



EATON COUNTY, MICHIGAN

Annual Financial Report

**For the Fiscal Year Ended
September 30, 2008**

EATON COUNTY, MICHIGAN
For the Fiscal Year Ended September 30, 2008

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INTRODUCTORY SECTION



EATON COUNTY CONTROLLER/PERSONNEL

1045 Independence Blvd
Charlotte, MI 48813

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

John F. Fuentes, CPA
Controller

Connie L. Sobie
Assistant Controller

Mary M. Schelles
Personnel Specialist

March 7, 2009

To the Members of the Board of Commissioners:

The Annual Financial Report of Eaton County, Michigan for the fiscal year ended September 30, 2007, is hereby submitted. Responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Format

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

Reporting Entity

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

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

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

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

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

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

- Barry/Eaton District Health Department

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

- Eaton County Transportation Authority

Financial Reporting and Auditing

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

Independent Audit

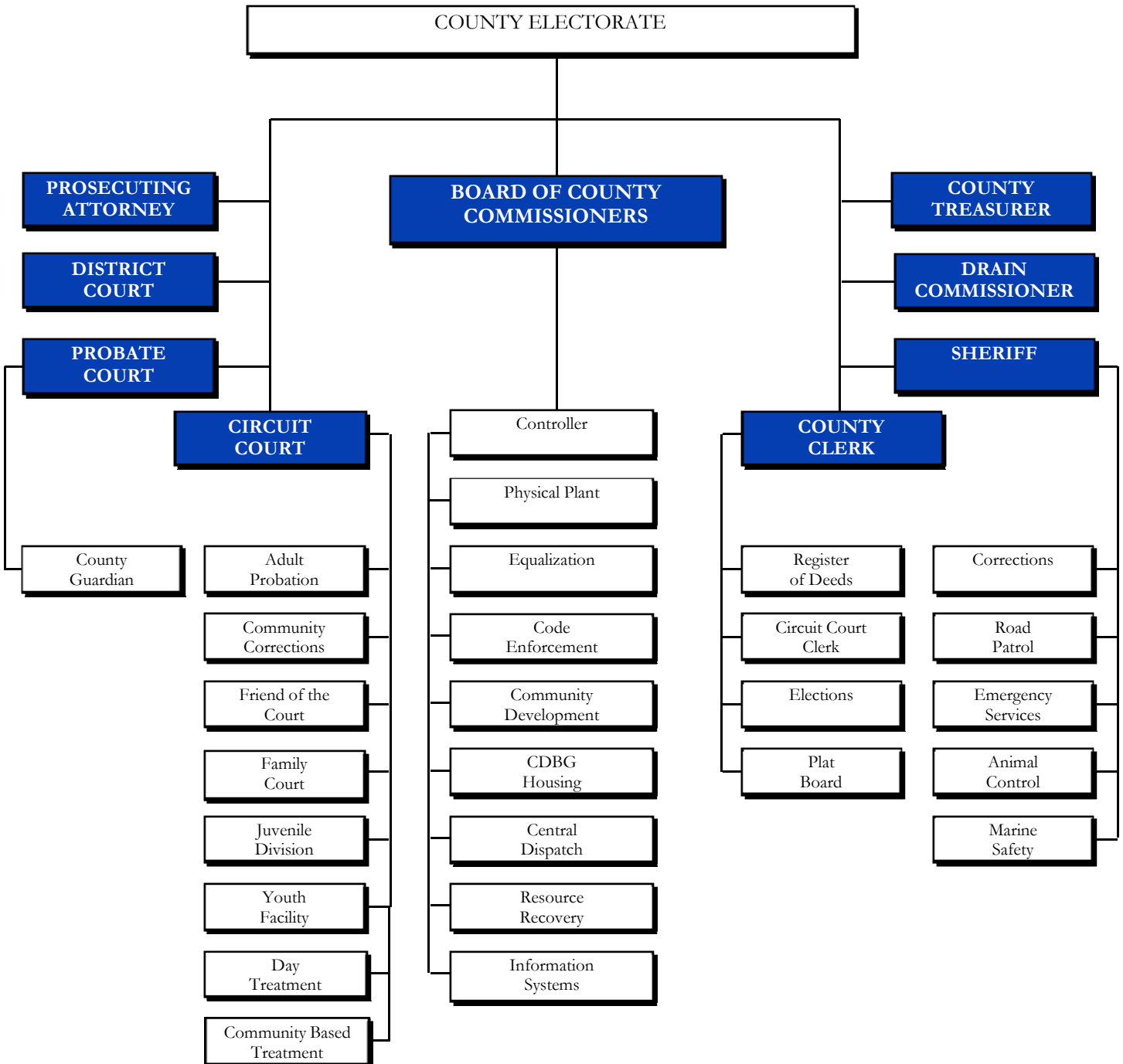
The State of Michigan requires that an annual audit of the financial records and transactions of all departments of the County be performed by an independent certified public accountant. In addition, the audit is designed to meet the requirements set forth in the Single Audit Act of 1984 and related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

Respectfully submitted,



John Fuentes
Controller

ORGANIZATIONAL CHART



ELECTED OFFICIALS IN BLUE

PRINCIPAL OFFICIALS

Board of Commissioners

Michael Hosey	District 1
Harlan MacDowell	District 2
Theresa Abed	District 3
Carol Strachan	District 4
Jeanne Pearl-Wright	District 5
Leo Farhat Jr.	District 6
Glenn Freeman III - Vice Chairman	District 7
Joseph Brehler - Chairman	District 8
John Forell	District 9
Linda Keefe	District 10
Art Luna	District 11
L. Daryl Baker	District 12
Dale Barr	District 13
Denise Clarke	District 14
Leonard Peters	District 15

County Clerk/Register of Deeds

M. Fran Fuller

County Sheriff

Michael Raines

County Treasurer

William Conarton, Jr.

Drain Commissioner

Braden Harrington

Prosecuting Attorney

Jeffrey Sauter

Administration

John Fuentes, Controller

Connie Sobie, Assistant Controller

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

March 7, 2009

The Board of Commissioners
Eaton County, Michigan
Charlotte, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Eaton County Road Commission, which represents 37% of the assets, and 48% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Eaton County Road Commission is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County, Michigan, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our separate report dated March 7, 2009, on our consideration of Eaton County, Michigan's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$49,312,962 (*net assets*). Of this amount, \$31,406,613 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$287,341 during 2008.
- 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 \$19,402,940, a decrease of \$10,117,528 in comparison with the prior year. Of the fund balance amount, \$19,256,342 is *available for spending* at the government's discretion (*unreserved fund balance*) subject to the inherent limitations of the various funds.
- The general fund had a decrease of \$67,837 for 2008. At the end of the year, unreserved fund balance for the general fund was \$2,227,416, or approximately 7.6 percent of total general fund expenditures. Total fund balance for the general fund was \$2,374,014.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$565,000 during the current fiscal year.

Using this Annual Report

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

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

Reporting the County as a Whole

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

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2008, the net assets of the County increased by \$287,341.

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

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

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections and the medical care facility.

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

Financial statements for these *component units* are reported separately from the financial information presented for the primary government itself. The Eaton County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Reporting the County’s Most Significant Funds

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

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

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

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

The County maintains 62 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, revenue sharing reserve, central dispatch, child care and jail construction funds, each of which are considered to be major funds. Data from the other 57 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

The basic governmental fund financial statements can be found on pages 16-23 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations, medical care facility operations and the operation of a jail commissary. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for self-insurance and fringe benefit programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operation, medical care facility operation and the operation of the jail commissary. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts on behalf of others. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 57-122 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$49,312,962 at September 30, 2008.

Eaton County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 26,826,407	\$ 36,935,942	\$ 13,308,797	\$ 13,054,319	\$ 40,135,204	\$ 49,990,261
Capital assets, net	30,209,885	21,602,512	9,989,241	9,915,353	40,199,126	31,517,865
Total assets	<u>57,036,292</u>	<u>58,538,454</u>	<u>23,298,038</u>	<u>22,969,672</u>	<u>80,334,330</u>	<u>81,508,126</u>
Liabilities						
Long-term liabilities	17,801,220	18,207,433	9,315,437	10,117,717	27,116,657	28,325,150
Other liabilities	3,317,075	3,791,535	587,636	365,820	3,904,711	4,157,355
Total liabilities	<u>21,118,295</u>	<u>21,998,968</u>	<u>9,903,073</u>	<u>10,483,537</u>	<u>31,021,368</u>	<u>32,482,505</u>
Net assets						
Invested in capital assets, net of related debt	14,288,800	18,148,197	3,479,241	3,105,353	17,768,041	21,253,550
Restricted	138,308	188,488	-	-	138,308	188,488
Unrestricted	<u>21,490,889</u>	<u>18,202,801</u>	<u>9,915,724</u>	<u>9,380,782</u>	<u>31,406,613</u>	<u>27,583,583</u>
Total net assets	<u>\$ 35,917,997</u>	<u>\$ 36,539,486</u>	<u>\$ 13,394,965</u>	<u>\$ 12,486,135</u>	<u>\$ 49,312,962</u>	<u>\$ 49,025,621</u>

A portion of the County's net assets, \$17,768,041 (36 percent), is its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$138,308 (0.3 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$31,406,613 (63.7 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 (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The County's net assets increased by \$287,341 during the current fiscal year – a decrease of \$621,489 for governmental activities and an increase of \$908,830 for business-type activities.

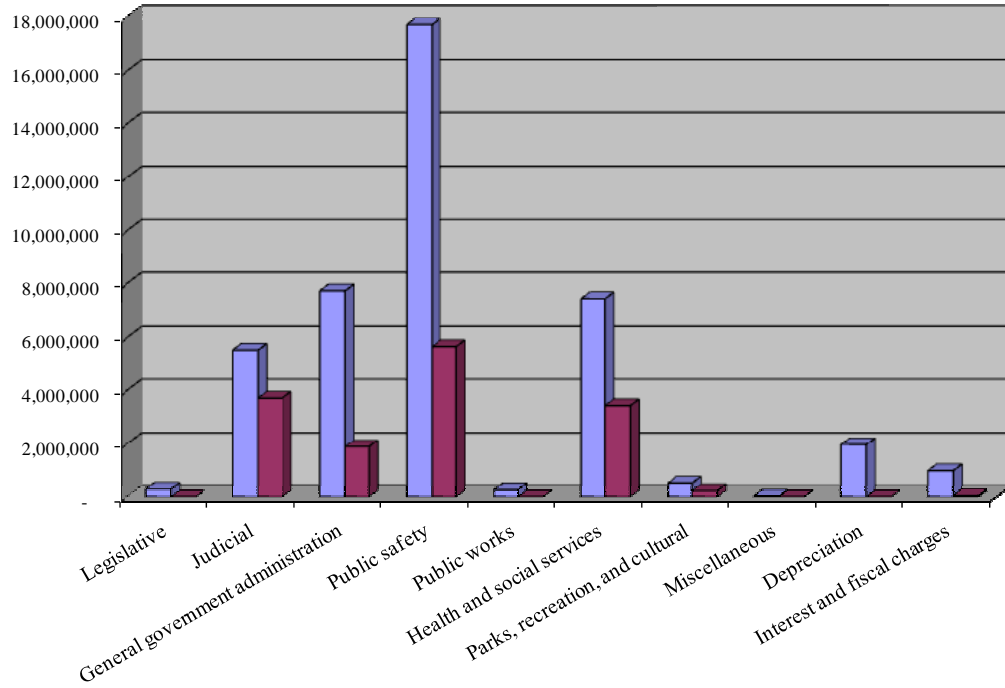
Governmental activities. Governmental activities decreased the County's net assets by \$621,489. Key elements of this decrease are as follows:

- Property taxes decreased by \$5,475,253 (approximately 17.7 percent) during the year. This decrease is the product of the completion of the accelerated collection of the county allocated millage as required by P.A 357 of 2004.
- Investment income decreased by \$503,695 (50.7 percent) due to declining interest rates.
- Grants for governmental activities decreased by \$552,196 (4.9 percent) during the year. This decrease is due to the reduced state and federal funding allocations.

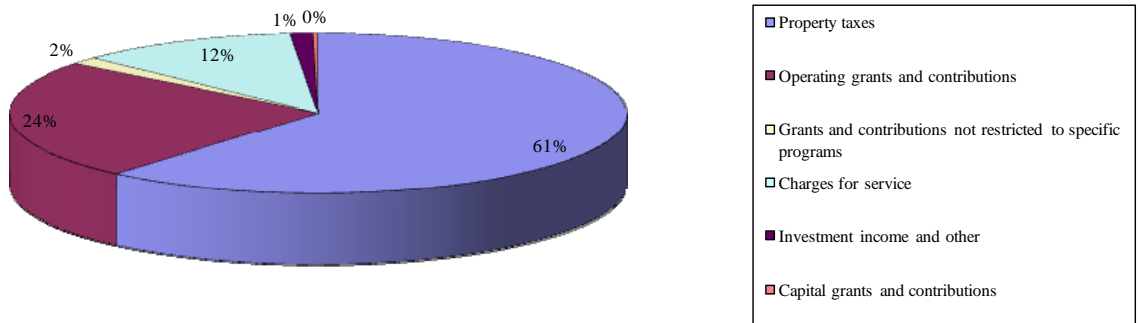
Eaton County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 4,782,023	\$ 5,225,884	\$ 10,004,611	\$ 9,835,226	\$ 14,786,634	\$ 15,061,110
Operating grants and contributions	10,090,965	10,391,160	25,562	24,402	10,116,527	10,415,562
Capital grants and contributions	99,923	195,859	-	-	99,923	195,859
General revenues:						
Property taxes	25,422,150	30,897,403	426,994	-	25,849,144	30,897,403
State shared revenue	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	599,218	755,283	-	-	599,218	755,283
Unrestricted investment earnings	488,995	992,690	170,713	296,609	659,708	1,289,299
Total revenues	41,483,274	48,458,279	10,627,880	10,156,237	52,111,154	58,614,516
Expenses						
Legislative	286,745	268,811	-	-	286,745	268,811
Judicial	5,534,145	5,342,360	-	-	5,534,145	5,342,360
General government	7,726,816	8,118,371	-	-	7,726,816	8,118,371
Public safety	17,718,826	17,004,332	-	-	17,718,826	17,004,332
Public works	265,907	414,074	-	-	265,907	414,074
Health and social services	7,432,081	7,655,655	-	-	7,432,081	7,655,655
Parks, recreation, and cultural	518,336	463,281	-	-	518,336	463,281
Miscellaneous	24,787	33,038	-	-	24,787	33,038
Unallocated depreciation	1,973,781	1,961,123	-	-	1,973,781	1,961,123
Interest on long-term debt	987,391	87,018	-	-	987,391	87,018
Medical Care Facility operation	-	-	9,127,346	8,698,505	9,127,346	8,698,505
Jail Commissary	-	-	21,326	53,704	21,326	53,704
Delinquent tax collections	-	-	206,326	131,328	206,326	131,328
Total expenses	42,468,815	41,348,063	9,354,998	8,883,537	51,823,813	50,231,600
Change in net assets before transfers	(985,541)	7,110,216	1,272,882	1,272,700	287,341	8,382,916
Transfers	364,052	667,210	(364,052)	(667,210)	-	-
Change in net assets	(621,489)	7,777,426	908,830	605,490	287,341	8,382,916
Net assets, beginning of year	36,539,486	28,762,060	12,486,135	11,880,645	49,025,621	40,642,705
Net assets, end of year	\$ 35,917,997	\$ 36,539,486	\$ 13,394,965	\$ 12,486,135	\$ 49,312,962	\$ 49,025,621

Expenses and Program Revenues - Governmental Activities



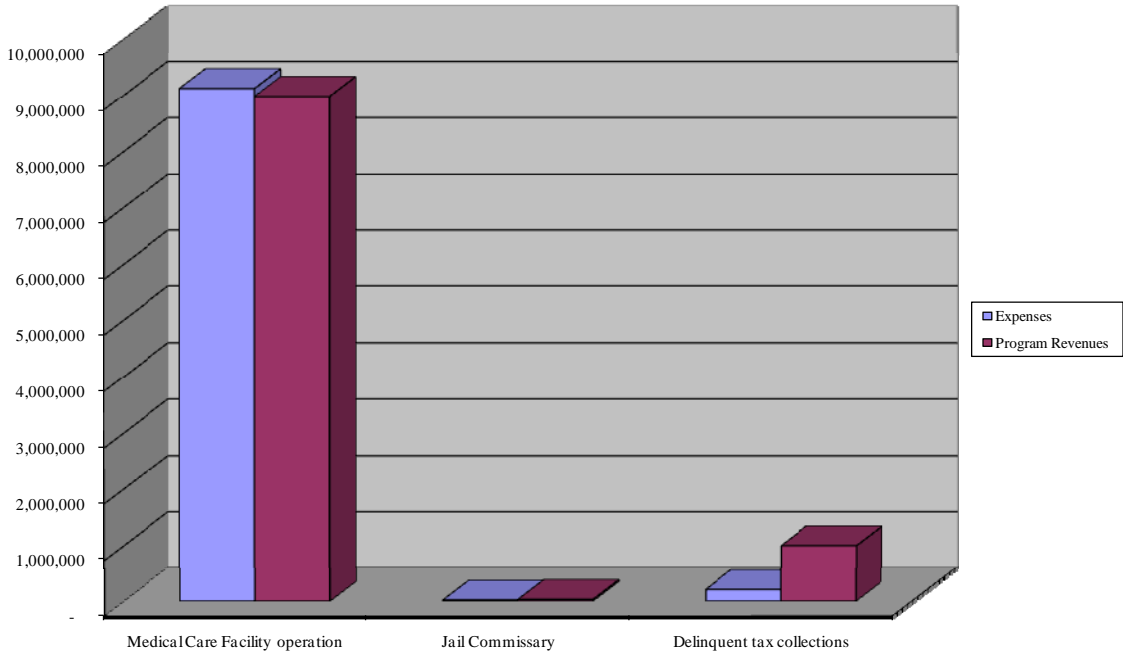
Revenue by Source - Governmental Activities



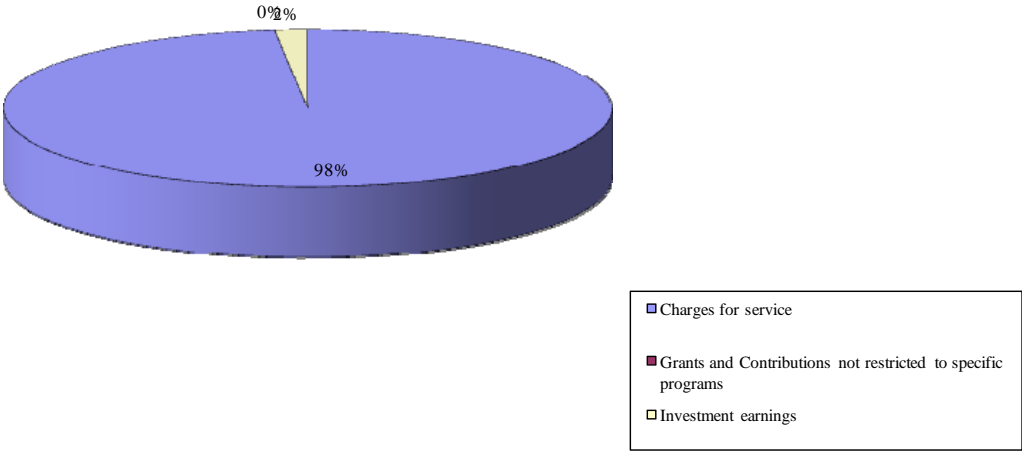
Business-type activities. Business-type activities increased the County’s net assets by \$908,830, for the current year. Key elements of the current year increase are as follows:

- Charges for services for business-type activities increased \$169,385 compared to the prior year.
- Property tax revenue increased by \$426,994 due to a newly adopted Medical Care Facility Millage approved by voters on August 7, 2007.
- Transfers out to the General Fund amounted to \$364,052, which was \$303,158 less than the prior year.

Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$19,402,940 a decrease of \$10,117,528 in comparison with the prior year. Of the fund balance amount, \$19,256,342 constitutes *unreserved 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, unreserved fund balance of the general fund was \$2,227,416, while total fund balance was \$2,374,014. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 7.6 percent of the total general fund expenditures.

The fund balance of the County's general fund decreased by \$67,837 during the current fiscal year. This is primarily attributable to reductions in State revenue sharing, which were replaced by the accelerated collection of the county allocated millage.

