

Auditing Procedures Report

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

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Eaton County	County Eaton
Fiscal Year End September 30, 2007	Opinion Date February 4, 2008	Date Audit Report Submitted to State February 8, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

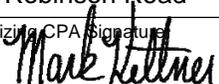
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES **NO** **Check each applicable box below.** (See instructions for further detail.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit		
Certified Public Accountant (Firm Name) REHMANN ROBSON		Telephone Number 517.787.6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49204
Authorizing CPA Signature 		Printed Name Mark T. Kettner, CPA, CGFM		License Number 11673



EATON COUNTY, MICHIGAN

Annual Financial Report

**For the Fiscal Year Ended
September 30, 2007**



REHMANN ROBSON

Certified Public Accountants

EATON COUNTY, MICHIGAN
For the Fiscal Year Ended September 30, 2007

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EATON COUNTY, MICHIGAN
For the Fiscal Year Ended September 30, 2007

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INTRODUCTORY SECTION



EATON COUNTY CONTROLLER/PERSONNEL

1045 Independence Blvd
Charlotte, MI 48813

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

John F. Fuentes, CPA
Controller

Connie L. Sobie
Assistant Controller

Mary M. Schelles
Personnel Specialist

February 4, 2008

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

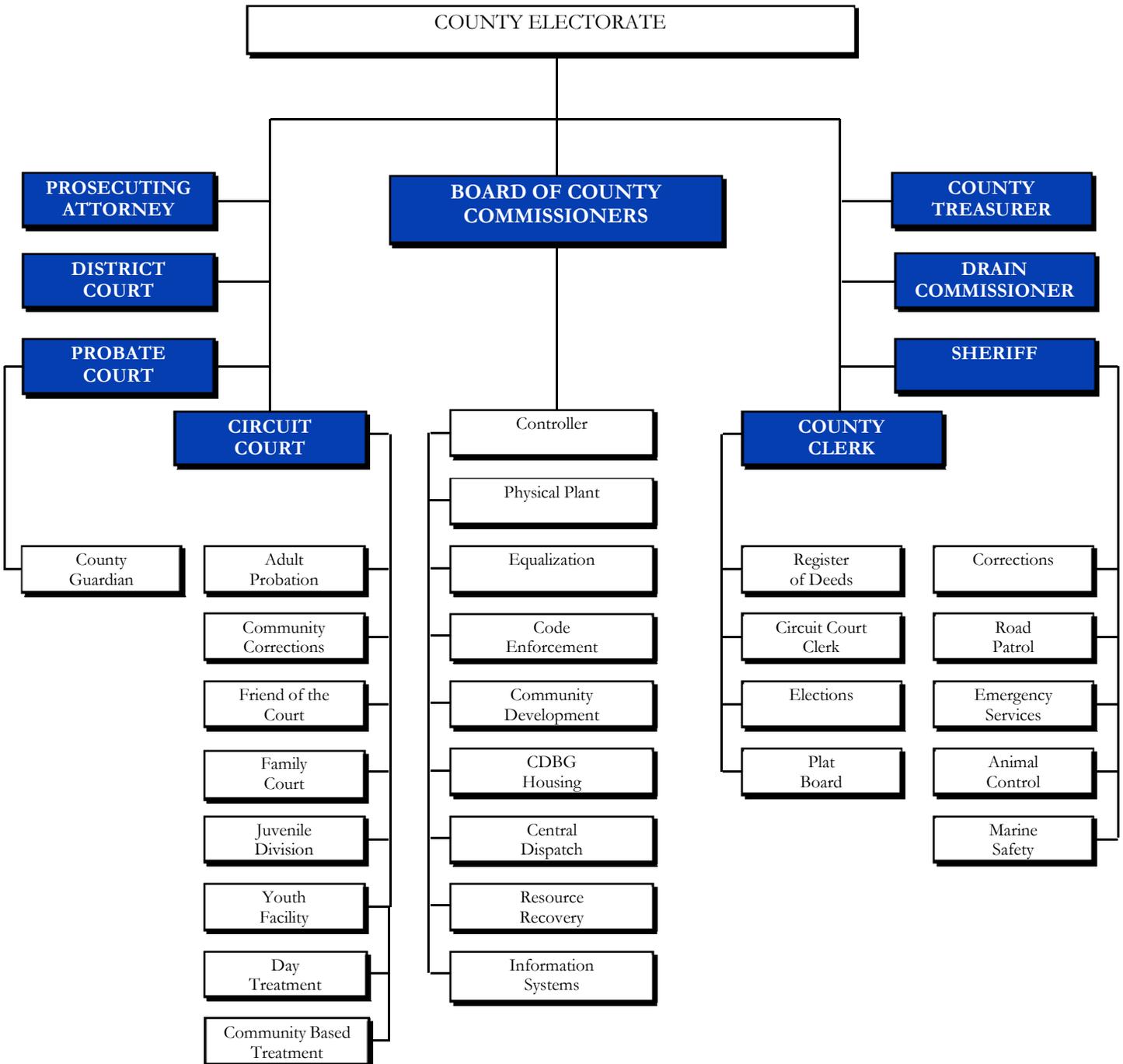
The State of Michigan requires that an annual audit of the financial records and transactions of all departments of the County be performed by an independent certified public accountant. In addition, the audit is designed to meet the requirements set forth in the Single Audit Act of 1984 and related 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



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

February 4, 2008

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, 2007, 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 39% of the assets, and 53% 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, 2007, 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 February 4, 2008, 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 cursive script that reads "Lehmann Johnson".

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2007. 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 \$49,025,621 (*net assets*). Of this amount, \$27,583,583 (*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 \$8,382,916 during 2007.
- 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 \$29,520,468, an increase of \$17,103,718 in comparison with the prior year. Of the fund balance amount, \$29,344,790 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 an increase of \$580,145 for 2007. At the end of the year, unreserved fund balance for the general fund was \$2,266,173, or approximately 8 percent of total general fund expenditures. Total fund balance for the general fund was \$2,441,851.
- The County's total bonded debt, which excludes delinquent tax notes, increased by \$12,670,000 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 2007, the net assets of the County increased by \$8,382,916.

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 61 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 56 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 page 28 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 31-54 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 55-117 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$49,025,621 at September 30, 2007.

