY, MICHIGAN

## Combining Statement of Net Position Internal Service Funds September 30, 2013

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
<b>Assets</b>				
Cash and cash equivalents	\$ 1,004,721	\$ 939,596	\$ 2,643,566	\$ 1,357,501
Investments	3,465,703	-	-	-
Accounts receivable	5,563	48	899	32,782
Due from other funds	29,388	2,279	1,000,000	-
Prepays	-	11,226	128,100	-
<b>Total assets</b>	<b>4,505,375</b>	<b>953,149</b>	<b>3,772,565</b>	<b>1,390,283</b>
<b>Liabilities</b>				
Accounts payable	-	6,944	186	32,782
Accrued liabilities	-	69,684	837,077	112,544
<b>Total liabilities</b>	<b>-</b>	<b>76,628</b>	<b>837,263</b>	<b>145,326</b>
<b>Net position</b>				
Unrestricted	\$ 4,505,375	\$ 876,521	\$ 2,935,302	\$ 1,244,957

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 160,889	\$ 92,169	\$ 264,510	\$ 271,126	\$ 6,734,078
-	-	-	-	3,465,703
15	14	-	151	39,472
2,012	1,545	48,300	-	1,083,524
-	-	-	-	139,326
<u>162,916</u>	<u>93,728</u>	<u>312,810</u>	<u>271,277</u>	<u>11,462,103</u>
-	-	-	-	39,912
-	1,929	-	12,589	1,033,823
-	1,929	-	12,589	1,073,735
<u>\$ 162,916</u>	<u>\$ 91,799</u>	<u>\$ 312,810</u>	<u>\$ 258,688</u>	<u>\$ 10,388,368</u>

# EATON COUNTY, MICHIGAN

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended September 30, 2013

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Operating revenues				
Charges for services	\$ 1,400,462	\$ 125,737	\$ 5,983,815	\$ 564,389
Other revenues	77,688	55	-	-
<b>Total operating revenues</b>	<b>1,478,150</b>	<b>125,792</b>	<b>5,983,815</b>	<b>564,389</b>
Operating expenses				
Personal services and fringe benefits	274	-	-	-
Contractual services	-	21,375	-	2,349
Insurance and claims	1,310,552	18,559	5,289,948	510,508
<b>Total operating expenses</b>	<b>1,310,826</b>	<b>39,934</b>	<b>5,289,948</b>	<b>512,857</b>
Operating income (loss)	167,324	85,858	693,867	51,532
Nonoperating revenues				
Interest income	11	82	-	45,606
Unrealized gain on investment	313,616	-	-	-
<b>Total nonoperating revenues</b>	<b>313,627</b>	<b>82</b>	<b>-</b>	<b>45,606</b>
Change in net position	480,951	85,940	693,867	97,138
Net position, October 1	4,024,424	790,581	2,241,435	1,147,819
<b>Net position, September 30</b>	<b>\$ 4,505,375</b>	<b>\$ 876,521</b>	<b>\$ 2,935,302</b>	<b>\$ 1,244,957</b>

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 91,490	\$ 50,951	\$ 2,154,614	\$ 230,942	\$ 10,602,400
-	-	-	-	77,743
91,490	50,951	2,154,614	230,942	10,680,143
-	-	2,109,097	-	2,109,371
-	4,074	-	197,414	225,212
47,827	94,037	-	-	7,271,431
47,827	98,111	2,109,097	197,414	9,606,014
43,663	(47,160)	45,517	33,528	1,074,129
-	-	-	-	45,699
-	-	-	-	313,616
-	-	-	-	359,315
43,663	(47,160)	45,517	33,528	1,433,444
119,253	138,959	267,293	225,160	8,954,924
<u>\$ 162,916</u>	<u>\$ 91,799</u>	<u>\$ 312,810</u>	<u>\$ 258,688</u>	<u>\$ 10,388,368</u>