The revenue sharing reserve fund has a total fund balance of \$7,044,319 which is a result of drawing down the fund balance, as required by P.A. 357 of 2004, which was enacted to change the collection date of county allocated millages from December 1st to July 1st of each year, to replace the revenue lost by counties due to the elimination of statutory revenue sharing.

The central dispatch fund had a total fund balance of \$1,447,498.

The child care fund has a fund balance of \$128,302.

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

Unrestricted net assets of the delinquent tax revolving, medical care facility, and jail commissary enterprise funds at the end of the year amounted to \$7,832,104, \$2,031,510, and \$52,110, respectively. The delinquent tax revolving fund had an increase in net assets for the year of \$467,595, the medical care facility had an increase of \$430,966 and jail commissary fund had an increase of \$10,269. 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 \$134,454 from the original to the final budget. Expenditures in the general fund (including transfers out) increased by \$134,454 from the original to the final budget.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of September 30, 2008 amounted to \$30,209,885 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and vehicles and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 39.8 percent. The County's business-type activities' capital assets increased by \$73,888.

Major capital asset events during the current fiscal year included construction in progress for the jail expansion and renovation project of \$11,231,291 and new vehicles and equipment of \$1,441,481.

Eaton County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and land improvements	\$ 102,628	\$ 102,628	\$ 112,314	\$ 112,314	\$ 214,942	\$ 214,942
Buildings and improvements	15,846,919	16,468,956	8,782,330	8,887,039	24,629,249	25,355,995
Vehicles and equipment	3,029,047	2,678,336	777,676	916,000	3,806,723	3,594,336
Construction in progress	11,231,291	2,352,592	316,921	-	11,548,212	2,352,592
	<u>\$ 30,209,885</u>	<u>\$ 21,602,512</u>	<u>\$ 9,989,241</u>	<u>\$ 9,915,353</u>	<u>\$ 40,199,126</u>	<u>\$ 31,517,865</u>

Additional information on the County's capital assets can be found in note F. on pages 43-44 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$24,620,000. This entire amount comprises debt backed by the full faith and credit of the County.

Eaton County's Outstanding Debt
General Obligation

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 15,410,000	\$ 15,675,000	\$ 6,510,000	\$ 6,810,000	\$ 21,920,000	\$ 22,485,000
Delinquent tax notes	-	-	2,700,000	3,200,000	2,700,000	3,200,000
	<u>\$ 15,410,000</u>	<u>\$ 15,675,000</u>	<u>\$ 9,210,000</u>	<u>\$ 10,010,000</u>	<u>\$ 24,620,000</u>	<u>\$ 25,685,000</u>

The County's total debt decreased by \$1,065,000 (4.1 percent) during the current fiscal year. The County retired debt of \$565,000 in general obligation bonds during 2008.

The borrowing increased during the year by \$5,500,000 in delinquent tax notes for business-type. Debt requirements for general obligation bonds of \$945,000 and interest of \$992,441 are payable during 2008.

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 \$422,837,207, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note H on pages 45-48 of this report.

Economic Factors and next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2009 fiscal year:

- Property tax revenues are budgeted to increase by only .11% in 2009 due to the declining property tax values.
- Part of the State of Michigan's strategy for balancing its current and future budgets was to eliminate county statutory revenue sharing. Changes in the General Property Tax Act, which changed when county property taxes are due and created a Revenue Sharing Reserve Fund, which the county can draw from, replaced this revenue. The County is restricted to drawing against this reserve fund to an amount equal to that which it would have otherwise received through the previous revenue sharing program, as calculated by the State (\$2,080,780 for 2009).
- The County reduced the general fund expenditure budget by \$96,007, a decrease of .29% by reducing personnel expenditures by \$1,725,518. The reductions included 16 full-time, 4 part-time positions and the reduction of three positions from full to part-time and the loss of some seasonal staff.

During the current fiscal year, unreserved fund balance in the general fund decreased by \$67,837. The general rule of thumb is that fund balances can be used to help government weather bad times but should not be used as a means of funding routine operations. In 2009, the County has budgeted to use \$820,590 from fund balance in the general fund.

Contacting the County's Controller

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Statement of Net Assets
September 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 13,144,711	\$ 6,243,396	\$ 19,388,107	\$ 15,053,319
Restricted cash	-	13,375	13,375	-
Investments	2,219,687	-	2,219,687	-
Receivables, net	10,833,971	6,916,953	17,750,924	45,724,497
Internal balances	111	(111)	-	-
Other assets	627,927	135,184	763,111	1,196,924
Leases receivable	-	-	-	11,935,256
Capital assets not being depreciated	11,333,919	429,235	11,763,154	60,150,067
Capital assets being depreciated, net	18,875,966	9,560,006	28,435,972	94,434,354
Total assets	57,036,292	23,298,038	80,334,330	228,494,417
Liabilities				
Accounts payable and accrued expenses	2,987,633	563,918	3,551,551	1,934,234
Interest payable	61,829	22,716	84,545	674,401
Unearned revenue	267,613	1,002	268,615	6,665
Short-term notes payable	-	-	-	270,000
Long-term liabilities:				
Due within one year	896,052	3,046,359	3,942,411	6,643,842
Due in more than one year	16,905,168	6,269,078	23,174,246	57,647,650
Total liabilities	21,118,295	9,903,073	31,021,368	67,176,792
Net assets				
Invested in capital assets, net of related debt	14,288,800	3,479,241	17,768,041	104,080,190
Restricted for:				
Debt service	401	-	401	3,502,659
Capital projects	-	-	-	1,227,216
Permanent trusts	137,907	-	137,907	-
Unrestricted	21,490,889	9,915,724	31,406,613	52,507,560
Total net assets	\$ 35,917,997	\$ 13,394,965	\$ 49,312,962	\$ 161,317,625

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

EATON COUNTY, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 286,745	\$ -	\$ -	\$ -	\$ (286,745)
Judicial	5,534,145	1,773,838	1,939,544	-	(1,820,763)
General government	7,726,816	1,381,419	504,788	-	(5,840,609)
Public safety	17,718,826	1,212,811	4,453,694	-	(12,052,321)
Public works	265,907	-	-	-	(265,907)
Health and social services	7,432,081	312,129	3,122,092	-	(3,997,860)
Parks, recreation, and cultural	518,336	101,826	19,248	99,923	(297,339)
Miscellaneous	24,787	-	2,884	-	(21,903)
Unallocated depreciation	1,973,781	-	-	-	(1,973,781)
Interest on long-term debt	987,391	-	48,715	-	(938,676)
Total governmental activities	42,468,815	4,782,023	10,090,965	99,923	(27,495,904)
Business-type activities:					
Medical Care Facility operation	9,127,346	8,988,330	-	-	(139,016)
Jail Commissary	21,326	31,595	-	-	10,269
Delinquent tax collections	206,326	984,686	25,562	-	803,922
Total business-type activities	9,354,998	10,004,611	25,562	-	675,175
Total primary government	\$ 51,823,813	\$ 14,786,634	\$ 10,116,527	\$ 99,923	\$ (26,820,729)
Component units					
Board of Public Works	\$ 542,200	\$ -	\$ 391,291	\$ -	\$ (150,909)
Drainage Districts	3,042,547	247,487	2,188	6,758,323	3,965,451
District Health Department	6,340,203	1,218,864	5,453,844	-	332,505
Road Commission	13,139,622	77,139	11,693,931	-	(1,368,552)
Total component units	\$ 23,064,572	\$ 1,543,490	\$ 17,541,254	\$ 6,758,323	\$ 2,778,495

Continued...

EATON COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net assets				
Net (expense) revenue	\$ (27,495,904)	\$ 675,175	\$ (26,820,729)	\$ 2,778,495
General revenues:				
Property taxes	25,422,150	426,994	25,849,144	-
Grants and contributions not restricted to specific programs	599,218	-	599,218	-
Unrestricted investment earnings	488,995	170,713	659,708	366,350
Transfers - internal activities	364,052	(364,052)	-	-
Total general revenues and transfers	26,874,415	233,655	27,108,070	366,350
Change in net assets	(621,489)	908,830	287,341	3,144,845
Net assets, October 1	36,539,486	12,486,135	49,025,621	158,172,780
Net assets, September 30	\$ 35,917,997	\$ 13,394,965	\$ 49,312,962	\$ 161,317,625

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

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
September 30, 2008

	General	Special Revenue Funds			Capital Project Fund	Other Governmental Funds	Total Governmental Funds
		Revenue Sharing Reserve	Central Dispatch	Child Care	Jail Construction		
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ -	\$ 842,097	\$ 1,545,414	\$ -	\$ 3,811,034	\$ 5,079,745	\$ 11,278,290
Receivables:							
Property taxes	8,728,294	-	35,831	-	-	42,162	8,806,287
Accounts, net	55,347	-	-	44,784	-	81,962	182,093
Due from other governments:							
Federal/State	613,092	-	-	631,684	-	445,870	1,690,646
Local	33,060	-	-	775	-	-	33,835
Due from other funds	-	-	-	-	-	-	-
Interfund receivable	-	6,202,222	-	-	-	-	6,202,222
Prepays	26,598	-	-	-	-	-	26,598
Advances to component unit	120,000	-	-	-	-	-	120,000
<u>TOTAL ASSETS</u>	<u>\$ 9,576,391</u>	<u>\$ 7,044,319</u>	<u>\$ 1,581,245</u>	<u>\$ 677,243</u>	<u>\$ 3,811,034</u>	<u>\$ 5,649,739</u>	<u>\$ 28,339,971</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 504,382	\$ -	\$ 16,262	\$ 244,623	\$ 16,060	\$ 406,274	\$ 1,187,601
Accrued liabilities	671,583	-	70,106	83,688	-	123,168	948,545
Due to other governmental units:							
Federal/State	-	-	-	67,662	-	101,562	169,224
Due to other funds	124,698	-	11,548	9,537	-	16,043	161,826
Interfund payable	5,712,094	-	-	143,431	-	346,697	6,202,222
Deferred revenue	189,620	-	35,831	-	-	42,162	267,613
Total liabilities	7,202,377	-	133,747	548,941	16,060	1,035,906	8,937,031
Fund balances							
Reserved for prepaids/advances	146,598	-	-	-	-	-	146,598
Unreserved:							
Designated for:							
Subsequent year expenditures	820,590	2,080,780	-	35,329	-	-	2,936,699
Subsequent year expenditures, reported in nonmajor special revenue funds	-	-	-	-	-	1,250,137	1,250,137
Undesignated	1,406,826	4,963,539	1,447,498	92,973	3,794,974	-	11,705,810
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	3,225,388	3,225,388
Debt service funds	-	-	-	-	-	401	401
Permanent funds	-	-	-	-	-	137,907	137,907
Total fund balances	2,374,014	7,044,319	1,447,498	128,302	3,794,974	4,613,833	19,402,940
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 9,576,391</u>	<u>\$ 7,044,319</u>	<u>\$ 1,581,245</u>	<u>\$ 677,243</u>	<u>\$ 3,811,034</u>	<u>\$ 5,649,739</u>	<u>\$ 28,339,971</u>

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

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
September 30, 2008

Total fund balances for governmental funds	\$	19,402,940
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Add - capital assets	\$ 52,062,833	
Deduct - accumulated depreciation	<u>(21,852,948)</u>	30,209,885
<p>Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.</p>		
Deduct - bonds and notes payable	(15,921,085)	
Deduct - interest payable	<u>(61,829)</u>	(15,982,914)
<p>Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.</p>		
		4,168,221
<p>Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds; however, these amounts are included in the Statement of Net Assets.</p>		
		<u>(1,880,135)</u>
Net assets of governmental activities	\$	<u>35,917,997</u>

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, 2008

	Special Revenue Funds				Capital Project Fund	Other Governmental Funds	Total Governmental Funds
	General	Revenue Sharing Reserve	Central Dispatch	Child Care	Jail Construction		
Revenues							
Property taxes	\$ 18,434,940	\$ -	\$ 3,230,343	\$ -	\$ -	\$ 3,756,867	\$ 25,422,150
Licenses and permits	164,217	-	-	-	-	357,421	521,638
Intergovernmental:							
Federal/State	3,218,374	-	200,731	2,104,268	-	1,922,422	7,445,795
Local	2,834,166	-	735	5,650	-	50,685	2,891,236
Charges for services	2,730,078	-	-	181	-	1,069,936	3,800,195
Fines and forfeitures	154,045	-	-	-	-	28,015	182,060
Interest and rents	577,641	101,066	-	-	220,876	14,578	914,161
Miscellaneous	229,779	-	-	944	-	227,372	458,095
Total revenues	28,343,240	101,066	3,431,809	2,111,043	220,876	7,427,296	41,635,330
Expenditures							
Current:							
Legislative	290,528	-	-	-	-	-	290,528
Judicial	5,440,048	-	-	-	-	185,272	5,625,320
General government	7,113,737	-	-	-	-	255,518	7,369,255
Public safety	12,887,801	-	2,553,867	-	-	2,687,310	18,128,978
Public works	265,907	-	-	-	-	-	265,907
Health and social services	1,711,444	-	-	4,394,097	-	1,372,264	7,477,805
Parks, recreation and culture	20,000	-	-	-	-	506,224	526,224
Miscellaneous	10,817	-	-	-	-	13,970	24,787
Capital outlay	449,522	-	132,010	-	9,237,643	1,312,583	11,131,758
Debt service:							
Principal	-	-	-	-	-	344,512	344,512
Interest and fiscal charges	-	-	-	-	-	931,836	931,836
Total expenditures	28,189,804	-	2,685,877	4,394,097	9,237,643	7,609,489	52,116,910
Revenues over (under) expenditures	153,436	101,066	745,932	(2,283,054)	(9,016,767)	(182,193)	(10,481,580)
Other financing sources (uses)							
Transfers in	2,819,806	-	-	2,411,356	-	3,101,585	8,332,747
Transfers out	(3,041,079)	(2,080,780)	(337,133)	-	-	(2,509,703)	(7,968,695)
Total other sources (uses)	(221,273)	(2,080,780)	(337,133)	2,411,356	-	591,882	364,052
Net change in fund balances	(67,837)	(1,979,714)	408,799	128,302	(9,016,767)	409,689	(10,117,528)
Fund balances, October 1	2,441,851	9,024,033	1,038,699	-	12,811,741	4,204,144	29,520,468
Fund balances, September 30	\$ 2,374,014	\$ 7,044,319	\$ 1,447,498	\$ 128,302	\$ 3,794,974	\$ 4,613,833	\$ 19,402,940

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

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balance - total governmental funds \$ (10,117,528)

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

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

Add - capital outlay	\$ 10,587,705	
Deduct - depreciation expense	(1,973,781)	
Deduct - loss on disposal of capital assets	<u>(6,551)</u>	8,607,373

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

Add - repayment of debt principal		344,512
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Accrued interest expense on bonds is not recorded by governmental funds, but is reported under interest and fiscal charges for purposes of net assets.

Deduct - increase in accrued interest expense		(56,014)
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Some expenses reported in the Statement of Activities do not require the use current financial resources and therefore are not reported as fund expenditures.

Add - decrease in accrued compensated absences		61,242
Add - amortization of debt-related costs		459

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

		<u>538,467</u>
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Changes in net assets of governmental activities \$ (621,489)

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 18,695,239	\$ 18,741,239	\$ 18,434,940	\$ (306,299)
Licenses and permits	228,500	228,500	164,217	(64,283)
Intergovernmental:				
Federal/State	3,350,983	3,378,952	3,218,374	(160,578)
Local	2,837,593	2,886,878	2,834,166	(52,712)
Charges for services	2,965,813	2,965,813	2,730,078	(235,735)
Fines and forfeitures	169,085	169,085	154,045	(15,040)
Interest and rents	494,825	494,825	577,641	82,816
Miscellaneous	211,917	222,417	229,779	7,362
Total revenues	<u>28,953,955</u>	<u>29,087,709</u>	<u>28,343,240</u>	<u>(744,469)</u>
Expenditures				
Current:				
Legislative	291,816	296,816	290,528	6,288
Judicial	5,822,307	5,828,768	5,440,048	388,720
General government	7,359,387	7,399,132	7,113,737	285,395
Public safety	13,618,931	13,683,598	12,887,801	795,797
Public works	352,800	352,800	265,907	86,893
Health and social services	1,684,771	1,832,102	1,711,444	120,658
Parks, recreation and cultural	20,000	20,000	20,000	-
Miscellaneous	497,649	45,682	10,817	34,865
Capital outlay	457,145	508,629	449,522	59,107
Total expenditures	<u>30,104,806</u>	<u>29,967,527</u>	<u>28,189,804</u>	<u>1,777,723</u>
Revenues over (under) expenditures	<u>(1,150,851)</u>	<u>(879,818)</u>	<u>153,436</u>	<u>1,033,254</u>
Other financing sources (uses)				
Transfers in	2,790,427	2,791,127	2,819,806	28,679
Transfers out	(2,908,701)	(3,180,434)	(3,041,079)	139,355
Total other sources (uses)	<u>(118,274)</u>	<u>(389,307)</u>	<u>(221,273)</u>	<u>168,034</u>
Net changes in fund balance	(1,269,125)	(1,269,125)	(67,837)	1,201,288
Fund balance, October 1	<u>2,441,851</u>	<u>2,441,851</u>	<u>2,441,851</u>	<u>-</u>
Fund balance, September 30	<u>\$ 1,172,726</u>	<u>\$ 1,172,726</u>	<u>\$ 2,374,014</u>	<u>\$ 1,201,288</u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Interest and rents	\$ -	\$ -	\$ 101,066	\$ 101,066
Other financing sources (uses)				
Transfers out	<u>(2,052,101)</u>	<u>(2,052,101)</u>	<u>(2,080,780)</u>	<u>(28,679)</u>
Net changes in fund balance	(2,052,101)	(2,052,101)	(1,979,714)	72,387
Fund balance, October 1	<u>9,024,033</u>	<u>9,024,033</u>	<u>9,024,033</u>	<u>-</u>
Fund balance, September 30	<u>\$ 6,971,932</u>	<u>\$ 6,971,932</u>	<u>\$ 7,044,319</u>	<u>\$ 72,387</u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Central Dispatch Special Revenue Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 3,244,276	\$ 3,244,276	\$ 3,230,343	\$ (13,933)
Intergovernmental:				
Federal/State	194,481	194,481	200,731	6,250
Local	2,500	2,500	735	(1,765)
Interest and rents	5,000	5,000	-	(5,000)
	<u>3,446,257</u>	<u>3,446,257</u>	<u>3,431,809</u>	<u>(14,448)</u>
Total revenues				
Expenditures				
Current - public safety	2,700,455	2,699,814	2,553,867	145,947
Capital outlay	329,000	329,000	132,010	196,990
	<u>3,029,455</u>	<u>3,028,814</u>	<u>2,685,877</u>	<u>342,937</u>
Total expenditures				
Revenues over (under) expenditures	416,802	417,443	745,932	328,489
Other financing sources (uses)				
Transfers out	(336,492)	(337,133)	(337,133)	-
	<u>80,310</u>	<u>80,310</u>	<u>408,799</u>	<u>328,489</u>
Net changes in fund balance				
Fund balance, October 1	1,038,699	1,038,699	1,038,699	-
	<u>\$ 1,119,009</u>	<u>\$ 1,119,009</u>	<u>\$ 1,447,498</u>	<u>\$ 328,489</u>
Fund balance, September 30				

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Child Care Special Revenue Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Intergovernmental:				
Federal/State	\$ 2,396,440	\$ 2,396,440	\$ 2,104,268	\$ (292,172)
Local	16,946	16,946	5,650	(11,296)
Charges for services	-	-	181	181
Miscellaneous	211,000	211,000	944	(210,056)
	<u>2,624,386</u>	<u>2,624,386</u>	<u>2,111,043</u>	<u>(513,343)</u>
Total revenues				
Expenditures				
Current - health and social services	<u>5,135,496</u>	<u>5,135,496</u>	<u>4,394,097</u>	<u>741,399</u>
Revenues over (under) expenditures	(2,511,110)	(2,511,110)	(2,283,054)	228,056
Other financing sources (uses)				
Transfers in	<u>2,642,627</u>	<u>2,642,627</u>	<u>2,411,356</u>	<u>(231,271)</u>
Net changes in fund balance	131,517	131,517	128,302	(3,215)
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, September 30	<u>\$ 131,517</u>	<u>\$ 131,517</u>	<u>\$ 128,302</u>	<u>\$ (3,215)</u>