Eaton County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 36,935,942	\$ 18,470,549	\$ 13,054,319	\$ 10,687,509	\$ 49,990,261	\$ 29,158,058
Capital assets, net	21,602,512	18,471,517	9,915,353	10,173,948	31,517,865	28,645,465
Total assets	58,538,454	36,942,066	22,969,672	20,861,457	81,508,126	57,803,523
Liabilities						
Long-term liabilities	18,207,433	5,202,593	10,117,717	8,392,620	28,325,150	13,595,213
Other liabilities	3,791,535	2,910,923	365,820	588,192	4,157,355	3,499,115
Total liabilities	21,998,968	8,113,516	10,483,537	8,980,812	32,482,505	17,094,328
Net assets						
Invested in capital assets, net of related debt	18,148,197	15,093,526	3,105,353	3,078,948	21,253,550	18,172,474
Restricted	188,488	114,627	-	-	188,488	114,627
Unrestricted	18,202,801	13,553,907	9,380,782	8,801,697	27,583,583	22,355,604
Total net assets	\$ 36,539,486	\$ 28,762,060	\$ 12,486,135	\$ 11,880,645	\$ 49,025,621	\$ 40,642,705

A portion of the County's net assets, \$21,253,550 (43.4 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, \$188,488 (0.4 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$27,583,583 (56.2 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (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 \$8,382,916 during the current fiscal year – an increase of \$7,777,426 for governmental activities and an increase of \$605,490 for business-type activities.

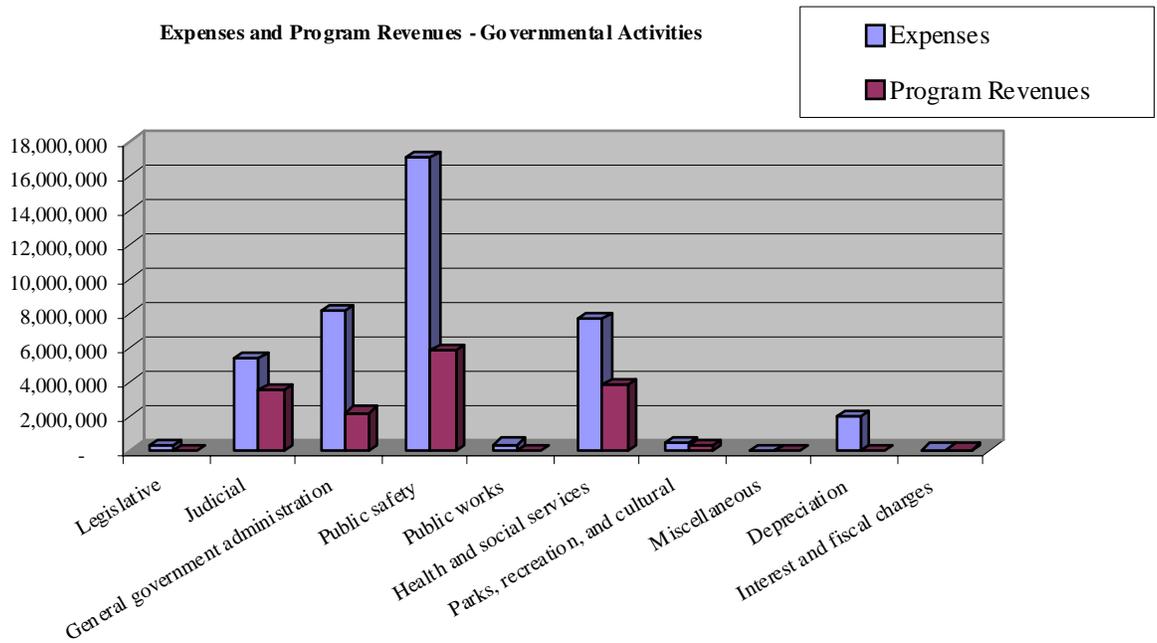
Governmental activities. Governmental activities increased the County's net assets by \$7,777,426, accounting for 92.7 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Property taxes increased by \$1,815,558 (approximately 6.2 percent) during the year. This increase is the product of increased taxable values and residential growth, and the accelerated collection of one-third of the county allocated millage in December 2006, as required by P.A. 357 of 2004.
- Investment income increased by \$171,349 (49 percent) due to increased interest rates.
- Capital grants for governmental activities increased by \$195,859 (100 percent) during the year. This increase is associated with the County's acquisition of a new State grant.

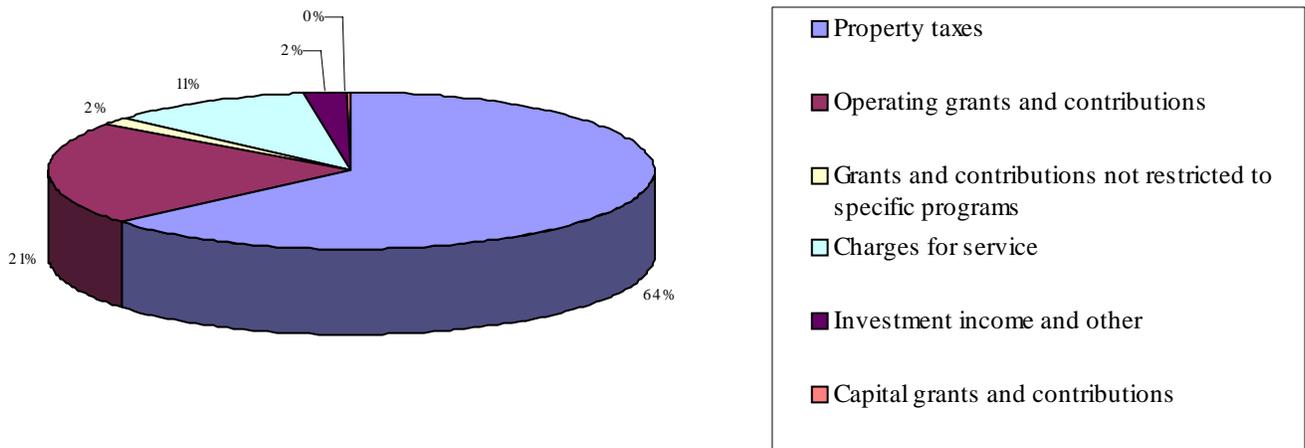
Eaton County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 5,225,884	\$ 5,359,855	\$ 9,835,226	\$ 10,077,565	\$ 15,061,110	\$ 15,437,420
Operating grants and contributions	10,391,160	10,383,566	24,402	23,331	10,415,562	10,406,897
Capital grants and contributions	195,859	-	-	-	195,859	-
General revenues:						
Property taxes	30,897,403	29,081,845	-	-	30,897,403	29,081,845
State shared revenue	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	755,283	757,078	-	-	755,283	757,078
Unrestricted investment earnings	992,690	821,341	296,609	277,354	1,289,299	1,098,695
Total revenues	48,458,279	46,403,685	10,156,237	10,378,250	58,614,516	56,781,935
Expenses						
Legislative	268,811	293,511	-	-	268,811	293,511
Judicial	5,342,360	5,800,331	-	-	5,342,360	5,800,331
General government	8,118,371	8,864,193	-	-	8,118,371	8,864,193
Public safety	17,004,332	18,370,419	-	-	17,004,332	18,370,419
Public works	414,074	352,132	-	-	414,074	352,132
Health and social services	7,655,655	7,158,901	-	-	7,655,655	7,158,901
Parks, recreation, and cultural	463,281	443,467	-	-	463,281	443,467
Miscellaneous	33,038	23,101	-	-	33,038	23,101
Unallocated depreciation	1,961,123	1,729,073	-	-	1,961,123	1,729,073
Interest on long-term debt	87,018	187,376	-	-	87,018	187,376
Medical Care Facility operation	-	-	8,698,505	8,879,053	8,698,505	8,879,053
Jail Commissary	-	-	53,704	76,578	53,704	76,578
Delinquent tax collections	-	-	131,328	99,668	131,328	99,668
Total expenses	41,348,063	43,222,504	8,883,537	9,055,299	50,231,600	52,277,803
Change in net assets before transfers	7,110,216	3,181,181	1,272,700	1,322,951	8,382,916	4,504,132
Transfers	667,210	799,418	(667,210)	(799,418)	-	-
Change in net assets	7,777,426	3,980,599	605,490	523,533	8,382,916	4,504,132
Net assets, beginning of year	28,762,060	24,781,461	11,880,645	11,357,112	40,642,705	36,138,573
Net assets, end of year	\$ 36,539,486	\$ 28,762,060	\$ 12,486,135	\$ 11,880,645	\$ 49,025,621	\$ 40,642,705