# EATON COUNTY, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2013

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
<b>Cash flows from operating activities</b>				
Cash received from interfund services	\$ 1,475,131	\$ 125,771	\$ 5,982,916	\$ 564,389
Cash paid to/for employees/retirees	(1,310,826)	(84,749)	-	-
Cash paid to suppliers	(5,040)	(31,515)	(5,289,101)	(577,682)
<b>Net cash provided by (used in) operating activities</b>	<b>159,265</b>	<b>9,507</b>	<b>693,815</b>	<b>(13,293)</b>
<b>Cash flows from investing activities</b>				
Sale of investments	27	-	-	-
Interest received	11	82	-	45,606
<b>Net cash provided by investing activities</b>	<b>38</b>	<b>82</b>	<b>-</b>	<b>45,606</b>
<b>Net change in cash and cash equivalents</b>	<b>159,303</b>	<b>9,589</b>	<b>693,815</b>	<b>32,313</b>
Cash and cash equivalents, October 1	845,418	930,007	1,949,751	1,325,188
<b>Cash and cash equivalents, September 30</b>	<b>\$ 1,004,721</b>	<b>\$ 939,596</b>	<b>\$ 2,643,566</b>	<b>\$ 1,357,501</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 167,324	\$ 85,858	\$ 693,867	\$ 51,532
Adjustments to reconcile operating income (loss) to net cash provided (used in) by operating activities:				
Change in assets and liabilities:				
Accounts receivable	(5,040)	114	(899)	-
Due from other funds	(3,019)	(21)	-	-
Prepays	-	(5,328)	4,561	-
Accounts payable	-	(4,926)	186	-
Accrued liabilities	-	(66,190)	(3,900)	(64,825)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 159,265</b>	<b>\$ 9,507</b>	<b>\$ 693,815</b>	<b>\$ (13,293)</b>

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 91,330	\$ 50,864	\$ 2,151,902	\$ 230,791	\$ 10,673,094
(47,826)	(97,568)	(2,109,097)	(1,843)	(3,651,909)
-	(4,074)	-	(197,414)	(6,104,826)
<u>43,504</u>	<u>(50,778)</u>	<u>42,805</u>	<u>31,534</u>	<u>916,359</u>
-	-	-	-	27
-	-	-	-	<u>45,699</u>
-	-	-	-	<u>45,726</u>
43,504	(50,778)	42,805	31,534	962,085
<u>117,385</u>	<u>142,947</u>	<u>221,705</u>	<u>239,592</u>	<u>5,771,993</u>
<u>\$ 160,889</u>	<u>\$ 92,169</u>	<u>\$ 264,510</u>	<u>\$ 271,126</u>	<u>\$ 6,734,078</u>
\$ 43,663	\$ (47,160)	\$ 45,517	\$ 33,528	\$ 1,074,129
23	32	-	(151)	(5,921)
(182)	(119)	(2,712)	-	(6,053)
-	-	-	-	(767)
-	-	-	-	(4,740)
-	(3,531)	-	(1,843)	(140,289)
<u>\$ 43,504</u>	<u>\$ (50,778)</u>	<u>\$ 42,805</u>	<u>\$ 31,534</u>	<u>\$ 916,359</u>

# EATON COUNTY, MICHIGAN

## Statement of Fiduciary Net Position

Agency Funds  
September 30, 2013

	Trust and Agency	Library	District Court Bond	Inmate Trust Account
<b>Assets</b>				
Cash and cash equivalents	\$ 9,524,744	\$ 115,956	\$ 208,956	\$ 3,821
Due from other governments	27,870	11,218	-	-
<b>Total assets</b>	<b>\$ 9,552,614</b>	<b>\$ 127,174</b>	<b>\$ 208,956</b>	<b>\$ 3,821</b>
<b>Liabilities</b>				
Undistributed receipts	\$ 9,552,614	\$ 127,174	\$ 208,956	\$ 3,821





Property Forfeiture Trust	Total
\$ 6,828 -	\$ 9,860,305 39,088
<u>\$ 6,828</u>	<u>\$ 9,899,393</u>
<u>\$ 6,828</u>	<u>\$ 9,899,393</u>

# EATON COUNTY, MICHIGAN

## Statement of Net Position and Governmental Funds Balance Sheet Board of Public Works Component Unit September 30, 2013