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

EATON COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
September 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,755,315	\$ 4,437,741	\$ 50,340	\$ 6,243,396	\$ 1,866,421
Restricted cash	13,375	-	-	13,375	-
Investments	-	-	-	-	2,219,687
Receivables:					
Property taxes	-	6,099,980	-	6,099,980	-
Accounts, net	811,046	-	2,136	813,182	-
Other	-	3,791	-	3,791	1,110
Due from other funds	-	-	-	-	161,937
Inventories	79,996	-	816	80,812	-
Prepays	-	-	-	-	601,329
Unamortized bond issuance costs	54,372	-	-	54,372	-
Total current assets	<u>2,714,104</u>	<u>10,541,512</u>	<u>53,292</u>	<u>13,308,908</u>	<u>4,850,484</u>
Noncurrent assets:					
Land	112,314	-	-	112,314	-
Construction in progress	316,921	-	-	316,921	-
Buildings	10,188,287	-	-	10,188,287	-
Equipment	1,464,264	-	-	1,464,264	-
Accumulated depreciation	<u>(2,092,545)</u>	<u>-</u>	<u>-</u>	<u>(2,092,545)</u>	<u>-</u>
Total noncurrent assets	<u>9,989,241</u>	<u>-</u>	<u>-</u>	<u>9,989,241</u>	<u>-</u>
Total assets	<u>12,703,345</u>	<u>10,541,512</u>	<u>53,292</u>	<u>23,298,149</u>	<u>4,850,484</u>
Liabilities					
Current liabilities:					
Accounts payable	231,876	9,408	324	241,608	162,107
Accrued liabilities	308,866	-	747	309,613	520,156
Due to other funds	-	-	111	111	-
Interest payable	22,716	-	-	22,716	-
Unearned revenue	1,002	-	-	1,002	-
Payable from restricted assets	12,697	-	-	12,697	-
Current portion of:					
Accrued compensated absences	26,359	-	-	26,359	-
Bonds and notes payable	320,000	2,700,000	-	3,020,000	-
Total current liabilities	<u>923,516</u>	<u>2,709,408</u>	<u>1,182</u>	<u>3,634,106</u>	<u>682,263</u>
Noncurrent liabilities -					
Long-term debt, net of current portion:					
Accrued compensated absences	79,078	-	-	79,078	-
Bonds and notes payable	6,190,000	-	-	6,190,000	-
Total noncurrent liabilities	<u>6,269,078</u>	<u>-</u>	<u>-</u>	<u>6,269,078</u>	<u>-</u>
Total liabilities	<u>7,192,594</u>	<u>2,709,408</u>	<u>1,182</u>	<u>9,903,184</u>	<u>682,263</u>
Net assets					
Invested in capital assets, net of related debt	3,479,241	-	-	3,479,241	-
Unrestricted	2,031,510	7,832,104	52,110	9,915,724	4,168,221
Total net assets	<u>\$ 5,510,751</u>	<u>\$ 7,832,104</u>	<u>\$ 52,110</u>	<u>\$ 13,394,965</u>	<u>\$ 4,168,221</u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary funds
For the Year Ended September 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Operating revenues					
Property taxes	\$ 426,994	\$ -	\$ -	\$ 426,994	\$ -
Charges for services	8,988,330	-	-	8,988,330	9,359,113
Interest on taxes	-	664,953	-	664,953	-
Sales	-	-	31,595	31,595	-
Administrative fees/penalties	-	319,733	-	319,733	-
Other revenues	-	25,562	-	25,562	570
Total operating revenues	<u>9,415,324</u>	<u>1,010,248</u>	<u>31,595</u>	<u>10,457,167</u>	<u>9,359,683</u>
Operating expenses					
Personal services and benefits	6,427,186	5,147	19,807	6,452,140	1,971,798
Operating supplies	569,662	17,323	-	586,985	-
Contractual services	615,617	15,683	1,519	632,819	243,618
Insurance and claims	-	-	-	-	6,453,744
Depreciation and amortization	394,532	-	-	394,532	-
Tax tribunal refunds	-	67,322	-	67,322	-
Other expenses	839,501	2,421	-	841,922	-
Total operating expenses	<u>8,846,498</u>	<u>107,896</u>	<u>21,326</u>	<u>8,975,720</u>	<u>8,669,160</u>
Operating income	<u>568,826</u>	<u>902,352</u>	<u>10,269</u>	<u>1,481,447</u>	<u>690,523</u>
Nonoperating revenues (expenses)					
Interest income	3,508	167,818	-	171,326	78,010
Interest expense	(281,461)	(98,430)	-	(379,891)	-
Unrealized loss on investment	-	-	-	-	(230,066)
Total nonoperating revenues (expenses)	<u>(277,953)</u>	<u>69,388</u>	<u>-</u>	<u>(208,565)</u>	<u>(152,056)</u>
Income before transfers	290,873	971,740	10,269	1,272,882	538,467
Transfers in	140,093	661,053	-	801,146	-
Transfers out	-	(1,165,198)	-	(1,165,198)	-
Change in net assets	430,966	467,595	10,269	908,830	538,467
Net assets, October 1	<u>5,079,785</u>	<u>7,364,509</u>	<u>41,841</u>	<u>12,486,135</u>	<u>3,629,754</u>
Net assets, September 30	<u>\$ 5,510,751</u>	<u>\$ 7,832,104</u>	<u>\$ 52,110</u>	<u>\$ 13,394,965</u>	<u>\$ 4,168,221</u>

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

EATON COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Cash flows from operating activities					
Cash received from customers	\$ 9,184,674	\$ 2,804,404	\$ 63,268	\$ 12,052,346	\$ -
Cash received from interfund services	-	-	-	-	9,327,897
Cash paid to local units for receivables	-	(1,285,666)	-	(1,285,666)	-
Cash paid to/for employees	(6,405,977)	(5,147)	(19,639)	(6,430,763)	(3,153,051)
Cash paid to suppliers	(1,860,753)	(838,046)	(2,164)	(2,700,963)	(5,585,310)
Other receipts	426,994	25,562	-	452,556	-
Net cash provided (used) by operating activities	<u>1,344,938</u>	<u>701,107</u>	<u>41,465</u>	<u>2,087,510</u>	<u>589,536</u>
Cash flows from noncapital financing activities					
Transfer in	140,093	661,053	-	801,146	-
Transfer out	-	(1,165,198)	-	(1,165,198)	-
Advances to other funds	-	4,261,422	-	4,261,422	-
Tax notes issued	-	5,500,000	-	5,500,000	-
Tax notes redeemed	-	(6,000,000)	-	(6,000,000)	-
Interest paid on tax notes / advances	-	(98,430)	-	(98,430)	-
Increase in restricted liabilities	3,210	-	-	3,210	-
Net cash provided (used) by noncapital financing activities	<u>143,303</u>	<u>3,158,847</u>	<u>-</u>	<u>3,302,150</u>	<u>-</u>
Cash flows from capital and related financing activities					
Interest paid on debt	(278,814)	-	-	(278,814)	-
Principal paid on debt	(300,000)	-	-	(300,000)	-
Capital acquisitions	(468,420)	-	-	(468,420)	-
Net cash provided (used) by capital and related financing activities	<u>(1,047,234)</u>	<u>-</u>	<u>-</u>	<u>(1,047,234)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of investments	-	-	-	-	(400,000)
Interest received	3,508	167,818	-	171,326	78,010
Net cash provided (used) by investing activities	<u>3,508</u>	<u>167,818</u>	<u>-</u>	<u>171,326</u>	<u>(321,990)</u>
Net increase (decrease) in cash and cash equivalents	444,515	4,027,772	41,465	4,513,752	267,546
Cash and cash equivalents, October 1	<u>1,324,175</u>	<u>409,969</u>	<u>8,875</u>	<u>1,743,019</u>	<u>1,598,875</u>
Cash and cash equivalents, September 30	<u><u>\$ 1,768,690</u></u>	<u><u>\$ 4,437,741</u></u>	<u><u>\$ 50,340</u></u>	<u><u>\$ 6,256,771</u></u>	<u><u>\$ 1,866,421</u></u>

Continued...

EATON COUNTY, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary		
Statement of Net Assets Classification of Cash					
Current assets - Cash and cash equivalents	\$ 1,755,315	\$ 4,437,741	\$ 50,340	\$ 6,243,396	\$ 1,866,421
Restricted assets - Cash and cash equivalents	13,375	-	-	13,375	-
 Total	<u>\$ 1,768,690</u>	<u>\$ 4,437,741</u>	<u>\$ 50,340</u>	<u>\$ 6,256,771</u>	<u>\$ 1,866,421</u>
 Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income	\$ 568,826	\$ 902,352	\$ 10,269	\$ 1,481,447	\$ 690,523
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	394,532	-	-	394,532	-
Change in assets and liabilities:					
Taxes receivable	-	602,615	-	602,615	-
Accounts receivable	196,344	(1,241)	31,673	226,776	492
Due from other funds	-	-	-	-	(31,787)
Inventories	(31,102)	-	(637)	(31,739)	-
Prepays	-	-	-	-	(182,361)
Accounts payable	194,127	605	(8)	194,724	18,302
Accrued liabilities	23,489	-	142	23,631	94,367
Due to other funds	-	(803,224)	26	(803,198)	-
Unearned revenue	1,002	-	-	1,002	-
Accrued compensated absences	(2,280)	-	-	(2,280)	-
 Net cash provided (used) by operating activities	<u>\$ 1,344,938</u>	<u>\$ 701,107</u>	<u>\$ 41,465</u>	<u>\$ 2,087,510</u>	<u>\$ 589,536</u>

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

EATON COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2008

	<u>Agency Funds</u>	<u>Employee Health Care Benefit Trust Fund</u>
Assets		
Cash and cash equivalents	\$ 6,126,988	\$ 201
Investments	-	268,482
Accounts receivable	20,034	-
	<u>6,147,022</u>	<u>268,683</u>
Total assets	<u>\$ 6,147,022</u>	<u>268,683</u>
 Liabilities		
Accounts payable	\$ 19,559	-
Due to individuals/agencies	422,924	-
Due to other governmental units	5,704,539	-
	<u>5,704,539</u>	<u>-</u>
Total liabilities	<u>\$ 5,704,539</u>	<u>-</u>
 Net assets		
Held in trust for employee healthcare benefits		<u>\$ 268,683</u>

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

EATON COUNTY, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2008

	Employee Health Care Benefit Trust Fund
Additions:	
Employer contributions	\$ 300,060
Loss on investments	(31,377)
Change in net assets	268,683
Net assets, October 1	-
Net assets, September 30	\$ 268,683

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

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Discretely Presented Component Units
September 30, 2008

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 661,887	\$ 1,378,068	\$ 11,587,007	\$ 1,426,357	\$ 15,053,319
Receivables:					
Special assessments		-	43,189,782	-	43,189,782
Accounts, net	31,115	-	-	634,851	665,966
Due from other governmental units:					
Federal/State	1,286,837	-	-	-	1,286,837
Local	581,912	-	-	-	581,912
Inventories	356,129	-	-	-	356,129
Prepays	485,614	-	-	41,751	527,365
Leases receivable	-	11,935,256	-	-	11,935,256
Bond issuance costs	-	118,880	194,550	-	313,430
Capital assets not being depreciated	22,708,851	-	37,441,216	-	60,150,067
Capital assets being depreciated, net	59,683,392	-	34,557,533	193,429	94,434,354
Total assets	<u>85,795,737</u>	<u>13,432,204</u>	<u>126,970,088</u>	<u>2,296,388</u>	<u>228,494,417</u>
Liabilities					
Accounts payable	422,472	-	916,399	124,587	1,463,458
Accrued liabilities	128,068	-	-	207,498	335,566
Interest payable	28,904	50,077	595,420	-	674,401
Contract retainage payable	15,210	-	-	-	15,210
Unearned revenue	-	-	-	6,665	6,665
Advances from primary government	-	-	120,000	-	120,000
Short-term notes payable	-	-	270,000	-	270,000
Long-term debt:					
Due within one year	532,698	1,070,000	5,009,203	31,941	6,643,842
Due in more than one year	4,814,284	12,070,868	40,475,028	287,470	57,647,650
Total liabilities	<u>5,941,636</u>	<u>13,190,945</u>	<u>47,386,050</u>	<u>658,161</u>	<u>67,176,792</u>
Net assets					
Invested in capital assets, net of related debt	77,372,243	-	26,514,518	193,429	104,080,190
Restricted for debt service	-	-	3,502,659	-	3,502,659
Restricted for highway projects	1,227,216	-	-	-	1,227,216
Unrestricted	1,254,642	241,259	49,566,861	1,444,798	52,507,560
Total net assets	<u>\$ 79,854,101</u>	<u>\$ 241,259</u>	<u>\$ 79,584,038</u>	<u>\$ 1,638,227</u>	<u>\$ 161,317,625</u>

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

EATON COUNTY, MICHIGAN
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2008

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Total</u>
Expenses					
Public works	\$ -	\$ 542,200	\$ 3,042,547	\$ -	\$ 3,584,747
Health and social services	-	-	-	6,340,203	6,340,203
Highways and streets	13,139,622	-	-	-	13,139,622
	<u>13,139,622</u>	<u>542,200</u>	<u>3,042,547</u>	<u>6,340,203</u>	<u>23,064,572</u>
Total expenses					
Program revenues					
Charges for services	77,139	-	247,487	1,218,864	1,543,490
Operating grants and contributions	11,693,931	391,291	2,188	5,453,844	17,541,254
Capital grants and contributions	-	-	6,758,323	-	6,758,323
	<u>11,771,070</u>	<u>391,291</u>	<u>7,007,998</u>	<u>6,672,708</u>	<u>25,843,067</u>
Total program revenues					
Net program revenue (expense)	(1,368,552)	(150,909)	3,965,451	332,505	2,778,495
General revenues					
Unrestricted investment earnings	67,452	38,857	260,041	-	366,350
	<u>67,452</u>	<u>38,857</u>	<u>260,041</u>	<u>-</u>	<u>366,350</u>
Change in net assets	(1,301,100)	(112,052)	4,225,492	332,505	3,144,845
Net assets, October 1	81,155,201	353,311	75,358,546	1,305,722	158,172,780
	<u>81,155,201</u>	<u>353,311</u>	<u>75,358,546</u>	<u>1,305,722</u>	<u>158,172,780</u>
Net assets, September 30	<u>\$ 79,854,101</u>	<u>\$ 241,259</u>	<u>\$ 79,584,038</u>	<u>\$ 1,638,227</u>	<u>\$ 161,317,625</u>

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

NOTES to the FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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EATON COUNTY, MICHIGAN

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. *Reporting Entity*

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

Blended Component Units

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

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

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

Discretely Presented Component Units

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Joint Venture

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

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

Related Organization

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

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

Jointly Governed Organizations

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

Tri-County Community Mental Health Board – is governed by a 12-member board appointed by the Boards of Commissioners of Ingham, Eaton and Clinton counties for which it services. Operating revenues are derived from fees for services and from federal, state and local sources; Eaton County appropriated \$403,687 to the Tri-County Community Mental Health Board for the year ended September 30, 2008.

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 \$99,897 for fiscal 2008.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County Office on Aging – is governed by a 13-member board appointed by the Board of Commissioners from the three counties it services – Ingham, Eaton and Clinton. The Office on Aging provides services to older residents of the three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$63,662 for the year ended September 30, 2008.

Mid-South Substance Abuse Commission – is governed by 19 members from nine counties, of which Eaton County appoints two members. The County's financial responsibility is to pass through to the Commission a portion of the convention and tourism revenues it receives and, if needed, such additional funds based on the ratio of board membership. The County contributed \$181,552 for the year ended September 30, 2008.

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

2. *Government-wide and Fund Financial Statements*

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

The County reports the following major governmental funds:

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

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

The *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 *jail construction fund* accounts for the construction of the new jail.

The County reports the following major proprietary funds:

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

The *delinquent tax revolving fund* accounts for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

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

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of general long-term debt not being financed by proprietary funds.

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

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

4. *Assets, Liabilities and Equity*

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

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

State statutes authorizes 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, medical care facility and district health department funds. The County utilizes the direct write-off method for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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 an initial, individual costs of \$5,000 or more (\$200,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

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

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

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

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

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

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Information*

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

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

2. *Excess of Expenditures over Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2008, the County incurred expenditures in excess of the amounts appropriated as follows:

	Amended Budget	Actual	Variance
General fund			
Medical examiner	\$ 144,322	\$ 145,052	\$ (730)
Landfill	73,144	83,074	(9,930)
Revenue sharing reserve special revenue fund			
Transfers out	2,052,101	2,080,780	(28,679)
Nonmajor special revenue funds			
Parks special projects - transfers out	-	29,143	(29,143)
Fox park - parks, recreation and culture	-	5,297	(5,297)
Parcel layer comprehensive plan - public safety	7,500	8,482	(982)
Prisoner boarding - public safety	97,820	120,786	(22,966)
Jail millage - transfers out	104,618	157,162	(52,544)
Domestic preparedness - capital outlay	300,000	353,627	(53,627)
Drug forfeiture prosecutor - transfers out	13,289	14,289	(1,000)
Department of human services -			
health and social services	515,000	601,326	(86,326)
Soldiers and sailors - health and social services	28,500	29,805	(1,305)

EATON COUNTY, MICHIGAN

Notes to Financial Statements

C. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of September 30, 2008:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Financial Statements:			
Statement of Net Assets:			
Cash and cash equivalents	\$ 19,388,107	\$ 15,053,319	\$ 34,441,426
Restricted cash	13,375	-	13,375
Investments	2,219,687	-	2,219,687
Statement of Fiduciary Assets and Liabilities:			
Cash and cash equivalents	6,126,988	201	6,127,189
Investments	<u>-</u>	<u>268,482</u>	<u>268,482</u>
Total	<u>\$ 27,748,157</u>	<u>\$ 15,322,002</u>	<u>\$ 43,070,159</u>
Deposits and Investments:			
Bank deposits (checking accounts, savings accounts and certificates of deposits)			\$ 345,537
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			40,226,538
Retirees health insurance fund			2,219,687
Road commission retiree health insurance fund			268,482
Cash on hand			<u>9,915</u>
Total			<u>\$ 43,070,159</u>

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, 2008, \$1,739,762 of the County's total bank balance of \$2,031,001 (total book balance was \$345,537) 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, 2008, all of the investments in the Treasurer's pool totaling \$40,226,538 were in money market accounts, which are not subject to custodial credit risk.

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Retirees Health Insurance Fund Investments

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

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

The fund's investments are held in three bank administered trust accounts. Following is a summary of the fund's investments as of September 30, 2008:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 412,990
U.S. agencies	237,418
Corporate securities	412,670
Equities	1,062,544
Money market accounts	<u>94,065</u>
Total investments	<u>\$ 2,219,687</u>

Credit Risk. As of September 30, 2008, the fund's investments in securities of U.S. agencies were all rated AAA by Standard & Poor's. The fund's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 82,690
AA	228,250
BBB	101,718
C	<u>12</u>
	<u>\$ 412,670</u>

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

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

Concentration of Credit Risk. At September 30, 2008, the fund investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal National Mortgage Association	7.9%
	Federal Home Loan Mortgage Association	2.8%

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County's policy is to comply with Public Act 314 as referenced above; such statute does not provide specific limitations on the holdings of U.S. agencies securities.

Interest Rate Risk. As of September 30, 2008, maturities of the fund's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 412,990	\$ -	\$ 246,177	\$ 129,674	\$ 37,139
U.S. agencies	237,418	-	237,418	-	-
Corporate securities	412,670	28,783	300,347	83,540	-
	<u>\$ 1,063,078</u>	<u>\$ 28,783</u>	<u>\$ 783,942</u>	<u>\$ 213,214</u>	<u>\$ 37,139</u>

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

D. RECEIVABLES

Receivables as of September 30, 2008 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 8,806,287	\$ 6,099,980	\$ -
Accounts receivable	183,203	871,445	671,791
Less allowance for doubtful accounts	-	(54,472)	(5,825)
Special assessments	-	-	43,189,782
Due from other governments	1,724,481	-	1,868,749
Advances to component unit	120,000	-	-
	<u>\$ 10,833,971</u>	<u>\$ 6,916,953</u>	<u>\$ 45,724,497</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, 2008. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ -	\$ 189,620
Property taxes receivable (other governmental funds)	-	77,993
	<u>\$ -</u>	<u>\$ 267,613</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2008 is as follows:

	Receivable	Payable
Due from (to) other funds		
General fund	\$ -	\$ 124,698
Central dispatch fund	-	11,548
Child care fund	-	9,537
Nonmajor governmental funds	-	16,043
Jail commissary fund	-	111
Internal service funds	161,937	-
	\$ 161,937	\$ 161,937
Interfund receivable (payable)		
General fund	\$ -	\$ 5,712,094
Revenue sharing reserve	6,202,222	-
Child care fund	-	143,431
Nonmajor governmental funds	-	346,697
	\$ 6,202,222	\$ 6,202,222

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 interfund receivables reported in the jail millage and delinquent tax revolving funds. Certain amounts reported as internal balances between the governmental and business-type activities in the statement of net assets relate to the elimination of the internal service funds.