Expenses and Program Revenues - Governmental Activities



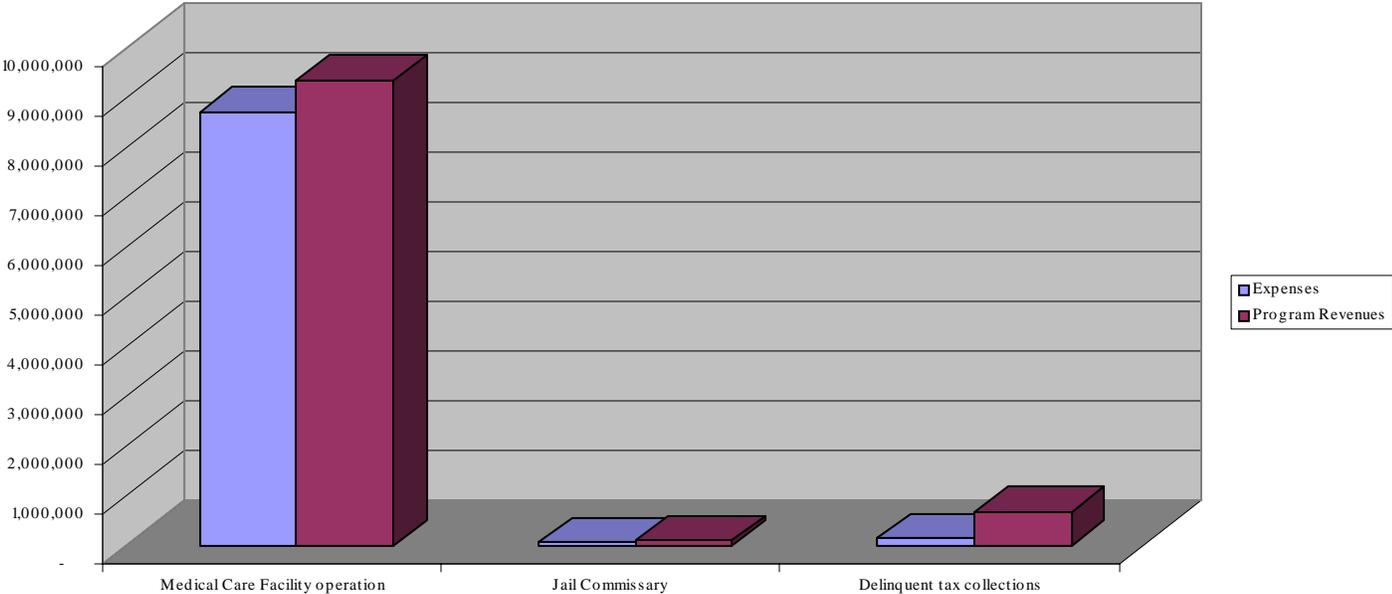
Revenue by Source - Governmental Activities



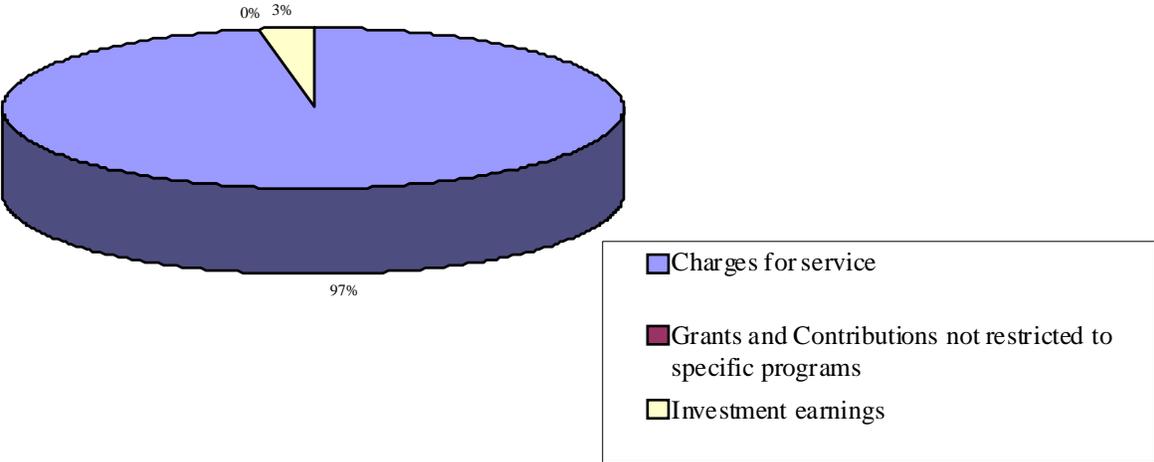
Business-type activities. Business-type activities increased the County’s net assets by \$605,490, for the current year. Key elements of the current year increase are as follows:

- Charges for services for business-type activities decreased \$242,339 compared to the prior year.
- Transfers out to the General Fund amounted to \$667,210, which was \$132,208 less than the prior year.
- Medical Care Facility operating expenses decreased \$180,548.

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 \$29,520,468 an increase of \$17,103,718 in comparison with the prior year. Of the fund balance amount, \$29,344,790 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 \$2,266,173, while total fund balance was \$2,441,851. 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 8 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$580,145 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 \$9,024,033 which is a result of the collection of one-third of the county's property tax levy in December 2006, 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 \$1,038,699.

The child care fund has a fund balance of \$0.