	Debt Service Funds			Total
	Grand Ledge Water System	Dimondale Water/Sewer Systems	Brookfield Water/Sewer Systems	
<b>Assets</b>				
Accounts receivable	\$ -	\$ 138	\$ -	\$ 138
Prepays	133,719	-	-	133,719
Leases receivable	-	-	-	-
<b>Total assets</b>	<b>133,719</b>	<b>138</b>	<b>-</b>	<b>133,857</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 133,719</b>	<b>\$ 138</b>	<b>\$ -</b>	<b>\$ 133,857</b>
<b>Liabilities</b>				
Due to primary government	\$ -	\$ 138	\$ -	\$ 138
Interest payable	-	-	-	-
Unearned revenue	133,719	-	-	133,719
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>Total liabilities</b>	<b>133,719</b>	<b>138</b>	<b>-</b>	<b>133,857</b>
<b>Fund balances</b>				
Unassigned	-	-	-	-
<b>Total liabilities and fund balances</b>	<b>\$ 133,719</b>	<b>\$ 138</b>	<b>\$ -</b>	<b>\$ 133,857</b>
<b>Net position - unrestricted</b>				



GASB 34 Adjustments	Statement of Net Position
\$ -	\$ 138
-	133,719
<u>8,306,062</u>	<u>8,306,062</u>
8,306,062	8,439,919
<u>34,923</u>	<u>34,923</u>
<u>8,340,985</u>	<u>8,474,842</u>
-	138
10,933	10,933
-	133,719
805,000	805,000
<u>7,539,011</u>	<u>7,539,011</u>
8,354,944	8,488,801
<u>-</u>	<u>-</u>
<u>\$ (13,959)</u>	<u>\$ (13,959)</u>

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# EATON COUNTY, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
Board of Public Works Component Unit  
September 30, 2013

Total fund balances for governmental funds	\$ -
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Leases receivable are not current financial resources and therefore are not reported in governmental funds	8,306,062
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 Position. This is the net effect of these balances on the statement.	
Bonds payable	(8,190,000)
Unamortized bond premium	(154,011)
Unamortized deferred loss on refunding	34,923
Interest payable	(10,933)
	<hr/>
Net position of governmental activities	<u>\$ (13,959)</u>

# 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, 2013**

	Debt Service Funds			Total
	Grand Ledge Water System	Dimondale Water/Sewer Systems	Brookfield Water/Sewer Systems	
Revenues				
Intergovernmental - local	\$ 610,863	\$ 349,535	\$ 168,028	\$ 1,128,426
Expenditures / expenses				
Debt service:				
Principal	330,000	310,000	135,000	775,000
Interest and fiscal charges	280,863	39,535	33,028	353,426
Total expenditures/expenses	610,863	349,535	168,028	1,128,426
Change in net position	-	-	-	-
Fund balances / net position (deficit), October 1, as restated	-	-	-	-
Fund balances / net position (deficit), September 30,	\$ -	\$ -	\$ -	\$ -



GASB 34 Adjustments	Statement of Net Position
<u>\$ (788,382)</u>	<u>\$ 340,044</u>
(775,000)	-
<u>(15,781)</u>	<u>337,645</u>
<u>(790,781)</u>	<u>337,645</u>
2,399	2,399
<u>(16,358)</u>	<u>(16,358)</u>
<u><u>\$ (13,959)</u></u>	<u><u>\$ (13,959)</u></u>

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# EATON COUNTY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
Board of Public Works Component Unit  
For the Year Ended September 30, 2013

Net change in fund balance - total governmental funds	\$ -
Amounts reported for <i>governmental activities</i> 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.	
Collections attributable to bond principal and accrued interest	(788,382)
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position.	
Repayment of debt principal	775,000
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.	
Change in accrual for interest payable	5,425
Amortization of bond premium	13,392
Amortization of refunding loss	(3,036)
Change in net position of governmental activities	<u>\$ 2,399</u>

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drainage Districts Component Unit  
September 30, 2013