For the year ended September 30, 2008, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 2,819,806	\$ 3,041,079
Revenue sharing reserve fund	-	2,080,780
Central dispatch fund	-	337,133
Child care fund	2,411,356	-
Jail construction fund	-	-
Nonmajor governmental funds	3,101,585	2,509,703
Medical care facility fund	140,093	-
Delinquent tax revolving fund	661,053	1,165,198
	\$ 9,133,893	\$ 9,133,893

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

F. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2008 was as follows:

	Balance October 1, 2007	Additions	Disposals	Balance September 30, 2008
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 102,628	\$ -	\$ -	\$ 102,628
Construction in progress	2,352,592	8,878,699	-	11,231,291
Total capital assets not being depreciated	<u>2,455,220</u>	<u>8,878,699</u>	<u>-</u>	<u>11,333,919</u>
Capital assets, being depreciated				
Building and improvements	29,210,265	267,525	-	29,477,790
Vehicles and equipment	10,084,121	1,441,481	(274,478)	11,251,124
Total capital assets being depreciated	<u>39,294,386</u>	<u>1,709,006</u>	<u>(274,478)</u>	<u>40,728,914</u>
Less accumulated depreciation				
Building and improvements	(12,741,309)	(889,562)	-	(13,630,871)
Vehicles and equipment	(7,405,785)	(1,084,219)	267,927	(8,222,077)
Total accumulated depreciation	<u>(20,147,094)</u>	<u>(1,973,781)</u>	<u>267,927</u>	<u>(21,852,948)</u>
Total capital assets being depreciated, net	<u>19,147,292</u>	<u>(264,775)</u>	<u>(6,551)</u>	<u>18,875,966</u>
Capital assets, net	<u>\$ 21,602,512</u>	<u>\$ 8,613,924</u>	<u>\$ (6,551)</u>	<u>\$ 30,209,885</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 112,314	\$ -	\$ -	\$ 112,314
Construction in progress	-	316,921	-	316,921
Total capital assets not being depreciated	<u>112,314</u>	<u>316,921</u>	<u>-</u>	<u>429,235</u>
Capital assets, being depreciated				
Building and improvements	10,021,975	182,239	(15,927)	10,188,287
Vehicles and equipment	1,490,774	-	(26,510)	1,464,264
Total capital assets being depreciated	<u>11,512,749</u>	<u>182,239</u>	<u>(42,437)</u>	<u>11,652,551</u>
Less accumulated depreciation for				
Building and improvements	(1,134,936)	(271,678)	657	(1,405,957)
Vehicles and equipment	(574,774)	(122,854)	11,040	(686,588)
Total accumulated depreciation	<u>(1,709,710)</u>	<u>(394,532)</u>	<u>11,697</u>	<u>(2,092,545)</u>
Total capital assets being depreciated, net	<u>9,803,039</u>	<u>(212,293)</u>	<u>(30,740)</u>	<u>9,560,006</u>
Capital assets, net	<u>\$ 9,915,353</u>	<u>\$ 104,628</u>	<u>\$ (30,740)</u>	<u>\$ 9,989,241</u>

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Balance October 1, 2007	Additions	Disposals	Balance September 30, 2008
Component Unit - Drainage District				
Capital assets, not being depreciated				
Construction in progress	\$ 31,941,420	\$ 7,519,796	\$ (2,020,000)	\$ 37,441,216
Capital assets, being depreciated - infrastructure	44,538,674	2,020,000	-	46,558,674
Less accumulated depreciation for - infrastructure	(10,891,768)	(1,109,373)	-	(12,001,141)
Total capital assets being depreciated, net	<u>33,646,906</u>	<u>910,627</u>	<u>-</u>	<u>34,557,533</u>
Capital assets, net	<u>\$ 65,588,326</u>	<u>\$ 8,430,423</u>	<u>\$ (2,020,000)</u>	<u>\$ 71,998,749</u>
Component Unit - District Health				
Capital assets, being depreciated - equipment	\$ 1,036,729	\$ 56,937	\$ -	\$ 1,093,666
Less accumulated depreciation for - equipment	(849,074)	(51,163)	-	(900,237)
Capital assets, net	<u>\$ 187,655</u>	<u>\$ 5,774</u>	<u>\$ -</u>	<u>\$ 193,429</u>
Component Unit - Road Commission				
Capital assets, not being depreciated				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements	20,811,852	895,056	-	21,706,908
Right of ways	758,941	-	-	758,941
Total capital assets not being depreciated	<u>21,813,795</u>	<u>895,056</u>	<u>-</u>	<u>22,708,851</u>
Capital assets, being depreciated				
Buildings and improvements	6,454,412	-	-	6,454,412
Equipment	6,151,374	130,595	(21,982)	6,259,987
Infrastructure	93,727,339	4,637,177	(4,016,930)	94,347,586
Depletable assets	4,843,552	-	-	4,843,552
Total capital assets being depreciated	<u>111,176,677</u>	<u>4,767,772</u>	<u>(4,038,912)</u>	<u>111,905,537</u>
Less accumulated depreciation for				
Buildings and improvements	(1,103,396)	(129,155)	-	(1,232,551)
Equipment	(5,719,110)	(277,253)	19,540	(5,976,823)
Infrastructure	(44,217,058)	(4,955,620)	4,314,720	(44,857,958)
Depletable assets	(154,813)	-	-	(154,813)
Total accumulated depreciation	<u>(51,194,377)</u>	<u>(5,362,028)</u>	<u>4,334,260</u>	<u>(52,222,145)</u>
Total capital assets being depreciated, net	<u>59,982,300</u>	<u>(594,256)</u>	<u>295,348</u>	<u>59,683,392</u>
Capital assets, net	<u>\$ 81,796,095</u>	<u>\$ 300,800</u>	<u>\$ 295,348</u>	<u>\$ 82,392,243</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

G. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2008 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 1,363,704	\$ 241,608	\$ 1,463,458
Accrued liabilities	1,454,705	309,613	335,566
Due to other governments	169,224	-	-
Retainage payable	-	-	15,210
Payable from restricted assets	-	12,697	-
Advances from primary government	-	-	120,000
	\$ 2,987,633	\$ 563,918	\$ 1,934,234

H. LONG-TERM DEBT

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Governmental activities				
1992 County Office Building	6.20 – 6.35%	2012	\$ 525,000	\$ 155,000
1992 County Office Building (taxable)	8.00%	2012	575,000	195,000
1993 Health Clinic Building	5.00 – 5.50%	2013	600,000	215,000
2008 Jail Expansion	4.25 – 5.00%	2028	15,000,000	14,845,000
				\$ 15,410,000
Business-type activities				
2002 Medical Care Facility	3.00 – 4.75%	2022	\$ 8,100,000	\$ 6,510,000
Component unit – Public Works				
Eaton Rapids Water	6.38 – 6.50%	2011	\$ 1,475,000	\$ 365,000
Grand Ledge Water/Sewer	4.00 – 5.00%	2025	7,975,000	7,135,000
Charlotte Water/Sewer	4.375%	2011	2,295,000	610,000
Dimondale/Windsor Sewer Refunding	4.00 – 5.00%	2015	4,115,000	2,245,000
Brookfield Water	1.625%	2026	2,860,000	2,615,000
				\$ 12,970,000
Component unit – Road Commission				
2003 Transportation	2.50 – 4.00%	2018	5,500,000	\$ 5,020,000

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
2009	\$ 625,000	\$ 719,843	\$ 320,000	\$ 272,598	\$ 1,570,000	\$ 690,377
2010	670,000	690,495	340,000	262,197	1,590,000	634,570
2011	705,000	659,073	360,000	250,298	1,585,000	573,289
2012	735,000	625,878	380,000	237,158	1,260,000	509,508
2013	665,000	591,175	400,000	222,910	1,275,000	465,005
2014-2018	3,505,000	2,526,150	2,350,000	855,005	5,820,000	1,626,117
2019-2023	4,330,000	1,675,888	2,360,000	280,987	3,255,000	696,233
2024-2028	4,175,000	532,748	-	-	1,635,000	91,225
	<u>\$ 15,410,000</u>	<u>\$ 8,021,250</u>	<u>\$ 6,510,000</u>	<u>\$ 2,381,153</u>	<u>\$ 17,990,000</u>	<u>\$ 5,286,324</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, 2008, the County's legal debt limit was \$422,837,207.

Installment obligations. The government has entered into a long-term installment payment agreement 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 \$502,364 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
2009	\$ 83,037	\$ 21,201
2010	86,731	17,507
2011	90,589	13,649
2012	94,619	9,620
2013	98,828	3,243
2014-2015	48,560	1,069
	<u>\$ 502,364</u>	<u>\$ 66,289</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, 2008, drain bonds and notes totaling \$44,792,677 were outstanding, including \$7,366,700 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:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 5,009,203	\$ 1,918,569
2010	3,192,206	1,735,035
2011	3,116,704	1,613,350
2012	3,123,970	1,491,529
2013	2,960,310	1,366,684
2014-2018	12,616,119	4,984,083
2019-2023	10,724,165	2,382,535
2024-2028	4,050,000	337,500
	<u><u>\$ 44,792,677</u></u>	<u><u>\$ 15,829,285</u></u>

In addition to the above, short-term drain notes payable totaling \$270,000 were outstanding as of September 30, 2008. These notes were issued at interest rates ranging between 3.47% and 4.50% and are due at various dates through September 2008.

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 \$2,700,000 from the 2008 Series were outstanding at September 30, 2008.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities					
General obligation bonds	\$ 15,675,000	\$ -	\$ (265,000)	\$ 15,410,000	\$ 625,000
Add deferred amounts:					
For issuance premiums	9,180	-	(459)	8,721	-
Installment contracts	581,876	-	(79,512)	502,364	83,037
Compensated absences	1,941,377	1,884,005	(1,945,247)	1,880,135	188,015
	<u>\$ 18,207,433</u>	<u>\$ 1,884,005</u>	<u>\$ (2,290,218)</u>	<u>\$ 17,801,220</u>	<u>\$ 896,052</u>
Business-type activities					
General obligation bonds	\$ 6,810,000	\$ -	\$ (300,000)	\$ 6,510,000	\$ 320,000
Delinquent tax notes	3,200,000	5,500,000	(6,000,000)	2,700,000	2,700,000
Compensated absences	107,717	15,000	(17,280)	105,437	26,359
	<u>\$ 10,117,717</u>	<u>\$ 5,515,000</u>	<u>\$ (6,317,280)</u>	<u>\$ 9,315,437</u>	<u>\$ 3,046,359</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units					
Board of Public Works					
General obligation bonds	\$ 13,943,357	\$ 81,643	\$ (1,055,000)	\$ 12,970,000	\$ 1,070,000
Add (deduct) deferred amounts:					
For issuance premiums	234,363	-	(13,392)	220,971	-
On refunding	(53,139)	-	3,036	(50,103)	-
	<u>\$ 14,124,581</u>	<u>\$ 81,643</u>	<u>\$ (1,065,356)</u>	<u>\$ 13,140,868</u>	<u>\$ 1,070,000</u>
Drainage Districts					
Drain bonds and notes	\$ 40,527,547	\$ 7,366,700	\$ (3,101,570)	\$ 44,792,677	\$ 5,009,203
Add (deduct) deferred amounts:					
For issuance premiums	812,183	-	(44,707)	767,476	-
On refunding	(80,345)	-	4,423	(75,922)	-
	<u>\$ 41,259,385</u>	<u>\$ 7,366,700</u>	<u>\$ (3,141,854)</u>	<u>\$ 45,484,231</u>	<u>\$ 5,009,203</u>
District Health					
Compensated absences	<u>\$ 363,695</u>	<u>\$ 22,000</u>	<u>\$ (66,284)</u>	<u>\$ 319,411</u>	<u>\$ 31,941</u>
Road Commission					
Transportation bonds	\$ 5,515,000	\$ -	\$ (495,000)	\$ 5,020,000	\$ 500,000
Compensated absences	305,327	50,000	(28,345)	326,982	32,698
	<u>\$ 5,820,327</u>	<u>\$ 50,000</u>	<u>\$ (523,345)</u>	<u>\$ 5,346,982</u>	<u>\$ 532,698</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

I. RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

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

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$275,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

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

	2008	2007
Workers Compensation		
Estimated liability, October 1	\$ 79,267	\$ 110,202
Estimated claims incurred, including changes in estimates	104,782	66,174
Claim payments	(122,578)	(97,109)
Estimated liability, September 30	\$ 61,471	\$ 79,267

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:

Health Insurance		
Estimated liability, October 1	\$ 172,000	\$ -
Estimated claims incurred, including changes in estimates	3,424,523	2,110,296
Claim payments	(3,397,723)	(1,938,296)
Estimated liability, September 30	\$ 198,800	\$ 172,000

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Liability insurance. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the liability insurance fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs. Accordingly, the government records an asset for its portion of the unexpended member retention fund. At September 30, 2008, the balance of the County's member retention fund was \$437,970.

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

	2008	2007
General Liability		
Estimated liability, October 1	\$ 158,068	\$ 109,511
Estimated claims incurred, including changes in estimates	265,936	202,924
Claim payments	(185,929)	(154,367)
Estimated liability, September 30	\$ 238,075	\$ 158,068

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:

	2008	2007
Unemployment Compensation		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	22,811	35,322
Claim payments	(22,811)	(35,322)
Estimated liability, September 30	\$ -	\$ -

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Life and Disability		
Estimated liability, October 1	\$ 2,458	\$ -
Estimated claims incurred, including		
changes in estimates	127,857	93,502
Claim payments	<u>(122,501)</u>	<u>(91,044)</u>
Estimated liability, September 30	<u>\$ 7,814</u>	<u>\$ 2,458</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:

	<u>2008</u>	<u>2007</u>
Dental		
Estimated liability, October 1	\$ 10,839	\$ 10,840
Estimated claims incurred, including		
changes in estimates	208,428	192,392
Claim payments	<u>(205,271)</u>	<u>(192,393)</u>
Estimated liability, September 30	<u>\$ 13,996</u>	<u>\$ 10,839</u>

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

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

J. CONTINGENT LIABILITIES

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

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

The Barry-Eaton County Health Department has received payments from the State of Michigan under certain cost-based reimbursement Medicaid programs. The federal Centers for Medicare and Medicaid Services (CMS) is contesting certain payments made by the State to counties under the cost-based reimbursement Medicaid programs. The contested costs were primarily related to Qualified Health Plan (QHP) claims and overhead charged to the program. The CMS has issued its final audit findings to the State of Michigan including a finding related to the policy on cost-based reimbursements. However, the State of Michigan has yet to respond to the findings. In addition, a decision has not been made as to what amount, if any, the local health departments will be required to repay; therefore, no liability has been recorded.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

K. PROPERTY TAXES

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

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2008 levy, for which revenue was recognized in fiscal 2008, was \$3,495,892,357. The general operating tax rate for the levy was 5.2149 mills, with an additional .7000, .9438, .3973 and .1250 mills assessed for jail debt, central dispatch, juvenile services, and medical care, respectively.

Delinquent taxes receivable represent unpaid personal property taxes in the general and special revenue funds and unpaid real property taxes in the delinquent tax revolving funds. By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables are pledged to a bank for the payment of the notes payable and subsequent collection on the receivable.

L. POSTEMPLOYMENT HEALTH CARE BENEFITS

The County provides certain health care benefits for employees retiring during or after 1990. Substantially all employees hired after 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.

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, 2008, the fair value of the trust assets was \$3,434,709; because these assets are in trust with a third party trustee, they are not reported in the accompanying financial statements. The County made no contributions 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.

County contributions to finance this benefit program are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. During the current fiscal year, 81 retirees received health care benefits under the program at a cost of \$754,084. Contributions to the internal service fund for the year ended September 30, 2008 were \$1,241,637. Although actuarial valuations of the program were completed as of December 31, 2007, 2005 and 2003, the County has determined that it will apply an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement. The County is not yet required to, and has not yet adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; however, it will be required to adopt GASB 45 for fiscal 2008-09. The County is required to adopt GASB 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, for the current fiscal year and, accordingly, makes the required disclosures as presented below.

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners, subject to applicable labor contracts. Plan members are not required to contribute to the plan. The County may contribute the *annual required contribution* (ARC), which is an amount actuarially determined in accordance with the parameters of GASB 43. 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. The current ARC is 14.2% of annual covered payroll.

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2007, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 36,472,265
Actuarial value of plan assets	<u>3,870,082</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 32,602,183</u>
Funded ratio	10.6%
Covered payroll (active plan members)	\$ 16,347,955
UAAL as a percentage of covered payroll	50.1%

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

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

Actuarial valuation date	12/31/07
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years
Asset valuation method	5-year smoothing
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Healthcare inflation rate	11.0% initially; 4.5% ultimately

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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 \$637,643 to the Plan for the year ended September 30, 2008.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefits (OPEB) cost (expense) 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	\$ 645,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	645,000
Contributions made	(637,643)
Increase in net OPEB obligation	7,357
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 7,357

The annual OPEB cost, the percentage of annual OPEB costs contributed to the system, and the net OPEB obligation as of September 30, 2008, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$645,000	98.86%	\$ 7,357

Funded Status and Funding Progress. The funded status of the Plan as of January 1, 2008, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$8,823,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,823,000
 Funded ratio	 0%
Covered payroll (active plan members)	\$1,659,533
UAAL as a percentage of covered payroll	532%

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

During 2008, the Road Commission formed a Section 115 trust to begin prefunding the costs related to the postemployment healthcare costs. Contributions made to the Retiree Health Care Trust are recognized as expenditures in the Road Commission operating fund at the time the contribution is made. During the year, contributions to the trust fund totaled \$300,000. The Road Commission established the trust fund to hold and invest monies that will be used to fund future retiree healthcare benefit obligations. At September 30, 2008, the balance in the Retiree Health Care Trust totaled \$268,683.

Actuarial Methods and Assumptions. The annual required contribution was determined as part of the October 1, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4% interest rate compounded annually and (b) medical trend rates ranging from 4.0% to 16.0%. The unfunded actuarial accrued liability is being amortized over 30 years.

M. DEFINED BENEFIT PENSION PLANS

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

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

The employer is required to contribute at an actuarially determined rate; the current rate is 7.51% of annual covered payroll for the County, 4.25% for the Medical Care Facility, and 12.44% for the District Health Department. County general employees are required to contribute 1.0% to 16.5% of their annual covered payroll, depending on employee classification or applicable bargaining unit. Medical Care Facility and District Health Department employees are required to contribute 3.0% and 2.24% 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, 2008, the annual MERS pension cost of \$1,970,757 for the County, \$190,623 for the Medical Care Facility and \$450,353 for the District Health Department was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2007 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.

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 accrued liability is being amortized as a level percentage of projected payroll on an open basis over 28 years.

Three year funding progress and trend information

	Year Ended December 31,		
	2005	2006	2007
County General			
Actuarial value of assets	\$ 53,631,459	\$ 57,847,117	\$ 62,750,905
Actuarial accrued liability (AAL)	86,026,742	91,715,418	97,891,680
Unfunded AAL	32,395,283	33,868,301	35,140,775
Funded ratio	62%	63%	64%
Covered payroll	16,051,246	16,700,534	17,619,888
UAAL as a percentage of covered payroll	202%	203%	199%
Annual pension cost	2,281,740	2,424,444	2,560,308
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Year Ended December 31,		
	2005	2006	2007
Medical Care Facility			
Actuarial value of assets	\$ 4,271,539	\$ 4,657,256	\$ 5,108,373
Actuarial accrued liability (AAL)	4,352,491	4,870,465	5,460,420
Unfunded AAL	80,952	213,209	352,047
Funded ratio	98%	96%	94%
Covered payroll	2,885,808	3,724,984	3,728,953
UAAL as a percentage of covered payroll	3%	5%	9%
Annual pension cost	119,616	170,760	181,884
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
	Year Ended December 31,		
	2005	2006	2007
District Health Department			
Actuarial value of assets	\$ 8,832,437	\$ 9,640,293	\$ 10,475,737
Actuarial accrued liability (AAL)	10,825,312	12,043,582	13,128,713
Unfunded AAL	1,992,875	2,403,289	2,652,976
Funded ratio	82%	80%	80%
Covered payroll	3,399,822	3,381,332	3,313,448
UAAL as a percentage of covered payroll	59%	71%	80%
Annual pension cost	406,824	455,268	443,856
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

N. DEFINED CONTRIBUTION PENSION PLAN – ROAD COMMISSION

The Road Commission provides pension benefits for substantially all of its regular full-time employees through a defined contribution pension plan. The Road Commission is the plan administrator; however, the daily plan administration and operation is provided through the American Funds Group. The Road Commission contributes an amount equal to 12% of each employee's compensation during the plan year, after completion of one year of service. Members do not contribute any annual compensation to this plan. The Road Commission's contributions to the plan for the year ended September 30, 2008 were \$199,144.