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 \$7,364,509, \$1,974,432, and \$41,841, respectively. The delinquent tax revolving fund had an increase in net assets for the year of \$192,110, the medical care facility had an increase of \$408,622 and jail commissary fund had an increase of \$4,758. Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased by \$30,822 from the original to the final budget. Expenditures in the general fund (including transfers out) increased by \$302,759 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, 2007 amounted to \$21,602,512 (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 1 percent. The County's business-type activities' capital assets decreased by \$258,595.

Major capital asset events during the current fiscal year included construction in progress for the jail expansion and renovation project of \$2,352,592 and new vehicles and equipment of \$1,039,702.

Eaton County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land and land improvements	\$ 102,628	\$ 102,628	\$ 112,314	\$ 112,314	\$ 214,942	\$ 214,942
Buildings and improvements	16,468,956	14,980,665	8,887,039	9,034,070	25,355,995	24,014,735
Vehicles and equipment	2,678,336	2,587,088	916,000	1,027,564	3,594,336	3,614,652
Construction in progress	2,352,592	801,136	-	-	2,352,592	801,136
	\$ 21,602,512	\$ 18,471,517	\$ 9,915,353	\$ 10,173,948	\$ 31,517,865	\$ 28,645,465

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 \$25,685,000. 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 15,675,000	\$ 2,720,000	\$ 6,810,000	\$ 7,095,000	\$ 22,485,000	\$ 9,815,000
Delinquent tax notes	-	-	3,200,000	1,200,000	3,200,000	1,200,000
	\$ 15,675,000	\$ 2,720,000	\$ 10,010,000	\$ 8,295,000	\$ 25,685,000	\$ 11,015,000

The County's total debt increased by \$14,670,000 (233 percent) during the current fiscal year. The County retired debt of \$2,330,000 in general obligation bonds during 2007.

The new borrowing during the year was \$5,000,000 in delinquent tax notes for business-type activities and \$15,000,000 for governmental activities. Debt requirements for general obligation bonds of \$565,000 and interest of \$335,724 are payable during 2008.

The County has an "A+" 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 \$407,181,261, 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 2008 fiscal year:

- Property tax revenues are budgeted to increase 9.5% in 2008 due to the 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 (\$2,052,101 for 2008).
- County voters approved a millage on November 2, 2004 to fund juvenile prevention and treatment programs, which will help to reduce the reliance on the General Fund, in the amount of \$388,395 to continue to fund the escalating costs of out-of-home detention and treatment programs for juveniles. New preventive programs have been implemented utilizing these funds to further impact increases in cost in the future. Utilizing the millage, the County expanded its youth facility to increase the capacity of its day treatment program and implemented a community-based program to provide more alternatives to out-of-home placements.
- County voters approved the renewal of the existing jail millage at a reduced rate of .70 of a mill on August 8, 2006 to fund a jail expansion and renovation project. The County issued \$15,000,000 in bonds to finance the construction and renovation of the 148 bed expansion.

During the current fiscal year, unreserved fund balance in the general fund increased by \$580,145. 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 2007, the County has budgeted to use \$1,279,762 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, 2007

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 23,875,814	\$ 5,994,321	\$ 29,870,135	\$ 18,231,348
Restricted cash	-	10,120	10,120	-
Investments	2,049,753	-	2,049,753	-
Receivables, net	9,732,420	7,746,344	17,478,764	44,069,239
Internal balances	803,309	(803,309)	-	-
Other assets	474,646	106,843	581,489	1,703,031
Leases receivable	-	-	-	12,733,842
Capital assets not being depreciated	2,455,220	112,314	2,567,534	53,755,215
Capital assets being depreciated, net	19,147,292	9,803,039	28,950,331	93,816,861
Total assets	58,538,454	22,969,672	81,508,126	224,309,536
Liabilities				
Accounts payable and accrued expenses	3,549,641	342,353	3,891,994	1,767,678
Interest payable	5,815	23,467	29,282	701,371
Unearned revenue	236,079	-	236,079	48,719
Short-term notes payable	-	-	-	2,051,000
Long-term liabilities:				
Due within one year	524,841	3,521,543	4,046,384	4,999,939
Due in more than one year	17,682,592	6,596,174	24,278,766	56,568,049
Total liabilities	21,998,968	10,483,537	32,482,505	66,136,756
Net assets				
Invested in capital assets, net of related debt	18,148,197	3,105,353	21,253,550	101,106,518
Restricted for:				
Debt service	60,788	-	60,788	3,165,568
Capital projects	-	-	-	2,270,998
Permanent trusts	127,700	-	127,700	-
Unrestricted	18,202,801	9,380,782	27,583,583	51,629,696
Total net assets	\$ 36,539,486	\$ 12,486,135	\$ 49,025,621	\$ 158,172,780

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

EATON COUNTY, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities:					
Legislative	\$ 268,811	\$ -	\$ -	\$ -	\$ (268,811)
Judicial	5,342,360	1,705,448	1,840,180	-	(1,796,732)
General government	8,118,371	1,648,042	572,634	-	(5,897,695)
Public safety	17,004,332	1,319,663	4,529,734	-	(11,154,935)
Public works	414,074	-	-	-	(414,074)
Health and social services	7,655,655	431,587	3,393,042	-	(3,831,026)
Parks, recreation, and cultural	463,281	121,144	5	195,859	(146,273)
Miscellaneous	33,038	-	5,275	-	(27,763)
Unallocated depreciation	1,961,123	-	-	-	(1,961,123)
Interest on long-term debt	87,018	-	50,290	-	(36,728)
Total governmental activities	<u>41,348,063</u>	<u>5,225,884</u>	<u>10,391,160</u>	<u>195,859</u>	<u>(25,535,160)</u>
Business-type activities:					
Medical Care Facility operation	8,698,505	8,967,962	-	-	269,457
Jail Commissary	53,704	58,385	77	-	4,758
Delinquent tax collections	131,328	808,879	24,325	-	701,876
Total business-type activities	<u>8,883,537</u>	<u>9,835,226</u>	<u>24,402</u>	<u>-</u>	<u>976,091</u>
Total primary government	<u>\$ 50,231,600</u>	<u>\$ 15,061,110</u>	<u>\$ 10,415,562</u>	<u>\$ 195,859</u>	<u>\$ (24,559,069)</u>
Component units					
Board of Public Works	\$ 578,582	\$ -	\$ 590,205	\$ -	\$ 11,623
Drainage Districts	2,915,157	374,431	2,245	4,977,251	2,438,770
District Health Department	6,726,657	1,400,530	5,353,761	-	27,634
Road Commission	11,868,372	67,268	14,010,963	-	2,209,859
Total component units	<u>\$ 22,088,768</u>	<u>\$ 1,842,229</u>	<u>\$ 19,957,174</u>	<u>\$ 4,977,251</u>	<u>\$ 4,687,886</u>

Continued...