	Debt	Capital Projects Funds			
	Service Fund	Regular	Drain	Narrow Lake	Lacey Lake
	Regular	Regular	Drain	Narrow Lake	Lacey Lake
	Drain	Drain	Revolving	Level	Level
<b>Assets</b>					
Cash and cash equivalents	\$ 3,863,442	\$ 9,733,000	\$ 7,232	\$ 10,999	\$ 351
Special assessments receivable	33,698,744	-	-	-	-
Due from other funds	6,139	-	52,768	-	-
Capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated, net	-	-	-	-	-
<b>Total assets</b>	<b>37,568,325</b>	<b>9,733,000</b>	<b>60,000</b>	<b>10,999</b>	<b>351</b>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 37,568,325</b>	<b>\$ 9,733,000</b>	<b>\$ 60,000</b>	<b>\$ 10,999</b>	<b>\$ 351</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 49,290	\$ -	\$ -	\$ -
Interest payable	-	-	-	-	-
Due from other funds	3,115	55,792	-	-	-
Advances from primary government	-	-	60,000	-	-
Long-term debt:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
<b>Total liabilities</b>	<b>3,115</b>	<b>105,082</b>	<b>60,000</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - special assessments	33,679,085	-	-	-	-
<b>Fund balances</b>					
Unassigned	3,886,125	9,627,918	-	10,999	351
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 37,568,325</b>	<b>\$ 9,733,000</b>	<b>\$ 60,000</b>	<b>\$ 10,999</b>	<b>\$ 351</b>
<b>Net position</b>					
Net investment in capital assets					
Restricted					
Unrestricted					
<b>Total net position</b>					

Total	GASB 34 Adjustments	Statement of Net Position
\$ 13,615,024	\$ -	\$ 13,615,024
33,698,744	-	33,698,744
58,907	(58,907)	-
-	34,597,294	34,597,294
-	43,061,139	43,061,139
<hr/>		
47,372,675	77,599,526	124,972,201
<hr/>		
-	53,807	53,807
<hr/>		
<u>\$ 47,372,675</u>	<u>77,653,333</u>	<u>125,026,008</u>
\$ 49,290	\$ -	\$ 49,290
-	542,203	542,203
58,907	(58,907)	-
60,000	-	60,000
-	3,573,450	3,573,450
-	34,289,776	34,289,776
<hr/>		
168,197	38,346,522	38,514,719
<hr/>		
33,679,085	(33,679,085)	-
<hr/>		
13,525,393	(13,525,393)	-
<hr/>		
<u>\$ 47,372,675</u>		
	39,795,207	39,795,207
	13,525,393	13,525,393
	33,190,689	33,190,689
	<hr/>	<hr/>
	<u>\$ 86,511,289</u>	<u>\$ 86,511,289</u>

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# EATON COUNTY, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
Drainage Districts Component Unit  
September 30, 2013

Total fund balances for governmental funds \$ 13,525,393

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

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

Capital assets	\$ 96,499,468	
Accumulated depreciation	<u>(18,841,035)</u>	77,658,433

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 inflows of resources in the governmental funds and, therefore, not included in fund balance.

Deferred special assessments		33,679,085
------------------------------	--	------------

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 Position. This is the net effect of these balances on the statement.

Long-term debt payable	(37,319,285)	
Unamortized premiums	(543,941)	
Unamortized deferred loss on refunding	53,807	
Interest payable	<u>(542,203)</u>	<u>(38,351,622)</u>

Net position of governmental activities \$ 86,511,289

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, 2013

	Debt	Capital Projects Funds			
	Service Fund	Regular	Drain	Narrow Lake	Lacey Lake
	Regular	Drain	Revolving	Level	Level
	Drain	Drain			
<b>Revenues</b>					
Charges for services	\$ -	\$ 3,102	\$ -	\$ -	\$ -
Special assessments	6,453,227	437,764	-	-	-
Interest revenue	1,156	-	-	-	-
Miscellaneous	-	3,897	-	-	-
<b>Total revenues</b>	<b>6,454,383</b>	<b>444,763</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures / expenses</b>					
Public works	-	-	-	-	-
Capital outlay - construction and maintenance	-	1,338,415	-	-	-
Debt service:					
Principal	3,599,310	-	-	-	-
Interest and fiscal charges	1,751,200	1,077	-	-	-
<b>Total expenditures / expenses</b>	<b>5,350,510</b>	<b>1,339,492</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures/expenses	1,103,873	(894,729)	-	-	-
<b>Other financing sources</b>					
Long-term debt issued	-	720,000	-	-	-
Net changes in fund balances	1,103,873	(174,729)	-	-	-
Change in net position	-	-	-	-	-
Fund balances / net position, October 1, as restated	2,782,252	9,802,647	-	10,999	351
<b>Fund balances / net position, September 30</b>	<b>\$ 3,886,125</b>	<b>\$ 9,627,918</b>	<b>\$ -</b>	<b>\$ 10,999</b>	<b>\$ 351</b>