O. SUBSEQUENT EVENTS

On November 25, 2008, the County issued bonds in the amount of \$5,700,000 for the Medical Care Facility expansion. The bonds mature on May 1, 2027 and have an interest rate of 4.55%.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS/SCHEDULES**

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Taxes				
Property taxes	\$ 18,206,151	\$ 18,206,151	\$ 17,883,530	\$ (322,621)
Industrial facilities tax	419,088	419,088	459,452	40,364
Payments in lieu	10,000	56,000	(17,312)	(73,312)
Delinquent taxes	30,000	30,000	15,855	(14,145)
Trailer park taxes	10,000	10,000	11,221	1,221
Interest and penalties	20,000	20,000	82,194	62,194
Total taxes	<u>18,695,239</u>	<u>18,741,239</u>	<u>18,434,940</u>	<u>(306,299)</u>
Permits and regulatory licenses				
Dog licenses	145,500	145,500	113,102	(32,398)
Pistol permits	10,000	10,000	8,998	(1,002)
Marriage licenses	10,000	10,000	14,530	4,530
Soil erosion	63,000	63,000	27,587	(35,413)
Total permits and regulatory licenses	<u>228,500</u>	<u>228,500</u>	<u>164,217</u>	<u>(64,283)</u>
Intergovernmental - federal/state				
Emergency management services	34,000	34,000	34,703	703
Cooperative reimbursement - Prosecutor	92,533	92,533	168,134	75,601
ADC Incentive	148,195	148,195	151,191	2,996
Cooperative reimbursement - Friend of the Court	956,389	956,389	840,346	(116,043)
FBI Surveillance	3,498	3,498	3,498	-
Strong Families/Safe Children	30,100	30,100	27,958	(2,142)
Local Law Enforcement Block Grant	5,000	5,000	(1,605)	(6,605)
Probate Judge's salary	101,800	101,800	102,466	666
Judicial salary standardization	228,672	228,672	228,620	(52)
Sheriff road patrol program	134,070	134,070	134,070	-
Marine safety program	5,000	32,969	31,513	(1,456)
Drug case incentive	1,356	1,356	1,023	(333)
Victims Rights Act	97,805	97,805	102,600	4,795
Parole violation grant	32,000	32,000	43,958	11,958
Diverted felon program	292,000	292,000	255,171	(36,829)
Assistant juvenile officer grant	52,776	52,776	52,776	-
Convention and tourism	436,370	436,370	363,104	(73,266)
Cigarette tax	63,509	63,509	50,024	(13,485)
Liquor license fees	23,000	23,000	27,840	4,840
State aid-case flow assistance	19,018	19,018	25,893	6,875
State court equity funding	562,505	562,505	541,817	(20,688)
FEMA - Disaster #1777	7,349	7,349	7,349	-
Miscellaneous	24,038	24,038	25,925	1,887
Total intergovernmental - federal/state	<u>3,350,983</u>	<u>3,378,952</u>	<u>3,218,374</u>	<u>(160,578)</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Intergovernmental - local				
Township - planning	\$ 59,937	\$ 59,937	\$ 54,942	\$ (4,995)
Township - Sheriff	2,669,860	2,715,261	2,666,594	(48,667)
Road Commission - weighmaster	107,796	111,680	112,630	950
Total intergovernmental - local	<u>2,837,593</u>	<u>2,886,878</u>	<u>2,834,166</u>	<u>(52,712)</u>
Charges for services				
Court:				
District Court costs	800,000	800,000	899,998	99,998
Circuit Court probation	30,000	30,000	20,892	(9,108)
Court filing fees	160,421	160,421	163,390	2,969
Bond costs	3,000	3,000	1,376	(1,624)
Jury demand	6,176	6,176	5,720	(456)
Writ of garnishment	69,000	69,000	100,110	31,110
Attorney fee reimbursement	1,000	1,000	850	(150)
SOS reinstatement fee	40,095	40,095	38,925	(1,170)
Probation oversight	104,242	104,242	124,405	20,163
Alcohol assessment	20,015	20,015	24,638	4,623
Friend of the Court service fees	73,500	73,500	93,982	20,482
Probate Court services	45,000	45,000	38,403	(6,597)
Juvenile Court services	16,000	16,000	10,147	(5,853)
Prosecuting attorney services	500	500	974	474
Juvenile Court attorney fees	35,000	35,000	25,668	(9,332)
Crime victim assessment	400	400	227	(173)
Tether program	67,000	67,000	31,462	(35,538)
General government:				
County Clerk services	80,000	80,000	105,400	25,400
County Treasurer services	8,000	8,000	9,676	1,676
Register of Deed services	500,000	500,000	334,149	(165,851)
Real estate transfer tax	400,000	400,000	284,099	(115,901)
Drain Commission services	20,700	20,700	12,450	(8,250)
Child care collection fees	85,000	85,000	49,275	(35,725)
Property description services	10,000	10,000	667	(9,333)
Food stamp fraud	1,000	1,000	5,276	4,276
Community development services	40,000	40,000	20,578	(19,422)
Sheriff Department:				
Sheriff services	182,310	182,310	185,562	3,252
OUIL/Impaired	21,000	21,000	20,613	(387)
False alarms	19,000	19,000	5,013	(13,987)
Abandoned vehicles	8,000	8,000	15,137	7,137
Inmate medical	19,000	19,000	11,763	(7,237)
Sentenced inmate boarding	74,809	74,809	59,852	(14,957)
Sale of lost/stolen property	400	400	324	(76)
Boarding of dogs and cats	10,000	10,000	10,280	280
Photocopies	7,950	7,950	9,997	2,047
Miscellaneous	7,295	7,295	8,800	1,505
Total charges for services	<u>2,965,813</u>	<u>2,965,813</u>	<u>2,730,078</u>	<u>(235,735)</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Concluded)
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Fines and forfeitures				
Ordinance fines and costs	\$ 114,112	\$ 114,112	\$ 112,498	\$ (1,614)
Handicap parking	2,000	2,000	7,560	5,560
Bond forfeitures	50,673	50,673	32,548	(18,125)
Dog fines	1,800	1,800	851	(949)
Miscellaneous	500	500	588	88
Total fines and forfeitures	<u>169,085</u>	<u>169,085</u>	<u>154,045</u>	<u>(15,040)</u>
Interest and rents				
Interest on investments	225,000	225,000	307,415	82,415
Rental fees	269,825	269,825	270,226	401
Total interest and rents	<u>494,825</u>	<u>494,825</u>	<u>577,641</u>	<u>82,816</u>
Other				
Vending/pay phone commissions	154,715	154,715	93,795	(60,920)
Sale of capital assets	5,000	5,000	29,265	24,265
Sale of dogs and cats	4,500	4,500	3,338	(1,162)
Reimbursements and refunds	39,932	39,932	100,333	60,401
Restitution	7,000	7,000	2,513	(4,487)
Miscellaneous	770	11,270	535	(10,735)
Total other	<u>211,917</u>	<u>222,417</u>	<u>229,779</u>	<u>7,362</u>
Total revenues	<u>28,953,955</u>	<u>29,087,709</u>	<u>28,343,240</u>	<u>(744,469)</u>
Other financing sources - transfers in				
Delinquent Tax Revolving	500,000	500,700	500,700	-
Revenue Sharing Reserve	2,052,101	2,052,101	2,080,780	28,679
Central Dispatch	188,326	188,326	188,326	-
Jail Millage	50,000	50,000	50,000	-
Total other financing sources	<u>2,790,427</u>	<u>2,791,127</u>	<u>2,819,806</u>	<u>28,679</u>
Total revenues and other sources	<u>\$ 31,744,382</u>	<u>\$ 31,878,836</u>	<u>\$ 31,163,046</u>	<u>\$ (715,790)</u>

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Legislative				
Board of Commissioners	\$ 291,816	\$ 296,816	\$ 290,528	\$ 6,288
Judicial				
Circuit Court	1,315,841	1,315,571	1,196,506	119,065
District Court	1,621,770	1,621,770	1,579,406	42,364
Friend of Court	1,412,522	1,411,696	1,250,979	160,717
County Guardian	39,000	61,000	60,783	217
Probate Court	509,527	500,527	489,030	11,497
Juvenile Court	910,037	905,737	854,331	51,406
Probation	13,610	12,467	9,013	3,454
Total judicial	<u>5,822,307</u>	<u>5,828,768</u>	<u>5,440,048</u>	<u>388,720</u>
General government				
Elections	64,300	67,300	51,561	15,739
Clerk	577,116	579,782	571,229	8,553
Births and Deaths	250	250	231	19
Plat Board	754	754	5	749
Controller	825,837	816,407	803,301	13,106
Information Systems	828,705	828,705	800,866	27,839
Equalization	629,242	629,242	591,091	38,151
Prosecuting Attorney	1,329,347	1,329,347	1,312,790	16,557
Register of Deeds	254,435	254,435	242,160	12,275
Treasurer	395,700	395,151	366,810	28,341
Cooperative Extension	244,914	291,523	276,658	14,865
Building Authority Administration	1,050	2,413	2,413	-
Building and Grounds	1,739,743	1,732,186	1,644,758	87,428
Drain Commission	427,484	427,484	406,185	21,299
Thornapple-Ground Soil Conservation	19,510	19,510	19,510	-
Eaton County Office Building	21,000	24,643	24,169	474
Total general government	<u>7,359,387</u>	<u>7,399,132</u>	<u>7,113,737</u>	<u>285,395</u>
Public safety				
Sheriff - General	4,747,729	4,773,942	4,688,645	85,297
Sheriff - Corrections	4,251,611	4,250,154	3,733,638	516,516
Sheriff - Delta office	3,473,529	3,453,214	3,381,034	72,180
Sheriff - Weighmaster	106,903	110,787	107,903	2,884
Sheriff - Road Patrol	151,735	153,900	148,358	5,542
Handicapped Parking	8,660	8,660	2,690	5,970
Marine Safety	11,576	12,136	11,969	167
Community Development	253,925	308,106	253,714	54,392
Tri-County Regional Planning	99,897	99,897	99,897	-
Animal Control	402,268	402,035	350,425	51,610
Emergency Services	111,098	110,767	109,528	1,239
Total public safety	<u>13,618,931</u>	<u>13,683,598</u>	<u>12,887,801</u>	<u>795,797</u>
Public works				
Drains at Large	352,800	352,800	265,907	86,893

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Health and social services				
Mid-South Substance Abuse	\$ 218,185	\$ 218,185	\$ 181,552	\$ 36,633
Medical Examiner	99,320	144,322	145,052	(730)
Community Mental Health	403,687	403,687	403,687	-
Barry-Eaton Health Plan Corporation	650,000	624,369	624,369	-
Tri-County Office on Aging	64,532	64,532	63,662	870
Veterans	88,738	91,067	89,261	1,806
District Health - appropriation	115,800	241,431	168,550	72,881
District Health - cigarette tax	44,509	44,509	35,311	9,198
Total health and social services	<u>1,684,771</u>	<u>1,832,102</u>	<u>1,711,444</u>	<u>120,658</u>
Recreation and culture				
Courthouse Square Association	20,000	20,000	20,000	-
Other				
Miscellaneous	497,649	45,682	10,817	34,865
Capital outlay				
	457,145	508,629	449,522	59,107
Total expenditures	<u>30,104,806</u>	<u>29,967,527</u>	<u>28,189,804</u>	<u>1,777,723</u>
Other financing uses - transfers out				
Appropriations:				
Child Care	1,374,549	1,374,549	1,309,549	65,000
Family Independence Agency	15,000	15,000	15,000	-
Soldiers and Sailors Relief	25,000	25,000	25,000	-
Parks and Recreation	414,676	433,286	433,286	-
Historical Commission	12,000	12,000	12,000	-
Public Improvement	170,000	170,000	170,000	-
Computer	381,326	415,305	415,305	-
Other:				
Drug Court	40,000	40,000	-	40,000
Child Care (cigarette tax)	18,546	18,546	14,712	3,834
Friend of the Court	45,277	45,277	28,808	16,469
Medical Care Facility	140,093	140,093	140,093	-
Vertical Drug Prosecution and Forfeiture	54,791	54,791	39,287	15,504
Building Authority - Eaton County Office Building	106,613	106,613	106,613	-
STOP Domestic Violence	33,830	33,830	25,352	8,478
Child Care - FIA	2,500	2,500	2,500	-
Construction Code	-	183,000	183,000	-
Sheriff Reserve Fund	24,000	24,000	24,000	-
CASA	8,000	-	-	-
Parcel Layer / Comprehensive Plan	13,500	13,500	13,500	-
Landfill	29,000	73,144	83,074	(9,930)
Total other financing uses	<u>2,908,701</u>	<u>3,180,434</u>	<u>3,041,079</u>	<u>139,355</u>
Total expenditures and other uses	<u>\$ 33,013,507</u>	<u>\$ 33,147,961</u>	<u>\$ 31,230,883</u>	<u>\$ 1,917,078</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue Funds				
	Parks and Recreation	Parks Special Projects	Friend of the Court	Fox Park	Landfill
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 66,690	\$ 53,549	\$ 1,304	\$ -	\$ 65,713
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	890	-	-
Due from other governmental units	19,248	-	-	99,923	-
	<u>TOTAL ASSETS</u>	<u>\$ 53,549</u>	<u>\$ 2,194</u>	<u>\$ 99,923</u>	<u>\$ 65,713</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 25,194	\$ -	\$ -	\$ -	\$ 50,655
Accrued liabilities	12,493	-	1,907	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	1,415	-	285	-	-
Interfund payable	-	-	-	99,922	-
Deferred revenue	-	-	-	-	-
	Total liabilities	-	2,192	99,922	50,655
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	12,699	-	-	-
Undesignated	46,836	40,850	2	1	15,058
	Total fund balances	53,549	2	1	15,058
	<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 53,549</u>	<u>\$ 2,194</u>	<u>\$ 99,923</u>	<u>\$ 65,713</u>

Special Revenue Funds

Solid Waste Ordinance	CDBG Housing Grant	Homeowner Purchase Rehab	Economic Development Revolving	Construction Code Enforcement	Public Improvement	Planning Aerial Photos	Remonumentation Grant
\$ 262,100	\$ 65,483	\$ -	\$ -	\$ 27,689	\$ 701,670	\$ 33,221	\$ 12,439
-	-	-	-	-	-	-	-
62	-	-	28,572	-	-	-	39
1,180	-	-	-	-	-	-	27,914
<u>\$ 263,342</u>	<u>\$ 65,483</u>	<u>\$ -</u>	<u>\$ 28,572</u>	<u>\$ 27,689</u>	<u>\$ 701,670</u>	<u>\$ 33,221</u>	<u>\$ 40,392</u>
\$ 37,362	\$ 17,367	\$ -	\$ -	\$ 4,228	\$ 37,010	\$ -	\$ 14,734
2,354	2,651	-	1,038	14,940	-	-	-
-	-	-	-	-	-	-	-
352	397	-	155	2,648	-	-	-
-	-	-	23,056	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,068</u>	<u>20,415</u>	<u>-</u>	<u>24,249</u>	<u>21,816</u>	<u>37,010</u>	<u>-</u>	<u>14,734</u>
5,850	-	-	-	-	278,477	-	-
217,424	45,068	-	4,323	5,873	386,183	33,221	25,658
<u>223,274</u>	<u>45,068</u>	<u>-</u>	<u>4,323</u>	<u>5,873</u>	<u>664,660</u>	<u>33,221</u>	<u>25,658</u>
<u>\$ 263,342</u>	<u>\$ 65,483</u>	<u>\$ -</u>	<u>\$ 28,572</u>	<u>\$ 27,689</u>	<u>\$ 701,670</u>	<u>\$ 33,221</u>	<u>\$ 40,392</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2008

	<u>Special Revenue Funds</u>				
	Parcel Layer Comprehensive Plan	Register of Deeds Technology	Prisoner Boarding	Jail Millage	Jail Millage II
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 24,002	\$ 329,395	\$ -	\$ 458,943	\$ 743,604
Receivables:					
Property taxes	-	-	-	34,620	-
Accounts, net	-	195	-	-	-
Due from other governmental units	-	-	4,721	-	8,121
	<u>\$ 24,002</u>	<u>\$ 329,590</u>	<u>\$ 4,721</u>	<u>\$ 493,563</u>	<u>\$ 751,725</u>
<u>TOTAL ASSETS</u>					
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 4,570	\$ 95,390	\$ -	\$ -	\$ 4,890
Accrued liabilities	-	-	3,342	11,286	27,444
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	707	2,563	4,369
Interfund payable	-	-	671	-	-
Deferred revenue	-	-	-	34,620	-
	<u>4,570</u>	<u>95,390</u>	<u>4,720</u>	<u>48,469</u>	<u>36,703</u>
Total liabilities					
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	64,500	-	340,962	306,762
Undesignated	19,432	169,700	1	104,132	408,260
	<u>19,432</u>	<u>234,200</u>	<u>1</u>	<u>445,094</u>	<u>715,022</u>
Total fund balances					
	<u>\$ 24,002</u>	<u>\$ 329,590</u>	<u>\$ 4,721</u>	<u>\$ 493,563</u>	<u>\$ 751,725</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>					

Special Revenue Funds

Criminal Property Forfeiture	Drug Law Forfeiture	Vertical Drug Prosecution and Forfeiture	Law Library	S.T.O.P. Grant	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness
\$ 868	\$ -	\$ 4,636	\$ 129	\$ 588	\$ -	\$ 9,486	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,708	-	-	68,673	24,957	142,655
<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 7,344</u>	<u>\$ 129</u>	<u>\$ 588</u>	<u>\$ 68,673</u>	<u>\$ 34,443</u>	<u>\$ 142,655</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,512	\$ 4,207	\$ -
-	-	2,638	-	510	2,073	5,513	-
-	-	-	-	-	-	-	-
-	-	262	-	78	310	1,084	-
-	-	-	-	-	47,248	-	140,938
-	-	-	-	-	-	-	-
-	-	2,900	-	588	51,143	10,804	140,938
-	-	-	-	-	15,044	-	-
868	-	4,444	129	-	2,486	23,639	1,717
868	-	4,444	129	-	17,530	23,639	1,717
<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 7,344</u>	<u>\$ 129</u>	<u>\$ 588</u>	<u>\$ 68,673</u>	<u>\$ 34,443</u>	<u>\$ 142,655</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2008

	<u>Special Revenue Funds</u>				
	<u>Soil Erosion Enforcement</u>	<u>Child Care - DHS</u>	<u>Community Prosecution</u>	<u>Property Forfeiture Prosecutor</u>	<u>Bureau of Justice LLEBG</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 1,755	\$ 18,203	\$ 532,518	\$ 5,810	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	-	-	15,526
	<u>\$ 1,755</u>	<u>\$ 18,203</u>	<u>\$ 532,518</u>	<u>\$ 5,810</u>	<u>\$ 15,526</u>
<u>TOTAL ASSETS</u>					
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 12,420	\$ -	\$ -
Accrued liabilities	-	-	34,979	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	1,418	-	-
Interfund payable	-	-	-	-	15,526
Deferred revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>48,817</u>	<u>-</u>	<u>15,526</u>
Total liabilities	-	-	48,817	-	15,526
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	23,289	-	-
Undesignated	1,755	18,203	460,412	5,810	-
	<u>1,755</u>	<u>18,203</u>	<u>483,701</u>	<u>5,810</u>	<u>-</u>
Total fund balances	1,755	18,203	483,701	5,810	-
	<u>\$ 1,755</u>	<u>\$ 18,203</u>	<u>\$ 532,518</u>	<u>\$ 5,810</u>	<u>\$ 15,526</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>					