EATON COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2007

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
Change in net assets				
Net (expense) revenue	\$ (25,535,160)	\$ 976,091	\$ (24,559,069)	\$ 4,687,886
General revenues:				
Property taxes	30,897,403	-	30,897,403	-
Grants and contributions not restricted to specific programs	755,283	-	755,283	-
Unrestricted investment earnings	992,690	296,609	1,289,299	936,355
Transfers - internal activities	667,210	(667,210)	-	-
Total general revenues and transfers	33,312,586	(370,601)	32,941,985	936,355
Change in net assets	7,777,426	605,490	8,382,916	5,624,241
Net assets, October 1, as restated	28,762,060	11,880,645	40,642,705	152,548,539
Net assets, September 30	\$ 36,539,486	\$ 12,486,135	\$ 49,025,621	\$ 158,172,780

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

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
September 30, 2007

	<u>General</u>	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>Revenue Sharing Reserve</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Jail Construction</u>		
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ -	\$ 9,024,033	\$ 1,143,974	\$ -	\$ 13,554,347	\$ 2,816,007	\$ 26,538,361
Receivables:							
Property taxes	7,583,889	-	31,436	-	-	37,816	7,653,141
Accounts, net	33,644	-	-	195,003	-	46,257	274,904
Due from other governments:							
Federal/State	557,317	-	-	466,230	-	606,212	1,629,759
Local	53,014	-	-	-	-	-	53,014
Due from other funds	500,000	-	-	203,224	-	100,000	803,224
Interfund receivable	-	-	-	-	-	1,659,932	1,659,932
Prepays	55,678	-	-	-	-	-	55,678
Advances to component unit	120,000	-	-	-	-	-	120,000
<u>TOTAL ASSETS</u>	<u>\$ 8,903,542</u>	<u>\$ 9,024,033</u>	<u>\$ 1,175,410</u>	<u>\$ 864,457</u>	<u>\$ 13,554,347</u>	<u>\$ 5,266,224</u>	<u>\$ 38,788,013</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 425,875	\$ -	\$ 40,453	\$ 222,856	\$ 742,606	\$ 629,816	\$ 2,061,606
Accrued liabilities	570,578	-	55,822	67,155	-	102,624	796,179
Due to other governmental units:							
Federal/State	-	-	-	46,375	-	75,887	122,262
Due to other funds	103,073	-	9,000	7,551	-	10,441	130,065
Interfund payable	5,195,338	-	-	520,520	-	205,496	5,921,354
Deferred revenue	166,827	-	31,436	-	-	37,816	236,079
Total liabilities	6,461,691	-	136,711	864,457	742,606	1,062,080	9,267,545
Fund balances							
Reserved for prepaids/advances	175,678	-	-	-	-	-	175,678
Unreserved:							
Designated for:							
Subsequent year expenditures	1,279,762	2,052,101	-	-	-	-	3,331,863
Subsequent year expenditures, reported in nonmajor special revenue funds	-	-	-	-	-	951,280	951,280
Undesignated	986,411	6,971,932	1,038,699	-	12,811,741	-	21,808,783
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	3,064,376	3,064,376
Debt service funds	-	-	-	-	-	60,788	60,788
Permanent funds	-	-	-	-	-	127,700	127,700
Total fund balances	2,441,851	9,024,033	1,038,699	-	12,811,741	4,204,144	29,520,468
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 8,903,542</u>	<u>\$ 9,024,033</u>	<u>\$ 1,175,410</u>	<u>\$ 864,457</u>	<u>\$ 13,554,347</u>	<u>\$ 5,266,224</u>	<u>\$ 38,788,013</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, 2007

Total fund balances for governmental funds	\$	29,520,468
<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	\$ 41,749,606	
Deduct - accumulated depreciation	<u>(20,147,094)</u>	21,602,512
<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	(16,266,056)	
Deduct - interest payable	<u>(5,815)</u>	(16,271,871)
<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>		
		3,629,754
<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>(1,941,377)</u>
Net assets of governmental activities	\$	<u>36,539,486</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, 2007

	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	\$ 18,503,947	\$ 5,017,443	\$ 3,041,708	\$ -	\$ -	\$ 4,334,305	\$ 30,897,403
Licenses and permits	188,546	-	-	-	-	456,463	645,009
Intergovernmental:							
Federal/State	3,342,992	-	198,569	1,907,260	-	2,426,144	7,874,965
Local	2,719,448	-	362	17,599	-	86,965	2,824,374
Charges for services	2,887,929	-	-	102,517	-	1,141,273	4,131,719
Fines and forfeitures	166,040	-	-	-	-	30,547	196,587
Interest and rents	557,925	198,504	20,851	-	216,039	28,273	1,021,592
Miscellaneous	217,666	-	-	86,674	-	342,026	646,366
Total revenues	28,584,493	5,215,947	3,261,490	2,114,050	216,039	8,845,996	48,238,015
Expenditures							
Current:							
Legislative	272,357	-	-	-	-	-	272,357
Judicial	5,285,445	-	-	-	-	127,816	5,413,261
General government	6,764,682	-	-	-	-	265,066	7,029,748
Public safety	12,657,043	-	2,363,317	-	-	2,246,046	17,266,406
Public works	414,074	-	-	-	-	-	414,074
Health and social services	1,658,545	-	-	4,313,383	-	1,692,548	7,664,476
Parks, recreation and culture	20,000	-	-	-	-	445,892	465,892
Miscellaneous	16,011	-	-	-	-	17,027	33,038
Capital outlay	535,133	-	13,658	-	2,352,591	3,103,296	6,004,678
Debt service:							
Principal	-	-	-	-	-	2,121,115	2,121,115
Interest and fiscal charges	-	-	-	-	-	125,642	125,642
Total expenditures	27,623,290	-	2,376,975	4,313,383	2,352,591	10,144,448	46,810,687
Revenues over (under) expenditures	961,203	5,215,947	884,515	(2,199,333)	(2,136,552)	(1,298,452)	1,427,328
Other financing sources (uses)							
Transfers in	2,799,114	-	-	2,171,185	-	4,636,489	9,606,788
Transfers out	(3,180,172)	(2,026,152)	(689,295)	-	(60,887)	(2,983,072)	(8,939,578)
Long-term debt issued	-	-	-	-	15,000,000	-	15,000,000
Bond premium	-	-	-	-	9,180	-	9,180
Total other sources (uses)	(381,058)	(2,026,152)	(689,295)	2,171,185	14,948,293	1,653,417	15,676,390
Net change in fund balances	580,145	3,189,795	195,220	(28,148)	12,811,741	354,965	17,103,718
Fund balances, October 1, as restated	1,861,706	5,834,238	843,479	28,148	-	3,849,179	12,416,750
Fund balances, September 30	\$ 2,441,851	\$ 9,024,033	\$ 1,038,699	\$ -	\$ 12,811,741	\$ 4,204,144	\$ 29,520,468

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, 2007

Net change in fund balance - total governmental funds \$ 17,103,718

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	\$ 4,909,757	
Deduct - depreciation expense	(1,961,123)	
Deduct - loss on disposal of capital assets	<u>(40,833)</u>	2,907,801

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	2,121,115	
Deduct - long-term debt issued	(15,000,000)	
Deduct - bond premium	<u>(9,180)</u>	(12,888,065)

Accrued interest expense on bonds is not recorded by governmental funds, but is reported under interest and fiscal charges for purposes of net assets.