Total	GASB 34 Adjustments	Statement of Net Position
\$ 3,102	\$ -	\$ 3,102
6,890,991	(2,729,325)	4,161,666
1,156	-	1,156
3,897	-	3,897
<u>6,899,146</u>	<u>(2,729,325)</u>	<u>4,169,821</u>
-	1,525,335	1,525,335
1,338,415	(1,346,841)	(8,426)
3,599,310	(3,599,310)	-
1,752,277	(82,181)	1,670,096
<u>6,690,002</u>	<u>(3,502,997)</u>	<u>3,187,005</u>
209,144	773,672	982,816
<u>720,000</u>	<u>(720,000)</u>	<u>-</u>
929,144	(929,144)	-
-	982,816	982,816
<u>12,596,249</u>	<u>72,932,224</u>	<u>85,528,473</u>
<u>\$ 13,525,393</u>	<u>\$ 72,985,896</u>	<u>\$ 86,511,289</u>

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# EATON COUNTY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
Drainage Districts Component Unit  
For the Year Ended September 30, 2013

Net change in fund balance - total governmental funds \$ 929,144

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.

Change in deferred special assessments (2,729,325)

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.

Capital outlay	\$ 1,346,841	
Depreciation expense	<u>(1,525,335)</u>	(178,494)

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

Issuance of long-term debt	(720,000)	
Repayment of bond principal	<u>3,599,310</u>	2,879,310

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.

Change in accrual for interest payable on long-term debt		41,897
Amortization of bond premium		44,707
Amortization of refunding loss		<u>(4,423)</u>

Change in net position of governmental activities \$ 982,816

# EATON COUNTY, MICHIGAN

## Statement of Net Position and Governmental Funds Balance Sheet District Health Department Component Unit September 30, 2013

	Special Revenue	GASB 34 Adjustments	Statement of Activities
<b>Assets</b>			
Cash and cash equivalents	\$ 1,520,694	\$ -	\$ 1,520,694
Accounts receivable, net	765,064	-	765,064
Prepays	41,394	-	41,394
Capital assets being depreciated, net	-	27,278	27,278
<b>Total assets</b>	<b>\$ 2,327,152</b>	<b>27,278</b>	<b>2,354,430</b>
<b>Liabilities</b>			
Accounts payable	\$ 111,256	-	111,256
Accrued liabilities	285,179	-	285,179
Unearned revenue	5,860	-	5,860
Long-term debt:			
Due within one year	-	53,548	53,548
Due in more than one year	-	293,423	293,423
<b>Total liabilities</b>	<b>402,295</b>	<b>346,971</b>	<b>749,266</b>
<b>Fund balance</b>			
Nonspendable for prepaids	41,394	(41,394)	-
Unassigned	1,883,463	(1,883,463)	-
<b>Total fund balance</b>	<b>1,924,857</b>	<b>(1,924,857)</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,327,152</b>		
<b>Net position:</b>			
Invested in capital assets		27,278	27,278
Unrestricted		1,577,886	1,577,886
<b>Total net position</b>		<b>\$ 1,605,164</b>	<b>\$ 1,605,164</b>

# EATON COUNTY, MICHIGAN

## ■ Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
District Health Department Component Unit  
September 30, 2013

Total fund balances for governmental funds \$ 1,924,857

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

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

Equipment	\$ 220,905	
Accumulated depreciation	<u>(193,627)</u>	27,278

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 Position.

(346,971)

Net position of governmental activities \$ 1,605,164

# 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, 2013**

	Special Revenue	GASB 34 Adjustments	Statement of Activities
Revenues			
Licenses and permits	\$ 158,482	\$ -	\$ 158,482
Intergovernmental:			
Federal/State	4,326,208	-	4,326,208
Local	1,093,055	-	1,093,055
Charges for services	1,217,258	-	1,217,258
Miscellaneous	201,746	-	201,746
<b>Total revenues</b>	<b>6,996,749</b>	<b>-</b>	<b>6,996,749</b>
Expenditures / expenses			
Health and social services	7,100,646	24,969	7,125,615
Net change in fund balance	(103,897)	103,897	-
Change in net position	-	(128,866)	(128,866)
Fund balance / net position, October 1	2,028,754	(294,724)	1,734,030
Fund balance / net position, September 30	<u>\$ 1,924,857</u>	<u>\$ (319,693)</u>	<u>\$ 1,605,164</u>

# EATON COUNTY, MICHIGAN

## ■ Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
District Health Department Component Unit  
For the Year Ended September 30, 2013

Net change in fund balance - total governmental funds \$ (103,897)

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.