Special Revenue Funds

Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services	Soldiers and Sailors	Veterans Trust	Historical Commission
\$ 12,000	\$ 17,372	\$ 8,823	\$ -	\$ 50,617	\$ 18,141	\$ 454	\$ 7,902
-	-	-	-	-	-	-	-
-	-	-	-	52,141	-	-	-
-	-	-	17,100	139	-	-	-
<u>\$ 12,000</u>	<u>\$ 17,372</u>	<u>\$ 8,823</u>	<u>\$ 17,100</u>	<u>\$ 102,897</u>	<u>\$ 18,141</u>	<u>\$ 454</u>	<u>\$ 7,902</u>
\$ 54	\$ -	\$ 555	\$ 9,264	\$ 10,534	\$ 2,051	\$ 307	\$ 702
-	-	-	-	-	-	-	-
-	-	-	-	70,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	7,836	-	-	-	-
-	-	-	-	-	-	-	-
<u>54</u>	<u>-</u>	<u>555</u>	<u>17,100</u>	<u>80,534</u>	<u>2,051</u>	<u>307</u>	<u>702</u>
10,800	-	8,268	-	-	-	-	-
1,146	17,372	-	-	22,363	16,090	147	7,200
<u>11,946</u>	<u>17,372</u>	<u>8,268</u>	<u>-</u>	<u>22,363</u>	<u>16,090</u>	<u>147</u>	<u>7,200</u>
<u>\$ 12,000</u>	<u>\$ 17,372</u>	<u>\$ 8,823</u>	<u>\$ 17,100</u>	<u>\$ 102,897</u>	<u>\$ 18,141</u>	<u>\$ 454</u>	<u>\$ 7,902</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2008

	<u>Special Revenue Funds</u>					
	<u>Computer</u>	<u>Home Tax Exemption Audit</u>	<u>Brownfield Redevelopment</u>	<u>Local Corrections Officer Training</u>	<u>Sheriff Reserve Fund</u>	<u>LEAD Drug Testing</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 295,819	\$ 35,652	\$ -	\$ 67,870	\$ 4,525	\$ 1,121
Receivables:						
Property taxes	-	-	-	-	-	-
Accounts, net	63	-	-	-	-	-
Due from other governmental units	-	-	13,005	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 295,882</u>	<u>\$ 35,652</u>	<u>\$ 13,005</u>	<u>\$ 67,870</u>	<u>\$ 4,525</u>	<u>\$ 1,121</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 57,417	\$ -	\$ 1,505	\$ 2,550	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other governmental units -						
Federal/state	-	31,562	-	-	-	-
Due to other funds	-	-	-	-	-	-
Interfund payable	-	-	11,500	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>57,417</u>	<u>31,562</u>	<u>13,005</u>	<u>2,550</u>	<u>-</u>	<u>-</u>
Fund balances						
Unreserved:						
Designated for subsequent year expenditures	-	-	-	-	-	-
Undesignated	238,465	4,090	-	65,320	4,525	1,121
Total fund balances	<u>238,465</u>	<u>4,090</u>	<u>-</u>	<u>65,320</u>	<u>4,525</u>	<u>1,121</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 295,882</u>	<u>\$ 35,652</u>	<u>\$ 13,005</u>	<u>\$ 67,870</u>	<u>\$ 4,525</u>	<u>\$ 1,121</u>

Special Revenue Funds		Debt Service Funds				Permanent Trust Funds	
Kellogg Foundation Grant	Juvenile Millage	Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Installment Purchase	Juvenile Court Trust	Youth Facility Trust
\$ 866,490	\$ 133,987	\$ 401	\$ -	\$ -	\$ -	\$ 12,168	\$ 5,600
-	7,542	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 866,490</u>	<u>\$ 141,529</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,168</u>	<u>\$ 5,600</u>
\$ -	\$ 10,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,542	-	-	-	-	-	-
-	18,469	-	-	-	-	-	58
183,486	-	-	-	-	-	-	-
683,004	123,060	401	-	-	-	12,168	5,542
866,490	123,060	401	-	-	-	12,168	5,542
<u>\$ 866,490</u>	<u>\$ 141,529</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,168</u>	<u>\$ 5,600</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Concluded)
September 30, 2008

	<u>Permanent Trust Funds</u>				<u>Total</u>
	<u>Lincoln Brick Trust</u>	<u>Sheriff Donations Trust</u>	<u>Prosecuting Attorney Donations Trust</u>	<u>EATON Trust</u>	
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 120,273	\$ 96	\$ 44	\$ 595	\$ 5,079,745
Receivables:					
Property taxes	-	-	-	-	42,162
Accounts, net	-	-	-	-	81,962
Due from other governmental units	-	-	-	-	445,870
	<u>\$ 120,273</u>	<u>\$ 96</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 5,649,739</u>
<u>TOTAL ASSETS</u>					
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 800	\$ 11	\$ -	\$ -	\$ 406,274
Accrued liabilities	-	-	-	-	123,168
Due to other governmental units -					
Federal/state	-	-	-	-	101,562
Due to other funds	-	-	-	-	16,043
Interfund payable	-	-	-	-	346,697
Deferred revenue	-	-	-	-	42,162
	<u>800</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>1,035,906</u>
Total liabilities					
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	1,250,137
Undesignated	119,473	85	44	595	3,363,696
	<u>119,473</u>	<u>85</u>	<u>44</u>	<u>595</u>	<u>4,613,833</u>
Total fund balances					
	<u>\$ 120,273</u>	<u>\$ 96</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 5,649,739</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>					

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

Special Revenue Funds

	Parks and Recreation	Parks Special Projects	Friend of the Court	Fox Park	Landfill
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	19,248	-	-	99,923	-
Local	-	-	-	-	-
Charges for services	60,227	-	33,620	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	2,499	-	-	-	-
Total revenues	81,974	-	33,620	99,923	-
Expenditures					
Current:					
Judicial	-	-	62,427	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	-	83,074
Parks, recreation and culture	472,963	16,685	-	5,297	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	123,769	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	472,963	16,685	62,427	129,066	83,074
Revenue over (under) expenditures	(390,989)	(16,685)	(28,807)	(29,143)	(83,074)
Other financing sources (uses)					
Transfers in	433,286	-	28,808	29,143	83,074
Transfers out	-	(29,143)	-	-	-
Total other financing sources (uses)	433,286	(29,143)	28,808	29,143	83,074
Net change in fund balances	42,297	(45,828)	1	-	-
Fund balances (deficit), October 1	4,539	99,377	1	1	15,058
Fund balances (deficit), September 30	\$ 46,836	\$ 53,549	\$ 2	\$ 1	\$ 15,058

Special Revenue Funds

Solid Waste Ordinance	CDBG Housing Grant	Homeowner Purchase Rehab	Economic Development Revolving	Construction Code Enforcement	Public Improvement	Planning Aerial Photo's	Remonumentation Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	357,421	-	-	-
1,474	159,249	54,900	-	-	-	-	99,885
-	-	-	-	1,970	-	-	-
285,231	26,717	-	-	8,596	-	1,022	18,514
-	-	-	-	1,965	-	-	-
-	-	-	1,411	-	-	-	-
-	-	131	-	-	-	-	-
<u>286,705</u>	<u>185,966</u>	<u>55,031</u>	<u>1,411</u>	<u>369,952</u>	<u>-</u>	<u>1,022</u>	<u>118,399</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	118,472
-	-	-	-	550,807	-	-	-
244,932	251,447	55,033	32,114	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	228	58,645	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>244,932</u>	<u>251,447</u>	<u>55,033</u>	<u>32,114</u>	<u>551,035</u>	<u>58,645</u>	<u>-</u>	<u>118,472</u>
<u>41,773</u>	<u>(65,481)</u>	<u>(2)</u>	<u>(30,703)</u>	<u>(181,083)</u>	<u>(58,645)</u>	<u>1,022</u>	<u>(73)</u>
-	-	-	-	183,000	174,000	-	-
-	-	-	-	-	(104,239)	-	-
-	-	-	-	183,000	69,761	-	-
41,773	(65,481)	(2)	(30,703)	1,917	11,116	1,022	(73)
181,501	110,549	2	35,026	3,956	653,544	32,199	25,731
<u>\$ 223,274</u>	<u>\$ 45,068</u>	<u>\$ -</u>	<u>\$ 4,323</u>	<u>\$ 5,873</u>	<u>\$ 664,660</u>	<u>\$ 33,221</u>	<u>\$ 25,658</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

Special Revenue Funds

	Parcel Layer Comprehensive Plan	Register of Deeds Technology	Prisoner Boarding	Jail Millage	Jail Millage II
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 6,842	\$ 2,390,451
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	-	-	15,287
Local	-	-	-	-	-
Charges for services	-	95,220	7,616	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	7,238	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	102,458	7,616	6,842	2,405,738
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	137,046	-	-	-
Public safety	8,482	-	120,786	361,559	624,524
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	327	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	8,482	137,373	120,786	361,559	624,524
Revenue over (under) expenditures	(8,482)	(34,915)	(113,170)	(354,717)	1,781,214
Other financing sources (uses)					
Transfers in	13,500	-	113,171	-	-
Transfers out	-	(11,900)	-	(157,162)	(1,066,192)
Total other financing sources (uses)	13,500	(11,900)	113,171	(157,162)	(1,066,192)
Net change in fund balances	5,018	(46,815)	1	(511,879)	715,022
Fund balances (deficit), October 1	14,414	281,015	-	956,973	-
Fund balances (deficit), September 30	\$ 19,432	\$ 234,200	\$ 1	\$ 445,094	\$ 715,022

Special Revenue Funds

Criminal Property Forfeiture	Drug Law Forfeiture	Vertical Drug Prosecution and Forfeiture	Law Library	S.T.O.P. Grant	Drug Court III Circuit Court	Community Corrections	Domestic Preparedness
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	36,630	-	55,354	91,460	162,916	364,923
-	-	-	-	-	-	-	-
-	-	-	-	-	6,750	50,675	-
-	10,702	-	6,500	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,702	36,630	6,500	55,354	98,210	213,591	364,923
-	-	-	6,456	-	116,389	-	-
-	-	-	-	-	-	-	-
-	-	71,474	-	80,706	-	223,694	11,296
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	353,627
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	71,474	6,456	80,706	116,389	223,694	364,923
-	10,702	(34,844)	44	(25,352)	(18,179)	(10,103)	-
-	-	39,287	-	25,352	-	-	-
-	(10,702)	-	-	-	(680)	-	-
-	(10,702)	39,287	-	25,352	(680)	-	-
-	-	4,443	44	-	(18,859)	(10,103)	-
868	-	1	85	-	36,389	33,742	1,717
<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 4,444</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 17,530</u>	<u>\$ 23,639</u>	<u>\$ 1,717</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

Special Revenue Funds

	Soil Erosion Enforcement	Child Care - DHS	Community Prosecution	Property Forfeiture Prosecutor	Bureau of Justice LLEBG
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	25	-	-	15,526
Local	-	-	-	-	-
Charges for services	-	-	416,641	-	-
Fines and forfeitures	-	-	-	5,175	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	25	416,641	5,175	15,526
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	348,572	-	-
Health and social services	-	42	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	15,526
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	42	348,572	-	15,526
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	(17)	68,069	5,175	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)					
Transfers in	-	2,500	-	-	-
Transfers out	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	2,500	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	2,483	68,069	5,175	-
Fund balances (deficit), October 1	1,755	15,720	415,632	635	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), September 30	<u>\$ 1,755</u>	<u>\$ 18,203</u>	<u>\$ 483,701</u>	<u>\$ 5,810</u>	<u>\$ -</u>

Special Revenue Funds

Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services	Soldiers and Sailors	Veterans Trust	Historical Commission
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	17,611	19,859	35,331	601,008	-	10,782	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,673	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,673</u>	<u>17,611</u>	<u>19,859</u>	<u>35,331</u>	<u>601,008</u>	<u>-</u>	<u>10,782</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,281	14,723	39,599	35,331	-	-	-	-
-	-	-	-	601,326	29,805	13,460	-
-	-	-	-	-	-	-	11,279
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,281</u>	<u>14,723</u>	<u>39,599</u>	<u>35,331</u>	<u>601,326</u>	<u>29,805</u>	<u>13,460</u>	<u>11,279</u>
<u>2,392</u>	<u>2,888</u>	<u>(19,740)</u>	<u>-</u>	<u>(318)</u>	<u>(29,805)</u>	<u>(2,678)</u>	<u>(11,279)</u>
-	-	-	-	15,000	25,000	-	12,000
(14,289)	-	-	-	-	-	-	-
<u>(14,289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>25,000</u>	<u>-</u>	<u>12,000</u>
(11,897)	2,888	(19,740)	-	14,682	(4,805)	(2,678)	721
<u>23,843</u>	<u>14,484</u>	<u>28,008</u>	<u>-</u>	<u>7,681</u>	<u>20,895</u>	<u>2,825</u>	<u>6,479</u>
<u>\$ 11,946</u>	<u>\$ 17,372</u>	<u>\$ 8,268</u>	<u>\$ -</u>	<u>\$ 22,363</u>	<u>\$ 16,090</u>	<u>\$ 147</u>	<u>\$ 7,200</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue Funds					
	Computer	Home Tax Exemption Audit	Brownfield Redevelopment	Local Corrections Officer Training	Sheriff Reserve Fund	LEAD Drug Testing
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	61,031	-	-	-
Local	-	-	-	-	-	-
Charges for services	39,100	-	-	19,840	-	167
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	3,045	-	-	-	-
Miscellaneous	4,987	-	-	-	-	-
Total revenues	<u>44,087</u>	<u>3,045</u>	<u>61,031</u>	<u>19,840</u>	<u>-</u>	<u>167</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	22,473	19,475	-
Health and social services	-	-	61,031	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	1,537	-	-	-	-	-
Capital outlay	688,431	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>689,968</u>	<u>-</u>	<u>61,031</u>	<u>22,473</u>	<u>19,475</u>	<u>-</u>
Revenue over (under) expenditures	<u>(645,881)</u>	<u>3,045</u>	<u>-</u>	<u>(2,633)</u>	<u>(19,475)</u>	<u>167</u>
Other financing sources (uses)						
Transfers in	733,218	-	-	-	24,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>733,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>-</u>
Net change in fund balances	87,337	3,045	-	(2,633)	4,525	167
Fund balances (deficit), October 1	151,128	1,045	-	67,953	-	954
Fund balances (deficit), September 30	<u><u>\$ 238,465</u></u>	<u><u>\$ 4,090</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,320</u></u>	<u><u>\$ 4,525</u></u>	<u><u>\$ 1,121</u></u>

Special Revenue Funds		Debt Service Funds				Permanent Trust Funds	
Kellogg Foundation Grant	Juvenile Millage	Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Installment Purchase	Juvenile Court Trust	Youth Facility Trust
\$ -	\$ 1,359,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	48,715	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	277	-
199,999	-	-	-	-	-	1,890	3,352
199,999	1,359,574	-	48,715	-	-	2,167	3,352
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	152,528	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,289	3,518
-	72,030	-	-	-	-	-	-
-	-	75,000	35,000	155,000	79,512	-	-
-	-	31,613	13,715	861,781	24,727	-	-
-	224,558	106,613	48,715	1,016,781	104,239	1,289	3,518
199,999	1,135,016	(106,613)	-	(1,016,781)	(104,239)	878	(166)
-	-	106,613	-	956,394	104,239	-	-
(112,295)	(1,003,101)	-	-	-	-	-	-
(112,295)	(1,003,101)	106,613	-	956,394	104,239	-	-
87,704	131,915	-	-	(60,387)	-	878	(166)
778,786	(8,855)	401	-	60,387	-	11,290	5,708
\$ 866,490	\$ 123,060	\$ 401	\$ -	\$ -	\$ -	\$ 12,168	\$ 5,542

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Permanent Trust Funds				Total
	Lincoln Brick Trust	Sheriff Donations Trust	Prosecuting Attorney Donations Trust	EATON Trust	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,756,867
Licenses and permits	-	-	-	-	357,421
Intergovernmental:					
Federal/state	-	-	-	-	1,922,422
Local	-	-	-	-	50,685
Charges for services	-	-	-	-	1,069,936
Fines and forfeitures	-	-	-	-	28,015
Interest and rent	2,607	-	-	-	14,578
Miscellaneous	12,914	1,600	-	-	227,372
	<u>15,521</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>7,427,296</u>
Expenditures					
Current:					
Judicial	-	-	-	-	185,272
General government	-	-	-	-	255,518
Public safety	-	-	-	-	2,687,310
Health and social services	-	-	-	-	1,372,264
Parks, recreation and culture	-	-	-	-	506,224
Miscellaneous	5,218	2,408	-	-	13,970
Capital outlay	-	-	-	-	1,312,583
Debt service:					
Principal retirement	-	-	-	-	344,512
Interest and fiscal charges	-	-	-	-	931,836
	<u>5,218</u>	<u>2,408</u>	<u>-</u>	<u>-</u>	<u>7,609,489</u>
Revenue over (under) expenditures	<u>10,303</u>	<u>(808)</u>	<u>-</u>	<u>-</u>	<u>(182,193)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	3,101,585
Transfers out	-	-	-	-	(2,509,703)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,882</u>
Net change in fund balances	10,303	(808)	-	-	409,689
Fund balances (deficit), October 1	109,170	893	44	595	4,204,144
Fund balances (deficit), September 30	<u>\$ 119,473</u>	<u>\$ 85</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 4,613,833</u>

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Parks and Recreation</u>			<u>Parks Special Projects</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	11,675	19,248	7,573	-	-	-
Local	-	-	-	-	-	-
Charges for services	60,467	60,227	(240)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	3,200	2,499	(701)	-	-	-
Total revenues	<u>75,342</u>	<u>81,974</u>	<u>6,632</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	522,947	472,963	49,984	83,333	16,685	66,648
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>522,947</u>	<u>472,963</u>	<u>49,984</u>	<u>83,333</u>	<u>16,685</u>	<u>66,648</u>
Revenue over (under) expenditures	<u>(447,605)</u>	<u>(390,989)</u>	<u>56,616</u>	<u>(83,333)</u>	<u>(16,685)</u>	<u>66,648</u>
Other financing sources (uses)						
Transfers in	445,890	433,286	(12,604)	-	-	-
Transfers out	-	-	-	-	(29,143)	(29,143)
Total other financing sources (uses)	<u>445,890</u>	<u>433,286</u>	<u>(12,604)</u>	<u>-</u>	<u>(29,143)</u>	<u>(29,143)</u>
Net change in fund balances	(1,715)	42,297	44,012	(83,333)	(45,828)	37,505
Fund balances, October 1	<u>4,539</u>	<u>4,539</u>	<u>-</u>	<u>99,377</u>	<u>99,377</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 2,824</u>	<u>\$ 46,836</u>	<u>\$ 44,012</u>	<u>\$ 16,044</u>	<u>\$ 53,549</u>	<u>\$ 37,505</u>

Friend of the Court			Fox Park			Landfill		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	123,770	99,923	(23,847)	-	-	-
-	-	-	-	-	-	-	-	-
20,010	33,620	13,610	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,010	33,620	13,610	123,770	99,923	(23,847)	-	-	-
65,287	62,427	2,860	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	83,074	83,074	-
-	-	-	-	5,297	(5,297)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	123,770	123,769	1	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
65,287	62,427	2,860	123,770	129,066	(5,296)	83,074	83,074	-
(45,277)	(28,807)	16,470	-	(29,143)	(29,143)	(83,074)	(83,074)	-
45,277	28,808	(16,469)	-	29,143	29,143	73,144	83,074	9,930
-	-	-	-	-	-	-	-	-
45,277	28,808	(16,469)	-	29,143	29,143	73,144	83,074	9,930
-	1	1	-	-	-	(9,930)	-	9,930
1	1	-	1	1	-	15,058	15,058	-
\$ 1	\$ 2	\$ 1	\$ 1	\$ 1	\$ -	\$ 5,128	\$ 15,058	\$ 9,930