Add - decrease in accrued interest expense		38,624
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Some expenses reported in the Statement of Activities do not require the use current financial resources and therefore are not reported as fund expenditures.

Deduct - increase in accrued compensated absences		(116,775)
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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>732,123</u>
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Changes in net assets of governmental activities \$ 7,777,426

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 17,703,103	\$ 17,703,103	\$ 18,503,947	\$ 800,844
Licenses and permits	241,000	241,000	188,546	(52,454)
Intergovernmental:				
Federal/State	3,457,467	3,457,467	3,342,992	(114,475)
Local	2,817,191	2,847,241	2,719,448	(127,793)
Charges for services	3,035,619	3,035,619	2,887,929	(147,690)
Fines and forfeitures	174,196	174,196	166,040	(8,156)
Interest and rents	600,500	600,500	557,925	(42,575)
Miscellaneous	221,009	221,781	217,666	(4,115)
	<u>28,250,085</u>	<u>28,280,907</u>	<u>28,584,493</u>	<u>303,586</u>
Total revenues				
Expenditures				
Current:				
Legislative	281,660	281,660	272,357	9,303
Judicial	5,578,685	5,587,081	5,285,445	301,636
General government administration	7,095,770	7,185,467	6,764,682	420,785
Public safety	12,924,492	13,115,087	12,657,043	458,044
Public works	387,000	414,076	414,074	2
Health and social services	1,625,515	1,673,948	1,658,545	15,403
Parks, recreation, and cultural	20,000	20,000	20,000	-
Miscellaneous	559,641	11,011	16,011	(5,000)
Capital outlay	485,460	610,307	535,133	75,174
	<u>28,958,223</u>	<u>28,898,637</u>	<u>27,623,290</u>	<u>1,275,347</u>
Total expenditures				
Revenues over (under) expenditures	<u>(708,138)</u>	<u>(617,730)</u>	<u>961,203</u>	<u>1,578,933</u>
Other financing sources (uses)				
Transfers in	2,787,363	2,787,363	2,799,114	11,751
Transfers out	<u>(2,822,828)</u>	<u>(3,185,173)</u>	<u>(3,180,172)</u>	<u>5,001</u>
	<u>(35,465)</u>	<u>(397,810)</u>	<u>(381,058)</u>	<u>16,752</u>
Total other sources (uses)				
Net changes in fund balance	(743,603)	(1,015,540)	580,145	1,595,685
Fund balance, October 1, as restated	<u>743,603</u>	<u>1,861,706</u>	<u>1,861,706</u>	<u>-</u>
Fund balance, September 30	<u>\$ -</u>	<u>\$ 846,166</u>	<u>\$ 2,441,851</u>	<u>\$ 1,595,685</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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Revenues				
Taxes	\$ -	\$ -	\$ 5,017,443	\$ 5,017,443
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	198,504	198,504
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5,215,947</u>	<u>5,215,947</u>
Total revenues	-	-	5,215,947	5,215,947
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-	-
Revenues over expenditures	-	-	5,215,947	5,215,947
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(2,014,401)	(2,014,401)	(2,026,152)	(11,751)
	<u>(2,014,401)</u>	<u>(2,014,401)</u>	<u>(2,026,152)</u>	<u>(11,751)</u>
Total other sources (uses)	(2,014,401)	(2,014,401)	(2,026,152)	(11,751)
Net changes in fund balance	(2,014,401)	(2,014,401)	3,189,795	5,204,196
Fund balance, October 1, as restated	8,044,271	5,834,238	5,834,238	-
	<u>8,044,271</u>	<u>5,834,238</u>	<u>5,834,238</u>	<u>-</u>
Fund balance, September 30	<u>\$ 6,029,870</u>	<u>\$ 3,819,837</u>	<u>\$ 9,024,033</u>	<u>\$ 5,204,196</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 3,062,841	\$ 3,062,841	\$ 3,041,708	\$ (21,133)
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	169,922	169,922	198,569	28,647
Local	2,500	2,500	362	(2,138)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	5,000	5,000	20,851	15,851
Miscellaneous	-	-	-	-
	<u>3,240,263</u>	<u>3,240,263</u>	<u>3,261,490</u>	<u>21,227</u>
Total revenues				
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	2,505,632	2,544,174	2,363,317	180,857
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	211,579	211,579	13,658	197,921
	<u>2,717,211</u>	<u>2,755,753</u>	<u>2,376,975</u>	<u>378,778</u>
Total expenditures				
Revenues over (under) expenditures	<u>523,052</u>	<u>484,510</u>	<u>884,515</u>	<u>400,005</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(227,001)	(689,295)	(689,295)	-
	<u>(227,001)</u>	<u>(689,295)</u>	<u>(689,295)</u>	<u>-</u>
Total other sources (uses)				
Net changes in fund balance	296,051	(204,785)	195,220	400,005
Fund balance, October 1	<u>921,249</u>	<u>843,479</u>	<u>843,479</u>	<u>-</u>
Fund balance, September 30	<u>\$ 1,217,300</u>	<u>\$ 638,694</u>	<u>\$ 1,038,699</u>	<u>\$ 400,005</u>

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

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Child Care Special Revenue Fund
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	2,081,376	1,907,318	1,907,260	(58)
Local	30,000	17,600	17,599	(1)
Charges for services	200,000	102,518	102,517	(1)
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	52,584	86,674	86,674	-
Total revenues	<u>2,363,960</u>	<u>2,114,110</u>	<u>2,114,050</u>	<u>(60)</u>
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	4,601,171	4,313,444	4,313,383	61
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,601,171</u>	<u>4,313,444</u>	<u>4,313,383</u>	<u>61</u>
Revenues over (under) expenditures	<u>(2,237,211)</u>	<u>(2,199,334)</u>	<u>(2,199,333)</u>	<u>1</u>
Other financing sources (uses)				
Transfers in	2,185,722	2,171,186	2,171,185	(1)
Transfers out	-	-	-	-
Total other sources (uses)	<u>2,185,722</u>	<u>2,171,186</u>	<u>2,171,185</u>	<u>(1)</u>
Net changes in fund balance	(51,489)	(28,148)	(28,148)	-
Fund balance, October 1	<u>55,914</u>	<u>28,148</u>	<u>28,148</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 4,425</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