Depreciation expense (25,916)

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.

Change in accrual for accrued compensated absences 947

Change in net position of governmental activities \$ (128,866)

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## SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

March 14, 2014

To the Board of Commissioners  
Eaton County, Michigan  
Charlotte, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Eaton County, Michigan* (the "County") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 14, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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# EATON COUNTY, MICHIGAN

## Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2013

Federal/ Pass-through Grantor Program Title	Federal CFDA Number	Passed Through	Pass-through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	230008001	\$ 13,629
National School Lunch Program	10.555	MDE	230008001	21,081
Special Snack Program	10.555	MDE	230008001	2,927
Food Entitlement	10.555	MDE	230008001	2,390
				<u>40,027</u>
Women, Infants and Children	10.557	MDCH	IW100342	532,219
Women, Infants and Children Breastfeeding	10.557	MDCH	IW100342 & W500342	23,901
				<u>556,120</u>
<b>Total U.S. Department of Agriculture</b>				<u>596,147</u>
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant	14.228	MSHDA	MSC-2010-0778-HOA	<u>56,018</u>
<b>U.S. Department of Justice</b>				
Violence Against Women - S.T.O.P. Grant	16.588	MDHS	DVPT 08-13001-1	<u>55,354</u>
State Criminal Alien Assistance Program	16.606	Direct	2012-AP-BX-0437	<u>1,518</u>
Justice Assistance Cluster:				
Drug Court - Priority	16.738	SCAO	SCAO-2012-075	74,803
Edward Byrne Memorial Justice Assistance - Vertical Drug	16.738	COL	2011-DJ-BX-2240	16,898
				<u>91,701</u>
<b>Total U.S. Department of Justice</b>				<u>148,573</u>
<b>U.S. Department of Transportation</b>				
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	MSP	n/a	49,962
Strategic Traffic Enforcement Program	20.614	MSP	n/a	19,868
Hazardous Materials Emergency Preparedness	20.703	MSP	n/a	<u>2,265</u>
<b>Total U.S. Department of Transportation</b>				<u>72,095</u>
<b>U.S. Environmental Protection Agency</b>				
Operator certification	66.471	MDEQ	FS97548710	<u>5,156</u>

continued...

# EATON COUNTY, MICHIGAN

## Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2013

Federal/ Pass-through Grantor Program Title	Federal CFDA Number	Passed Through	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services Bioterrorism - Supplemental	93.069	MDCH	CCU517018 & U90TP000528	\$ 169,507
Immunization Cluster:				
Immunization & Vaccine Program	93.268	MDCH	H23 CCH522556	73,612
Vaccines for Children - Training	93.268	MDCH	H23 CCH522556	4,800
Vaccines	93.268	MDCH	5H23IP522556	280,810
				<u>359,222</u>
Centers for Disease Control and Prevention:				
Colorectal Cancer Detection	93.283	MDCH	5U58DP002022	6,510
Wisewoman	93.283	MDCH	U58DP001439	24,710
				<u>31,220</u>
Child Support Enforcement:				
ADC Maintenance Assistance	93.563	MDHS	n/a	141,499
Friend of the Court	93.563	MDHS	CSFOC13-23001	613,204
Prosecuting Attorney	93.563	MDHS	CSPA 13-23002	84,687
				<u>839,390</u>
Access and Visitation Programs	93.597	SCAO	n/a	<u>2,300</u>
Child Abuse and Neglect - Title IV-E Funding	93.658	MDHS	PROFC-11-23001	<u>17,957</u>
Medical Assistance Program:				
CSHC Care Coordination	93.778	MDCH	05 U05M15ADM	6,370
CSHC Out and Advocacy	93.778	MDCH	05 U05M15ADM	40,000
CSHC Case Management	93.778	MDCH	05 1205M15MAP	400
Medicaid Outreach	93.778	MDCH	05 U05M15ADM	126,578
				<u>173,348</u>
Breast & Cervical Cancer Control Program	93.919	MDCH	1U58DP003921	<u>30,285</u>
Outpatient/Intensive Outpatient	93.959	MSSAC	n/a	160,750
Women's Services	93.959	MSSAC	n/a	42,756
				<u>203,506</u>
Maternal and Child Health Services Block Grant:				
Family Planning - Local	93.994	MDCH	B1MIMCHS	67,824
Case Management	93.994	MDCH	B1MIMCHS	71
CSHC Care Coordination	93.994	MDCH	B1MIMCHS	2,023
				<u>69,918</u>
Total U.S. Department of Health and Human Services				<u>1,896,653</u>

continued...