Continued ...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	Solid Waste Ordinance			CDBG Housing Grant		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	1,474	1,474	145,000	159,249	14,249
Local	-	-	-	-	-	-
Charges for services	242,370	285,231	42,861	35,595	26,717	(8,878)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>242,370</u>	<u>286,705</u>	<u>44,335</u>	<u>180,595</u>	<u>185,966</u>	<u>5,371</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	270,497	244,932	25,565	261,929	251,447	10,482
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>270,497</u>	<u>244,932</u>	<u>25,565</u>	<u>261,929</u>	<u>251,447</u>	<u>10,482</u>
Revenue over (under) expenditures	<u>(28,127)</u>	<u>41,773</u>	<u>69,900</u>	<u>(81,334)</u>	<u>(65,481)</u>	<u>15,853</u>
Other financing sources (uses)						
Transfers in	-	-	-	87,400	-	(87,400)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,400</u>	<u>-</u>	<u>(87,400)</u>
Net change in fund balances	<u>(28,127)</u>	<u>41,773</u>	<u>69,900</u>	<u>6,066</u>	<u>(65,481)</u>	<u>(71,547)</u>
Fund balances, October 1	<u>181,501</u>	<u>181,501</u>	<u>-</u>	<u>110,549</u>	<u>110,549</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 153,374</u>	<u>\$ 223,274</u>	<u>\$ 69,900</u>	<u>\$ 116,615</u>	<u>\$ 45,068</u>	<u>\$ (71,547)</u>

<u>Homeowner Purchase Rehab</u>			<u>Economic Development Revolving</u>			<u>Construction Code Enforcement</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	588,238	357,421	(230,817)
250,900	54,900	(196,000)	-	-	-	-	-	-
-	-	-	-	-	-	2,000	1,970	(30)
-	-	-	15,785	-	(15,785)	15,000	8,596	(6,404)
-	-	-	-	-	-	1,000	1,965	965
-	-	-	-	1,411	1,411	-	-	-
-	131	131	-	-	-	-	-	-
<u>250,900</u>	<u>55,031</u>	<u>(195,869)</u>	<u>15,785</u>	<u>1,411</u>	<u>(14,374)</u>	<u>606,238</u>	<u>369,952</u>	<u>(236,286)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	585,629	550,807	34,822
175,000	55,033	119,967	32,135	32,114	21	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	375	228	147
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>175,000</u>	<u>55,033</u>	<u>119,967</u>	<u>32,135</u>	<u>32,114</u>	<u>21</u>	<u>586,004</u>	<u>551,035</u>	<u>34,969</u>
<u>75,900</u>	<u>(2)</u>	<u>(75,902)</u>	<u>(16,350)</u>	<u>(30,703)</u>	<u>(14,353)</u>	<u>20,234</u>	<u>(181,083)</u>	<u>(201,317)</u>
-	-	-	-	-	-	183,000	183,000	-
(75,900)	-	75,900	-	-	-	-	-	-
<u>(75,900)</u>	<u>-</u>	<u>75,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,000</u>	<u>183,000</u>	<u>-</u>
-	(2)	(2)	(16,350)	(30,703)	(14,353)	203,234	1,917	(201,317)
<u>2</u>	<u>2</u>	<u>-</u>	<u>35,026</u>	<u>35,026</u>	<u>-</u>	<u>3,956</u>	<u>3,956</u>	<u>-</u>
<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 18,676</u>	<u>\$ 4,323</u>	<u>\$ (14,353)</u>	<u>\$ 207,190</u>	<u>\$ 5,873</u>	<u>\$ (201,317)</u>

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	Public Improvement			Planning Aerial Photo's		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	1,022	1,022
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	-	1,022	1,022
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	234,000	58,645	175,355	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	234,000	58,645	175,355	-	-	-
Revenue over (under) expenditures	(234,000)	(58,645)	175,355	-	1,022	1,022
Other financing sources (uses)						
Transfers in	174,000	174,000	-	-	-	-
Transfers out	(104,239)	(104,239)	-	-	-	-
Total other financing sources (uses)	69,761	69,761	-	-	-	-
Net change in fund balances	(164,239)	11,116	175,355	-	1,022	1,022
Fund balances, October 1	653,544	653,544	-	32,199	32,199	-
Fund balances (deficit), September 30	\$ 489,305	\$ 664,660	\$ 175,355	\$ 32,199	\$ 33,221	\$ 1,022

Remonumentation Grant			Parcel Layer Comprehensive Plan			Register of Deeds Technology		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
144,500	99,885	(44,615)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
25,500	18,514	(6,986)	-	-	-	130,000	95,220	(34,780)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,000	7,238	(4,762)
-	-	-	-	-	-	-	-	-
170,000	118,399	(51,601)	-	-	-	142,000	102,458	(39,542)
-	-	-	-	-	-	-	-	-
170,000	118,472	51,528	-	-	-	141,400	137,046	4,354
-	-	-	7,500	8,482	(982)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	135,053	327	134,726
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
170,000	118,472	51,528	7,500	8,482	(982)	276,453	137,373	139,080
-	(73)	(73)	(7,500)	(8,482)	(982)	(134,453)	(34,915)	99,538
-	-	-	13,500	13,500	-	-	-	-
-	-	-	-	-	-	(14,305)	(11,900)	2,405
-	-	-	13,500	13,500	-	(14,305)	(11,900)	2,405
-	(73)	(73)	6,000	5,018	(982)	(148,758)	(46,815)	101,943
25,731	25,731	-	14,414	14,414	-	281,015	281,015	-
\$ 25,731	\$ 25,658	\$ (73)	\$ 20,414	\$ 19,432	\$ (982)	\$ 132,257	\$ 234,200	\$ 101,943

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Prisoner Boarding</u>			<u>Jail Millage</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 3,450	\$ 6,842	\$ 3,392
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	19,018	7,616	(11,402)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>19,018</u>	<u>7,616</u>	<u>(11,402)</u>	<u>3,450</u>	<u>6,842</u>	<u>3,392</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	97,820	120,786	(22,966)	441,832	361,559	80,273
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>97,820</u>	<u>120,786</u>	<u>(22,966)</u>	<u>441,832</u>	<u>361,559</u>	<u>80,273</u>
Revenue over (under) expenditures	<u>(78,802)</u>	<u>(113,170)</u>	<u>(34,368)</u>	<u>(438,382)</u>	<u>(354,717)</u>	<u>83,665</u>
Other financing sources (uses)						
Transfers in	86,893	113,171	26,278	-	-	-
Transfers out	-	-	-	(104,618)	(157,162)	(52,544)
Total other financing sources (uses)	<u>86,893</u>	<u>113,171</u>	<u>26,278</u>	<u>(104,618)</u>	<u>(157,162)</u>	<u>(52,544)</u>
Net change in fund balances	8,091	1	(8,090)	(543,000)	(511,879)	31,121
Fund balances, October 1	-	-	-	956,973	956,973	-
Fund balances (deficit), September 30	<u>\$ 8,091</u>	<u>\$ 1</u>	<u>\$ (8,090)</u>	<u>\$ 413,973</u>	<u>\$ 445,094</u>	<u>\$ 31,121</u>

Jail Millage II			Criminal Property Forfeiture			Drug Law Forfeiture		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ 2,406,924	\$ 2,390,451	\$ (16,473)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
8,000	15,287	7,287	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	36,968	10,702	(26,266)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,414,924	2,405,738	(9,186)	-	-	-	36,968	10,702	(26,266)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,410,989	624,524	786,465	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	600	-	600	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,410,989	624,524	786,465	600	-	600	-	-	-
1,003,935	1,781,214	777,279	(600)	-	600	36,968	10,702	(26,266)
-	-	-	-	-	-	-	-	-
(1,066,193)	(1,066,192)	1	-	-	-	(36,968)	(10,702)	26,266
(1,066,193)	(1,066,192)	1	-	-	-	(36,968)	(10,702)	26,266
(62,258)	715,022	777,280	(600)	-	600	-	-	-
-	-	-	868	868	-	-	-	-
\$ (62,258)	\$ 715,022	\$ 777,280	\$ 268	\$ 868	\$ 600	\$ -	\$ -	\$ -

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	Vertical Drug Prosecution and Forfeiture			Law Library		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	32,186	36,630	4,444	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	6,500	6,500	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	32,186	36,630	4,444	6,500	6,500	-
Expenditures						
Current:						
Judicial	-	-	-	6,500	6,456	44
General government	-	-	-	-	-	-
Public safety	86,977	71,474	15,503	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	86,977	71,474	15,503	6,500	6,456	44
Revenue over (under) expenditures	(54,791)	(34,844)	19,947	-	44	44
Other financing sources (uses)						
Transfers in	54,791	39,287	(15,504)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	54,791	39,287	(15,504)	-	-	-
Net change in fund balances	-	4,443	4,443	-	44	44
Fund balances, October 1	1	1	-	85	85	-
Fund balances (deficit), September 30	\$ 1	\$ 4,444	\$ 4,443	\$ 85	\$ 129	\$ 44

S.T.O.P. Grant			Drug Court III			Community Corrections		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
61,504	55,354	(6,150)	73,332	91,460	18,128	167,188	162,916	(4,272)
-	-	-	-	-	-	-	-	-
-	-	-	11,422	6,750	(4,672)	60,000	50,675	(9,325)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
61,504	55,354	(6,150)	84,754	98,210	13,456	227,188	213,591	(13,597)
-	-	-	158,703	116,389	42,314	-	-	-
-	-	-	-	-	-	-	-	-
95,334	80,706	14,628	-	-	-	239,286	223,694	15,592
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
95,334	80,706	14,628	158,703	116,389	42,314	239,286	223,694	15,592
(33,830)	(25,352)	8,478	(73,949)	(18,179)	55,770	(12,098)	(10,103)	1,995
33,830	25,352	(8,478)	40,000	-	(40,000)	-	-	-
-	-	-	(680)	(680)	-	-	-	-
33,830	25,352	(8,478)	39,320	(680)	(40,000)	-	-	-
-	-	-	(34,629)	(18,859)	15,770	(12,098)	(10,103)	1,995
-	-	-	36,389	36,389	-	33,742	33,742	-
\$ -	\$ -	\$ -	\$ 1,760	\$ 17,530	\$ 15,770	\$ 21,644	\$ 23,639	\$ 1,995

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Domestic Preparedness</u>			<u>Soil Erosion Enforcement</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	342,926	364,923	21,997	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	1,800	-	(1,800)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>342,926</u>	<u>364,923</u>	<u>21,997</u>	<u>1,800</u>	<u>-</u>	<u>(1,800)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	16,675	11,296	5,379	1,800	-	1,800
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	300,000	353,627	(53,627)	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>316,675</u>	<u>364,923</u>	<u>(48,248)</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Revenue over (under) expenditures	<u>26,251</u>	<u>-</u>	<u>(26,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,251	-	(26,251)	-	-	-
Fund balances, October 1	<u>1,717</u>	<u>1,717</u>	<u>-</u>	<u>1,755</u>	<u>1,755</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 27,968</u>	<u>\$ 1,717</u>	<u>\$ (26,251)</u>	<u>\$ 1,755</u>	<u>\$ 1,755</u>	<u>\$ -</u>

Child Care - DHS			Community Prosecution			Property Forfeiture Prosecutor		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	25	25	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	312,494	416,641	104,147	-	-	-
-	-	-	-	-	-	-	5,175	5,175
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	25	25	312,494	416,641	104,147	-	5,175	5,175
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	352,617	348,572	4,045	-	-	-
2,500	42	2,458	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,500	42	2,458	352,617	348,572	4,045	-	-	-
(2,500)	(17)	2,483	(40,123)	68,069	108,192	-	5,175	5,175
2,500	2,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,500	2,500	-	-	-	-	-	-	-
-	2,483	2,483	(40,123)	68,069	108,192	-	5,175	5,175
15,720	15,720	-	415,632	415,632	-	635	635	-
\$ 15,720	\$ 18,203	\$ 2,483	\$ 375,509	\$ 483,701	\$ 108,192	\$ 635	\$ 5,810	\$ 5,175

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Bureau of Justice LLEBG</u>			<u>Drug Forfeiture Prosecutor</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	15,526	15,526	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	4,000	3,673	(327)
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>15,526</u>	<u>15,526</u>	<u>-</u>	<u>4,000</u>	<u>3,673</u>	<u>(327)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	1,431	1,281	150
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	15,526	15,526	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>15,526</u>	<u>15,526</u>	<u>-</u>	<u>1,431</u>	<u>1,281</u>	<u>150</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,569</u>	<u>2,392</u>	<u>(177)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(13,289)	(14,289)	(1,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,289)</u>	<u>(14,289)</u>	<u>(1,000)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,720)</u>	<u>(11,897)</u>	<u>(1,177)</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,843</u>	<u>23,843</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,123</u>	<u>\$ 11,946</u>	<u>\$ (1,177)</u>

<u>Michigan Justice Training</u>			<u>Dispatcher Training</u>			<u>OHSP Traffic Enforcement</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
15,000	17,611	2,611	10,000	19,859	9,859	37,000	35,331	(1,669)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>15,000</u>	<u>17,611</u>	<u>2,611</u>	<u>10,000</u>	<u>19,859</u>	<u>9,859</u>	<u>37,000</u>	<u>35,331</u>	<u>(1,669)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,000	14,723	277	43,500	39,599	3,901	63,251	35,331	27,920
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>15,000</u>	<u>14,723</u>	<u>277</u>	<u>43,500</u>	<u>39,599</u>	<u>3,901</u>	<u>63,251</u>	<u>35,331</u>	<u>27,920</u>
-	2,888	2,888	(33,500)	(19,740)	13,760	(26,251)	-	26,251
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2,888	2,888	(33,500)	(19,740)	13,760	(26,251)	-	26,251
<u>14,484</u>	<u>14,484</u>	<u>-</u>	<u>28,008</u>	<u>28,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 14,484</u>	<u>\$ 17,372</u>	<u>\$ 2,888</u>	<u>\$ (5,492)</u>	<u>\$ 8,268</u>	<u>\$ 13,760</u>	<u>\$ (26,251)</u>	<u>\$ -</u>	<u>\$ 26,251</u>

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EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Department of Human Services</u>			<u>Soldiers and Sailors</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	500,000	601,008	101,008	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>500,000</u>	<u>601,008</u>	<u>101,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	515,000	601,326	(86,326)	28,500	29,805	(1,305)
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>515,000</u>	<u>601,326</u>	<u>(86,326)</u>	<u>28,500</u>	<u>29,805</u>	<u>(1,305)</u>
Revenue over (under) expenditures	<u>(15,000)</u>	<u>(318)</u>	<u>14,682</u>	<u>(28,500)</u>	<u>(29,805)</u>	<u>(1,305)</u>
Other financing sources (uses)						
Transfers in	15,000	15,000	-	25,000	25,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances	-	14,682	14,682	(3,500)	(4,805)	(1,305)
Fund balances, October 1	<u>7,681</u>	<u>7,681</u>	<u>-</u>	<u>20,895</u>	<u>20,895</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ 7,681</u>	<u>\$ 22,363</u>	<u>\$ 14,682</u>	<u>\$ 17,395</u>	<u>\$ 16,090</u>	<u>\$ (1,305)</u>

Veterans Trust			Historical Commission			Computer		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
22,498	10,782	(11,716)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	25,000	39,100	14,100
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,987	4,987
22,498	10,782	(11,716)	-	-	-	25,000	44,087	19,087
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,000	13,460	6,540	-	-	-	-	-	-
-	-	-	12,000	11,279	721	-	-	-
-	-	-	-	-	-	9,500	1,537	7,963
-	-	-	-	-	-	898,031	688,431	209,600
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,000	13,460	6,540	12,000	11,279	721	907,531	689,968	217,563
2,498	(2,678)	(5,176)	(12,000)	(11,279)	721	(882,531)	(645,881)	236,650
-	-	-	12,000	12,000	-	734,623	733,218	(1,405)
-	-	-	-	-	-	(700)	-	700
-	-	-	12,000	12,000	-	733,923	733,218	(705)
2,498	(2,678)	(5,176)	-	721	721	(148,608)	87,337	235,945
2,825	2,825	-	6,479	6,479	-	151,128	151,128	-
\$ 5,323	\$ 147	\$ (5,176)	\$ 6,479	\$ 7,200	\$ 721	\$ 2,520	\$ 238,465	\$ 235,945

Continued...

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Home Tax Exemption Audit</u>			<u>Brownfield Redevelopment</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	144,404	61,031	(83,373)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	3,045	3,045	-	-	-
Miscellaneous	-	-	-	-	-	-
	-	-	-	-	-	-
Total revenues	-	3,045	3,045	144,404	61,031	(83,373)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	132,904	61,031	71,873
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	-	-	-	-	-	-
Total expenditures	-	-	-	132,904	61,031	71,873
Revenue over (under) expenditures	-	3,045	3,045	11,500	-	(11,500)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(11,500)	-	11,500
	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(11,500)	-	11,500
Net change in fund balances	-	3,045	3,045	-	-	-
Fund balances, October 1	1,045	1,045	-	-	-	-
Fund balances (deficit), September 30	\$ 1,045	\$ 4,090	\$ 3,045	\$ -	\$ -	\$ -

Local Corrections Officer Training			Sheriff Reserve Fund			LEAD Drug Testing		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,685	19,840	12,155	-	-	-	-	167	167
-	-	-	600	-	(600)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>7,685</u>	<u>19,840</u>	<u>12,155</u>	<u>600</u>	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>167</u>	<u>167</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
23,613	22,473	1,140	24,000	19,475	4,525	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>23,613</u>	<u>22,473</u>	<u>1,140</u>	<u>24,000</u>	<u>19,475</u>	<u>4,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(15,928)</u>	<u>(2,633)</u>	<u>13,295</u>	<u>(23,400)</u>	<u>(19,475)</u>	<u>3,925</u>	<u>-</u>	<u>167</u>	<u>167</u>
-	-	-	24,000	24,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,000	24,000	-	-	-	-
(15,928)	(2,633)	13,295	600	4,525	3,925	-	167	167
<u>67,953</u>	<u>67,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>954</u>	<u>954</u>	<u>-</u>
<u>\$ 52,025</u>	<u>\$ 65,320</u>	<u>\$ 13,295</u>	<u>\$ 600</u>	<u>\$ 4,525</u>	<u>\$ 3,925</u>	<u>\$ 954</u>	<u>\$ 1,121</u>	<u>\$ 167</u>

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	<u>Kellogg Foundation Grant</u>			<u>Juvenile Millage</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,364,389	\$ 1,359,574	\$ (4,815)
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	318,000	199,999	(118,001)	-	-	-
Total revenues	<u>318,000</u>	<u>199,999</u>	<u>(118,001)</u>	<u>1,364,389</u>	<u>1,359,574</u>	<u>(4,815)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	345,906	152,528	193,378
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	72,030	72,030	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,936</u>	<u>224,558</u>	<u>193,378</u>
Revenue over (under) expenditures	318,000	199,999	(118,001)	946,453	1,135,016	188,563
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(250,587)	(112,295)	138,292	(1,026,546)	(1,003,101)	23,445
Total other financing sources (uses)	<u>(250,587)</u>	<u>(112,295)</u>	<u>138,292</u>	<u>(1,026,546)</u>	<u>(1,003,101)</u>	<u>23,445</u>
Net change in fund balances	67,413	87,704	20,291	(80,093)	131,915	212,008
Fund balances, October 1	778,786	778,786	-	(8,855)	(8,855)	-
Fund balances (deficit), September 30	<u>\$ 846,199</u>	<u>\$ 866,490</u>	<u>\$ 20,291</u>	<u>\$ (88,948)</u>	<u>\$ 123,060</u>	<u>\$ 212,008</u>

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2008

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Assets			
Current assets:			
Cash and cash equivalents	\$ 339,977	\$ 821,663	\$ (82,841)
Investments	2,219,687	-	-
Accounts receivable	347	127	-
Due from other funds	55,351	9,243	-
Prepays	-	18,661	582,668
	<u>2,615,362</u>	<u>849,694</u>	<u>499,827</u>
Total current assets			
Liabilities			
Current liabilities:			
Accounts payable	-	8,469	-
Accrued liabilities	-	61,471	198,800
	<u>-</u>	<u>69,940</u>	<u>198,800</u>
Total current liabilities			
Net assets			
Unrestricted	<u>\$ 2,615,362</u>	<u>\$ 779,754</u>	<u>\$ 301,027</u>

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 440,351	\$ 122,723	\$ 46,807	\$ 111,607	\$ 66,134	\$ 1,866,421
-	-	-	-	-	2,219,687
-	3	36	597	-	1,110
-	507	6,489	90,347	-	161,937
-	-	-	-	-	601,329
<u>440,351</u>	<u>123,233</u>	<u>53,332</u>	<u>202,551</u>	<u>66,134</u>	<u>4,850,484</u>
-	-	4,998	148,640	-	162,107
<u>238,075</u>	<u>-</u>	<u>7,814</u>	<u>-</u>	<u>13,996</u>	<u>520,156</u>
<u>238,075</u>	<u>-</u>	<u>12,812</u>	<u>148,640</u>	<u>13,996</u>	<u>682,263</u>
<u>\$ 202,276</u>	<u>\$ 123,233</u>	<u>\$ 40,520</u>	<u>\$ 53,911</u>	<u>\$ 52,138</u>	<u>\$ 4,168,221</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2008