EATON COUNTY, MICHIGAN

Statement of Net Assets

Proprietary Funds

September 30, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Jail Commissary	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,314,055	\$ 409,969	\$ 8,875	\$ 1,732,899	\$ 1,598,875
Restricted cash	10,120	-	-	10,120	-
Investments	-	-	-	-	2,049,753
Receivables:					
Property taxes	-	6,702,595	-	6,702,595	-
Accounts, net	1,007,390	-	33,809	1,041,199	-
Other	-	2,550	-	2,550	1,602
Due from other funds	-	-	-	-	130,150
Interfund receivable	-	4,261,422	-	4,261,422	-
Inventories	48,894	-	179	49,073	-
Prepays	-	-	-	-	418,968
Unamortized bond issuance costs	57,770	-	-	57,770	-
Total current assets	2,438,229	11,376,536	42,863	13,857,628	4,199,348
Noncurrent assets:					
Land	112,314	-	-	112,314	-
Buildings	9,914,730	-	-	9,914,730	-
Equipment	1,598,020	-	-	1,598,020	-
Accumulated depreciation	(1,709,711)	-	-	(1,709,711)	-
Total noncurrent assets	9,915,353	-	-	9,915,353	-
Total assets	12,353,582	11,376,536	42,863	23,772,981	4,199,348
Liabilities					
Current liabilities:					
Accounts payable	37,749	8,803	332	46,884	157,801
Accrued liabilities	285,377	-	605	285,982	411,793
Due to other funds	-	803,224	85	803,309	-
Interest payable	23,467	-	-	23,467	-
Payable from restricted assets	9,487	-	-	9,487	-
Current portion of:					
Accrued compensated absences	21,543	-	-	21,543	-
Bonds and notes payable	300,000	3,200,000	-	3,500,000	-
Total current liabilities	677,623	4,012,027	1,022	4,690,672	569,594
Noncurrent liabilities -					
Long-term debt, net of current portion:					
Accrued compensated absences	86,174	-	-	86,174	-
Bonds and notes payable	6,510,000	-	-	6,510,000	-
Total noncurrent liabilities	6,596,174	-	-	6,596,174	-
Total liabilities	7,273,797	4,012,027	1,022	11,286,846	569,594
Net assets					
Invested in capital assets, net of related debt	3,105,353	-	-	3,105,353	-
Unrestricted	1,974,432	7,364,509	41,841	9,380,782	3,629,754
Total net assets	\$ 5,079,785	\$ 7,364,509	\$ 41,841	\$ 12,486,135	\$ 3,629,754

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, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activites - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Operating revenues					
Charges for services	\$ 8,967,962	\$ -	\$ -	\$ 8,967,962	\$ 7,255,810
Interest on taxes	-	560,754	-	560,754	-
Sales	-	-	58,385	58,385	-
Administrative fees/penalties	-	248,125	-	248,125	-
Other revenues	-	24,325	77	24,402	238
	<u>8,967,962</u>	<u>833,204</u>	<u>58,462</u>	<u>9,859,628</u>	<u>7,256,048</u>
Operating expenses					
Personal services and benefits	6,322,692	5,372	18,551	6,346,615	1,962,035
Operating supplies	493,467	18,605	495	512,567	-
Contractual services	523,379	10,159	34,658	568,196	222,598
Insurance and claims	-	-	-	-	4,559,556
Depreciation and amortization	394,616	-	-	394,616	-
Tax tribunal refunds	-	11,770	-	11,770	-
Other expenses	674,916	(1,684)	-	673,232	-
	<u>8,409,070</u>	<u>44,222</u>	<u>53,704</u>	<u>8,506,996</u>	<u>6,744,189</u>
Operating income	<u>558,892</u>	<u>788,982</u>	<u>4,758</u>	<u>1,352,632</u>	<u>511,859</u>
Nonoperating revenues (expenses)					
Interest income	3,152	293,457	-	296,609	76,789
Interest expense	(289,435)	(87,106)	-	(376,541)	-
Unrealized gain on investment	-	-	-	-	143,475
	<u>(286,283)</u>	<u>206,351</u>	<u>-</u>	<u>(79,932)</u>	<u>220,264</u>
Total nonoperating revenues (expenses)	<u>(286,283)</u>	<u>206,351</u>	<u>-</u>	<u>(79,932)</u>	<u>220,264</u>
Income before transfers	272,609	995,333	4,758	1,272,700	732,123
Transfers in	136,013	32,013	-	168,026	-
Transfers out	-	(835,236)	-	(835,236)	-
Change in net assets	408,622	192,110	4,758	605,490	732,123
Net assets, October 1	<u>4,671,163</u>	<u>7,172,399</u>	<u>37,083</u>	<u>11,880,645</u>	<u>2,897,631</u>
Net assets, September 30	<u>\$ 5,079,785</u>	<u>\$ 7,364,509</u>	<u>\$ 41,841</u>	<u>\$ 12,486,135</u>	<u>\$ 3,629,754</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, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Cash flows from operating activities					
Cash received from customers	\$ 8,589,513	\$ 2,947,411	\$ 24,653	\$ 11,561,577	\$ -
Cash received from interfund services	-	-	-	-	7,241,231
Cash paid to local units for receivables	-	(4,120,753)	-	(4,120,753)	-
Cash paid to/for employees	(6,293,868)	(5,372)	(18,501)	(6,317,741)	(2,867,234)
Cash paid to suppliers	(1,952,454)	603,958	(34,974)	(1,383,470)	(3,885,202)
Net cash provided (used) by operating activities	<u>343,191</u>	<u>(574,756)</u>	<u>(28,822)</u>	<u>(260,387)</u>	<u>488,795</u>
Cash flows from noncapital financing activities					
Transfer in	136,013	32,013	-	168,026	-
Transfer out	-	(835,236)	-	(835,236)	-
Advances to other funds	-	(1,762,900)	-	(1,762,900)	-
Tax notes issued	-	5,000,000	-	5,000,000	-
Tax notes redeemed	-	(3,000,000)	-	(3,000,000)	-
Interest paid on tax notes / advances	-	(87,106)	-	(87,106)	-
Decrease in restricted liabilities	(2,213)	-	-	(2,213)	-
Net cash provided (used) by noncapital financing activities	<u>133,800</u>	<u>(653,229)</u>	<u>-</u>	<u>(519,429)</u>	<u>-</u>
Cash flows from capital and related financing activities					
Interest paid on debt	(286,748)	-	-	(286,748)	-
Principal paid on debt	(285,000)	-	-	(285,000)	-
Capital acquisitions	(136,021)	-	-	(136,021)	-
Net cash provided (used) by capital and related financing activities	<u>(707,769)</u>	<u>-</u>	<u>-</u>	<u>(707,769)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of investments	-	-	-	-	(300,000)
Interest received	3,152	293,457	-	296,609	76,789
Net cash provided (used) by investing activities	<u>3,152</u>	<u>293,457</u>	<u>-</u>	<u>296,609</u>	<u>(223,211)</u>
Net increase (decrease) in cash and cash equivalents	(227,626)	(934,528)	(28,822)	(1,190,976)	265,584
Cash and cash equivalents, October 1	<u>1,551,801</u>	<u>1,344,497</u>	<u>37,697</u>	<u>2,933,995</u>	<u>1,333,291</u>
Cash and cash equivalents, September 30	<u>\$ 1,324,175</u>	<u>\$ 409,969</u>	<u>\$ 8,875</u>	<u>\$ 1,743,019</u>	<u>\$ 1,598,875</u>

Continued...