# EATON COUNTY, MICHIGAN

## Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2013

Federal/ Pass-through Grantor Program Title	Federal CFDA Number	Passed Through	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Homeland Security				
Federal Boating Safety Financial Assistance Program	97.012	MDNR	n/a	\$ 3,000
Emergency Management Preparedness Grant	97.042	MSP	EMW-2013-EP-00026-S01	40,531
Emergency Management Preparedness Grant	97.042	MSP	EMW 2010-EP-00-0002	4,258
Emergency Management Preparedness Grant	97.042	MSP	EMW 2011-EP-00044-S01	13,302
				<u>58,091</u>
Homeland Security Grant Program	97.067	COL	n/a	<u>263,569</u>
Total U.S. Department of Homeland Security				<u>324,660</u>
Total expenditures of federal awards				<u>\$ 3,099,302</u>

concluded.

See accompanying notes to the schedule of expenditures of federal awards.

# EATON COUNTY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eaton County, Michigan (the "County") under programs of the federal government for the year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met.

### 3. PASS-THROUGH AGENCIES

The County receives certain federal grant as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MDCH	Michigan Department of Community Health
MSHDA	Michigan State Housing Development Authority
MDHS	Michigan Department of Human Services
SCAO	State Court Administrative Office
COL	City of Lansing
MSP	Michigan State Police
MDEQ	Michigan Department of Environmental Quality
MSSAC	Mid-South Substance Abuse Commission
MDNR	State of Michigan Department of Natural Resources

### 3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards amounting to \$41,195 to subrecipients under the State Homeland Security Grant Programs (CFDA #97.067).



**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

March 14, 2014

To the Board of Commissioners  
Eaton County, Michigan  
Charlotte, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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* (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2014. Our report includes a reference to other auditors who audited the financial statements of the Eaton County Health and Rehabilitation Services Facility enterprise fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.





**Independent Auditors' Report on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by OMB Circular A-133**

March 14, 2014

To the Board of Commissioners  
Eaton County, Michigan  
Charlotte, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of *Eaton County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Independent Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

### Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-SA-01 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

*Purpose of this Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rehmann Lobson LLC*

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# EATON COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified?  X  yes \_\_\_\_\_ none reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.069	Public Health Emergency Preparedness
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

## SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

## SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### 2013-SA-1 Documentation of Payroll Expenditures

**Finding Type.** Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

**Program.** Child Support Enforcement; U.S. Department of Health and Human Services; Michigan Department of Human Services; CFDA # 93.563; Award Number CSPA 13-23002.

**Criteria.** Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports, except when a substitute system has been approved by the cognizant Federal agency. The Circular requires these reports be prepared at least monthly and must coincide with one or more pay periods. In the case of staff that spend 100% of their time on a single federal program, semi-annual certifications may be used.

**Condition.** The County was unable to provide a timesheet for one selected individual in our population of 40 child support enforcement payroll transactions.

**Cause.** The County did not properly maintain the support to verify the employees time charged to the program.

**Effect.** While we found no evidence of such, this condition increases the risk of reporting an incorrect amount for expenditures related to the grants administered by the Child Support Enforcement offices.

**Questioned Costs.** No costs have been questioned as a result of this finding.

**Recommendation.** We recommend that the County properly maintain and file all supporting documents related to payroll charges in order to verify compliance with federal requirements.

**View of Responsible Officials:** Management agrees with the recommendation above, further, disciplinary action was taken on job performance issues for the employee responsible for this function which resulted in employee resignation due to inability to fulfill job requirements. Additional training has been provided to replacement personnel regarding compliance over proper document retention.



# EATON COUNTY, MICHIGAN

## Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2013

None reported.



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