	<u>Retirees Health Insurance</u>	<u>Workers' Compensation</u>	<u>Health Insurance</u>
Operating revenues			
Charges for services	\$ 1,241,637	\$ 222,794	\$ 4,800,044
Other revenues	-	570	-
	<u>1,241,637</u>	<u>223,364</u>	<u>4,800,044</u>
Operating expenses			
Personal services and fringe benefits	275	-	-
Contractual services	7,120	20,563	-
Insurance and claims	909,643	122,578	4,537,089
	<u>917,038</u>	<u>143,141</u>	<u>4,537,089</u>
Total operating expenses	<u>917,038</u>	<u>143,141</u>	<u>4,537,089</u>
Operating income (loss)	<u>324,599</u>	<u>80,223</u>	<u>262,955</u>
Nonoperating revenues (expenses)			
Interest revenue	5,298	9,397	-
Unrealized loss on investment	(230,066)	-	-
	<u>(224,768)</u>	<u>9,397</u>	<u>-</u>
Total nonoperating revenues	<u>(224,768)</u>	<u>9,397</u>	<u>-</u>
Change in net assets	99,831	89,620	262,955
Net assets, October 1	<u>2,515,531</u>	<u>690,134</u>	<u>38,072</u>
Net assets, September 30	<u><u>\$ 2,615,362</u></u>	<u><u>\$ 779,754</u></u>	<u><u>\$ 301,027</u></u>

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 708,192	\$ 11,171	\$ 143,256	\$ 1,994,694	\$ 237,325	\$ 9,359,113
-	-	-	-	-	570
<u>708,192</u>	<u>11,171</u>	<u>143,256</u>	<u>1,994,694</u>	<u>237,325</u>	<u>9,359,683</u>
-	-	-	1,971,523	-	1,971,798
10,665	-	-	-	205,270	243,618
<u>739,121</u>	<u>22,811</u>	<u>122,502</u>	<u>-</u>	<u>-</u>	<u>6,453,744</u>
<u>749,786</u>	<u>22,811</u>	<u>122,502</u>	<u>1,971,523</u>	<u>205,270</u>	<u>8,669,160</u>
<u>(41,594)</u>	<u>(11,640)</u>	<u>20,754</u>	<u>23,171</u>	<u>32,055</u>	<u>690,523</u>
63,315	-	-	-	-	78,010
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,066)</u>
<u>63,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,056)</u>
21,721	(11,640)	20,754	23,171	32,055	538,467
<u>180,555</u>	<u>134,873</u>	<u>19,766</u>	<u>30,740</u>	<u>20,083</u>	<u>3,629,754</u>
<u>\$ 202,276</u>	<u>\$ 123,233</u>	<u>\$ 40,520</u>	<u>\$ 53,911</u>	<u>\$ 52,138</u>	<u>\$ 4,168,221</u>

EATON COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2008

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Cash flows from operating activities			
Cash received from interfund services	\$ 1,231,127	\$ 221,500	\$ 4,800,044
Cash paid to/for employees/retirees	(909,918)	(140,374)	-
Cash paid to suppliers	(6,942)	(10,120)	(4,696,021)
	314,267	71,006	104,023
Cash flows from investing activities			
Purchase of investments	(400,000)	-	-
Interest received	5,298	9,397	-
	(394,702)	9,397	-
Net cash provided (used) by investing activities	(394,702)	9,397	-
Net increase (decrease) in cash and cash equivalents	(80,435)	80,403	104,023
Cash and cash equivalents, October 1	420,412	741,260	(186,864)
Cash and cash equivalents, September 30	\$ 339,977	\$ 821,663	\$ (82,841)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 324,599	\$ 80,223	\$ 262,955
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	178	78	-
Due from other funds	(10,510)	(1,864)	-
Prepays	-	3,371	(185,732)
Accounts payable	-	6,994	-
Accrued liabilities	-	(17,796)	26,800
	314,267	71,006	104,023
Net cash provided (used) by operating activities	\$ 314,267	\$ 71,006	\$ 104,023

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 708,192	\$ 11,079	\$ 142,074	\$ 1,976,556	\$ 237,325	\$ 9,327,897
-	(22,810)	(111,790)	(1,968,159)	-	(3,153,051)
<u>(669,779)</u>	<u>-</u>	<u>(335)</u>	<u>-</u>	<u>(202,113)</u>	<u>(5,585,310)</u>
<u>38,413</u>	<u>(11,731)</u>	<u>29,949</u>	<u>8,397</u>	<u>35,212</u>	<u>589,536</u>
-	-	-	-	-	(400,000)
<u>63,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,010</u>
<u>63,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321,990)</u>
101,728	(11,731)	29,949	8,397	35,212	267,546
<u>338,623</u>	<u>134,454</u>	<u>16,858</u>	<u>103,210</u>	<u>30,922</u>	<u>1,598,875</u>
<u>\$ 440,351</u>	<u>\$ 122,723</u>	<u>\$ 46,807</u>	<u>\$ 111,607</u>	<u>\$ 66,134</u>	<u>\$ 1,866,421</u>
\$ (41,594)	\$ (11,640)	\$ 20,754	\$ 23,171	\$ 32,055	\$ 690,523
-	2	23	211	-	492
-	(93)	(1,182)	(18,138)	-	(31,787)
-	-	-	-	-	(182,361)
-	-	4,998	3,153	3,157	18,302
<u>80,007</u>	<u>-</u>	<u>5,356</u>	<u>-</u>	<u>-</u>	<u>94,367</u>
<u>\$ 38,413</u>	<u>\$ (11,731)</u>	<u>\$ 29,949</u>	<u>\$ 8,397</u>	<u>\$ 35,212</u>	<u>\$ 589,536</u>

EATON COUNTY, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2008

	<u>Trust and Agency</u>	<u>Library</u>	<u>District Court Bond</u>
Assets			
Cash and cash equivalents	\$ 5,795,893	\$ 117,144	\$ 201,078
Accounts receivable	10,177	9,857	-
	<u>5,806,070</u>	<u>127,001</u>	<u>201,078</u>
Total assets	<u><u>5,806,070</u></u>	<u><u>127,001</u></u>	<u><u>201,078</u></u>
Liabilities			
Accounts payable	\$ 19,559	\$ -	\$ -
Due to individuals/agencies	208,973	-	201,078
Due to other governmental units	5,577,538	127,001	-
	<u>5,806,070</u>	<u>127,001</u>	<u>201,078</u>
Total liabilities	<u><u>\$ 5,806,070</u></u>	<u><u>\$ 127,001</u></u>	<u><u>\$ 201,078</u></u>

Inmate Trust Account	Property Forfeiture Trust	Total
\$ 9,873	\$ 3,000	\$ 6,126,988
-	-	20,034
<u>9,873</u>	<u>3,000</u>	<u>6,147,022</u>
\$ -	\$ -	\$ 19,559
9,873	3,000	422,924
-	-	5,704,539
<u>9,873</u>	<u>3,000</u>	<u>6,147,022</u>

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Board of Public Works Component Unit
September 30, 2008

	Debt Service Funds				
	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Brookfield Water / Sewer Systems
Assets					
Cash and cash equivalents	\$ -	\$ 1,378,068	\$ -	\$ -	\$ -
Lease receivable	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
	-	-	-	-	-
Total assets	\$ -	\$ 1,378,068	\$ -	\$ -	\$ -
Liabilities					
Interest payable	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances / net assets					
Fund balance- unreserved, undesignated	-	1,378,068	-	-	-
	-	1,378,068	-	-	-
Total liabilities and fund balances	\$ -	\$ 1,378,068	\$ -	\$ -	\$ -
Net assets - unrestricted					

**Capital
Projects**

Funds				
Grand Ledge Water/Sewer Systems	Brookfield Water/Sewer Systems	Total	GASB 34 Adjustments	Statement of Net Assets
\$ -	\$ -	\$ 1,378,068	\$ -	\$ 1,378,068
-	-	-	11,935,256	11,935,256
-	-	-	118,880	118,880
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,378,068</u>	<u>\$ 12,054,136</u>	<u>\$ 13,432,204</u>
\$ -	\$ -	\$ -	\$ 50,077	\$ 50,077
-	-	-	1,070,000	1,070,000
-	-	-	12,070,868	12,070,868
-	-	-	13,190,945	13,190,945
-	-	1,378,068	(1,378,068)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,378,068</u>		
			<u>\$ 241,259</u>	<u>\$ 241,259</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Board of Public Works Component Unit
September 30, 2008

Total fund balances for governmental funds		\$	1,378,068
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>			
<p>Leases receivable are not current financial resources and therefore are not reported in governmental funds</p>			11,935,256
<p>Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.</p>			
Deduct - bonds and notes payable	(13,140,868)		
Deduct - interest payable	(50,077)		
Add - unamortized bond issuance costs	118,880		
	(13,072,065)		(13,072,065)
Net assets of governmental activities		\$	<u>241,259</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, 2008

Debt Service Funds

	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Charlotte Water / Sewer Systems
Revenues					
Intergovernmental - local	\$ 136,050	\$ 447,719	\$ 463,700	\$ 230,519	\$ 168,303
Interest and rents	-	9,689	-	-	-
Total revenues	<u>136,050</u>	<u>457,408</u>	<u>463,700</u>	<u>230,519</u>	<u>168,303</u>
Expenditures / expenses					
Capital outlay	-	-	-	-	-
Debt service:					
Principal	105,000	280,000	350,000	195,000	125,000
Interest and fiscal charges	31,050	330,313	113,700	35,519	43,303
Total expenditures/expenses	<u>136,050</u>	<u>610,313</u>	<u>463,700</u>	<u>230,519</u>	<u>168,303</u>
Revenues over (under) expenditures/expenses	-	(152,905)	-	-	-
Other financing sources (uses)					
Transfers in	-	1,530,973	-	-	-
Transfers out	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>1,530,973</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	1,378,068	-	-	-
Change in net assets	-	-	-	-	-
Fund balances / net assets, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances / net assets, September 30	<u>\$ -</u>	<u>\$ 1,378,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Funds				
Grand Ledge	Brookfield			
Water/Sewer	Water/Sewer		GASB 34	Statement
Systems	Systems	Total	Adjustments	of Activities
\$ -	\$ -	\$ 1,446,291	\$ (1,055,000)	\$ 391,291
29,168	-	38,857	-	38,857
29,168	-	1,485,148	(1,055,000)	430,148
174,771	81,643	256,414	(256,414)	-
-	-	1,055,000	(1,055,000)	-
-	-	553,885	(11,685)	542,200
174,771	81,643	1,865,299	(1,323,099)	542,200
(145,603)	(81,643)	(380,151)	268,099	(112,052)
-	-	1,530,973	(1,530,973)	-
(1,530,973)	-	(1,530,973)	1,530,973	-
-	81,643	81,643	(81,643)	-
(1,530,973)	81,643	81,643	(81,643)	-
(1,676,576)	-	(298,508)	(298,508)	-
-	-	-	(112,052)	(112,052)
1,676,576	-	1,676,576	(1,323,265)	353,311
\$ -	\$ -	\$ 1,378,068	\$ (1,733,825)	\$ 241,259

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Board of Public Works Component Unit
For the Year Ended September 30, 2008

Net change in fund balance - total governmental funds \$ (298,508)

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, these costs are represent increases in leases receivable.

Add - capital outlay 256,414

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

Deduct - collections attributable to bond principal and accrued interest (1,055,000)

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

Deduct - long-term debt issued	(81,643)	
Add - debt principal payments	<u>1,055,000</u>	973,357

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

Add - decrease in accrual for interest payable on bonds and notes		<u>11,685</u>
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Changes in net assets of governmental activities \$ (112,052)

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Drainage Districts Component Unit
September 30, 2008

	Debt		Capital Projects Funds	
	Service Fund			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level
Assets				
Cash and cash equivalents	\$ 3,479,976	\$ 8,041,873	\$ 53,808	\$ 10,999
Special assessments receivable	43,189,782	-	-	-
Due from other funds	6,139	-	66,192	-
Bond issuance costs	-	5,000	-	-
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	<u>\$ 46,675,897</u>	<u>\$ 8,046,873</u>	<u>\$ 120,000</u>	<u>\$ 10,999</u>
Liabilities				
Accounts payable	-	916,399	-	-
Interest payable	-	-	-	-
Due from other funds	3,115	69,216	-	-
Deferred revenue	43,170,123	-	-	-
Advances from primary government	-	-	120,000	-
Short-term notes payable	-	270,000	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	43,173,238	1,255,615	120,000	-
Fund balances / net assets				
Fund balances - unreserved	<u>3,502,659</u>	<u>6,791,258</u>	<u>-</u>	<u>10,999</u>
Total liabilities and fund balances	<u>\$ 46,675,897</u>	<u>\$ 8,046,873</u>	<u>\$ 120,000</u>	<u>\$ 10,999</u>
Net assets				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total net assets				

<u>Lacey Lake Level</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 351	\$ 11,587,007	\$ -	\$ 11,587,007
-	43,189,782	-	43,189,782
-	72,331	-	72,331
-	5,000	189,550	194,550
-	-	37,441,216	37,441,216
-	-	34,557,533	34,557,533
<u>\$ 351</u>	<u>\$ 54,854,120</u>	<u>72,188,299</u>	<u>127,042,419</u>
-	916,399	-	916,399
-	-	595,420	595,420
-	72,331	-	72,331
-	43,170,123	(43,170,123)	-
-	120,000	-	120,000
-	270,000	-	270,000
-	-	5,009,203	5,009,203
-	-	40,475,028	40,475,028
-	44,548,853	2,909,528	47,458,381
<u>351</u>	<u>10,305,267</u>	<u>(10,305,267)</u>	<u>-</u>
<u>\$ 351</u>	<u>\$ 54,854,120</u>		
		26,514,518	26,514,518
		3,502,659	3,502,659
		49,566,861	49,566,861
		<u>\$ 79,584,038</u>	<u>\$ 79,584,038</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Drainage Districts Component Unit
September 30, 2008

Total fund balances for governmental funds \$ 10,305,267

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

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

Add - capital assets	\$ 83,999,890	
Deduct - accumulated depreciation	<u>(12,001,141)</u>	71,998,749

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

Add - deferred special assessments		43,170,123
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Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - long-term debt payable	(44,792,677)	
Deduct - unamortized premiums	(767,476)	
Add - unamortized deferred loss on refunding	75,922	
Add - unamortized bond issuance costs	189,550	
Deduct - interest payable	<u>(595,420)</u>	<u>(45,890,101)</u>

Net assets of governmental activities \$ 79,584,038

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, 2008

	Debt		Capital Projects Funds	
	Service Fund			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level
Revenues				
Charges for services	\$ -	\$ 247,487	\$ -	\$ -
Special assessments	4,999,204	448,776	-	-
Interest revenue	124,124	135,917	-	-
Miscellaneous	-	2,188	-	-
	<u>-</u>	<u>2,188</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,123,328</u>	<u>834,368</u>	<u>-</u>	<u>-</u>
Expenditures / expenses				
Public works	-	-	-	-
Capital outlay - construction and maintenance	-	7,519,796	-	-
Debt service:				
Principal	3,101,570	-	-	-
Interest and fiscal charges	1,819,227	158,468	-	-
Bond issuance costs	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures/expenses	<u>202,531</u>	<u>(6,843,896)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	134,560	-	-	-
Transfers out	-	(134,560)	-	-
Long-term debt issued	-	7,366,700	-	-
	<u>-</u>	<u>7,366,700</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>134,560</u>	<u>7,232,140</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	337,091	388,244	-	-
Change in net assets	-	-	-	-
Fund balances / net assets, October 1	<u>3,165,568</u>	<u>6,403,014</u>	<u>-</u>	<u>10,999</u>
Fund balances / net assets, September 30	<u>\$ 3,502,659</u>	<u>\$ 6,791,258</u>	<u>\$ -</u>	<u>\$ 10,999</u>

<u>Lacey Lake Level</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 247,487	\$ -	\$ 247,487
-	5,447,980	1,310,343	6,758,323
-	260,041	-	260,041
-	2,188	-	2,188
-	<u>5,957,696</u>	<u>1,310,343</u>	<u>7,268,039</u>
-	-	1,109,373	1,109,373
-	7,519,796	(7,519,796)	-
-	3,101,570	(3,101,570)	-
-	<u>1,977,695</u>	<u>(44,521)</u>	<u>1,933,174</u>
-	-	-	-
-	<u>(6,641,365)</u>	<u>10,866,857</u>	<u>4,225,492</u>
-	134,560	(134,560)	-
-	(134,560)	134,560	-
-	<u>7,366,700</u>	<u>(7,366,700)</u>	<u>-</u>
-	<u>7,366,700</u>	<u>(7,366,700)</u>	<u>-</u>
-	725,335	(725,335)	-
-	-	4,225,492	4,225,492
<u>351</u>	<u>9,579,932</u>	<u>65,778,614</u>	<u>75,358,546</u>
<u>\$ 351</u>	<u>\$ 10,305,267</u>	<u>\$ 69,278,771</u>	<u>\$ 79,584,038</u>

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Drainage Districts Component Unit
For the Year Ended September 30, 2008

Net change in fund balance - total governmental funds \$ 725,335

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

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

Deduct - decrease in deferred special assessments 1,310,343

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

Add - capital outlay	\$ 7,519,796	
Deduct - depreciation expense	<u>(1,109,373)</u>	
		6,410,423

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

Deduct - issuance of long-term and refunding debt	(7,366,700)	
Add - repayment of bond principal	<u>3,101,570</u>	
		(4,265,130)

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

Add - decrease in accrual for interest payable on long-term debt		
		<u>44,521</u>

Changes in net assets of governmental activities \$ 4,225,492

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
District Health Department Component Unit
September 30, 2008

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 1,426,357	\$ -	\$ 1,426,357
Accounts receivable, net	634,851	-	634,851
Prepays	41,751	-	41,751
Capital assets being depreciated, net	-	193,429	193,429
Total assets	<u>\$ 2,102,959</u>	<u>193,429</u>	<u>2,296,388</u>
Liabilities			
Accounts payable	\$ 124,587	-	124,587
Accrued liabilities	207,498	-	207,498
Deferred revenue	6,665	-	6,665
Long-term debt:			
Due within one year	-	31,941	31,941
Due in more than one year	-	287,470	287,470
Total liabilities	<u>338,750</u>	<u>319,411</u>	<u>658,161</u>
Fund balance / net assets			
Fund balance - unreserved:			
Designated for capital expenditures	32,600	(32,600)	-
Undesignated	1,731,609	(1,731,609)	-
Total fund balance	<u>1,764,209</u>	<u>(1,764,209)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,102,959</u>		
Net assets:			
Invested in capital assets		193,429	193,429
Unrestricted		1,444,798	1,444,798
Total net assets		<u>\$ 1,638,227</u>	<u>\$ 1,638,227</u>

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, 2008

	Special Revenue	GASB 34 Adjustments	Statement of Activities
Revenues			
Licenses and permits	\$ 118,882	\$ -	\$ 118,882
Intergovernmental:			
Federal/State	4,104,644	-	4,104,644
Local	1,203,787	-	1,203,787
Charges for services	1,099,982	-	1,099,982
Miscellaneous	145,413	-	145,413
Total revenues	6,672,708	-	6,672,708
Expenditures / expenses			
Health and social services	6,390,261	(50,058)	6,340,203
Net changes in fund balance	282,447	(282,447)	-
Change in net assets	-	332,505	332,505
Fund balance / net assets, October 1	1,481,762	(176,040)	1,305,722
Fund balance / net assets, September 30	\$ 1,764,209	\$ (125,982)	\$ 1,638,227

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
District Health Department Component Unit
September 30, 2008

Total fund balances for governmental funds	\$	1,764,209
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Equipment	1,093,666	
Accumulated depreciation	<u>(900,237)</u>	193,429

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

(319,411)

Net assets of governmental activities	\$	<u><u>1,638,227</u></u>
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EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
District Health Department Component Unit
For the Year Ended September 30, 2008

Net change in fund balance - total governmental funds \$ 282,447

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

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

Add - capital outlay	56,937	
Deduct - depreciation expense	(51,163)	5,774

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

Add - decrease in accrual for accrued compensated absences		44,284

Changes in net assets of governmental activities \$ 332,505