EATON COUNTY, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended September 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income	\$ 558,892	\$ 788,982	\$ 4,758	\$ 1,352,632	\$ 511,859
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	394,616	-	-	394,616	-
Change in assets and liabilities:					
Taxes receivable	-	(1,998,468)	-	(1,998,468)	-
Accounts receivable	(378,449)	3,692	(33,809)	(408,566)	744
Due from other funds	-	-	-	-	(17,157)
Inventories	(17,137)	-	(153)	(17,290)	-
Prepays	-	-	-	-	(345,042)
Accounts payable	(243,555)	5,007	332	(238,216)	146,311
Accrued liabilities	18,727	-	42	18,769	192,080
Due to other funds	-	626,031	8	626,039	-
Accrued compensated absences	10,097	-	-	10,097	-
Net cash provided (used) by operating activities	<u>\$ 343,191</u>	<u>\$ (574,756)</u>	<u>\$ (28,822)</u>	<u>\$ (260,387)</u>	<u>\$ 488,795</u>

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

EATON COUNTY, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2007

Assets

Cash and cash equivalents	\$ 5,709,947
Accounts receivable	<u>35,192</u>

Total assets	<u><u>\$ 5,745,139</u></u>
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Liabilities

Accounts payable	\$ 105,014
Due to individuals/agencies	378,205
Due to other governmental units	<u>5,261,920</u>

Total liabilities	<u><u>\$ 5,745,139</u></u>
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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, 2007

	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Road Commission</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 1,877,128	\$ 12,358,045	\$ 1,170,446	\$ 2,825,729	\$ 18,231,348
Receivables:					
Special assessments	-	41,879,439	-		41,879,439
Accounts, net	-	-	580,499	45,855	626,354
Due from other governmental units:					
Federal/State	-	-	-	1,321,724	1,321,724
Local	-	-	-	241,722	241,722
Inventories	-	-	-	278,346	278,346
Prepays	-	10,500	57,901	1,024,607	1,093,008
Leases receivable	12,733,842	-	-	-	12,733,842
Bond issuance costs	126,085	205,592	-	-	331,677
Capital assets not being depreciated	-	31,941,420	-	21,813,795	53,755,215
Capital assets being depreciated, net	-	33,646,906	187,655	59,982,300	93,816,861
Total assets	<u>14,737,055</u>	<u>120,041,902</u>	<u>1,996,501</u>	<u>87,534,078</u>	<u>224,309,536</u>
Liabilities					
Accounts payable	200,552	617,572	139,357	156,092	1,113,573
Accrued liabilities	-	-	174,763	125,164	299,927
Interest payable	58,611	610,699	-	32,061	701,371
Deposits payable	-	24,700	-	-	24,700
Contract retainage payable	-	-	-	209,478	209,478
Unearned revenue	-	-	12,964	35,755	48,719
Advances from primary government	-	120,000	-	-	120,000
Short-term notes payable	-	2,051,000	-	-	2,051,000
Long-term debt:					
Due within one year	1,055,000	3,413,570	36,369	495,000	4,999,939
Due in more than one year	13,069,581	37,845,815	327,326	5,325,327	56,568,049
Total liabilities	<u>14,383,744</u>	<u>44,683,356</u>	<u>690,779</u>	<u>6,378,877</u>	<u>66,136,756</u>
Net assets					
Invested in capital assets, net of related debt	-	24,328,941	187,655	76,589,922	101,106,518
Restricted for debt service	-	3,165,568	-	-	3,165,568
Restricted for highway projects	-	-	-	2,270,998	2,270,998
Unrestricted	353,311	47,864,037	1,118,067	2,294,281	51,629,696
Total net assets	<u>\$ 353,311</u>	<u>\$ 75,358,546</u>	<u>\$ 1,305,722</u>	<u>\$ 81,155,201</u>	<u>\$ 158,172,780</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, 2007

	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>District Health</u>	<u>Road Commission</u>	<u>Total</u>
Expenses					
Public works	\$ 578,582	\$ 2,915,157	\$ -	\$ -	\$ 3,493,739
Health and social services	-	-	6,726,657	-	6,726,657
Highways and streets	-	-	-	11,868,372	11,868,372
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	578,582	2,915,157	6,726,657	11,868,372	22,088,768
Program revenues					
Charges for services	-	374,431	1,400,530	67,268	1,842,229
Operating grants and contributions	590,205	2,245	5,353,761	14,010,963	19,957,174
Capital grants and contributions	-	4,977,251	-	-	4,977,251
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total program revenues	590,205	5,353,927	6,754,291	14,078,231	26,776,654
Net program revenue (expense)	11,623	2,438,770	27,634	2,209,859	4,687,886
General revenues					
Unrestricted investment earnings	114,338	649,426	-	172,591	936,355
Change in net assets	125,961	3,088,196	27,634	2,382,450	5,624,241
Net assets, October 1, as restated	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, September 30	227,350	72,270,350	1,278,088	78,772,751	152,548,539
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, September 30	\$ 353,311	\$ 75,358,546	\$ 1,305,722	\$ 81,155,201	\$ 158,172,780

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 combined 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 benefiting 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 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 \$399,179 to the Tri-County Community Mental Health Board for the year ended September 30, 2007.

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 \$96,987 for fiscal 2007.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County Office on Aging – is governed by a 13-member board appointed by the Board of Commissioners from the three counties it services – Ingham, Eaton and Clinton. The Office on Aging provides services to older residents of the three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$60,875 for the year ended September 30, 2007.

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 \$223,328 for the year ended September 30, 2007.

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 involves 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 countywide 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 *non-operating* 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 non-operating 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.

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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.

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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 Controllers 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, 2007, the County incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Veterans	\$ 85,697	\$ 86,182	\$ (485)
Nonmajor special revenue funds			
Parks special projects - transfers out	39,140	68,816	(29,676)
Homeowners purchase rehab - health and social services	129,999	142,017	(12,018)
Homeowners purchase rehab - transfers out	32,971	38,081	(5,110)
Jail millage - transfers out	2,124,289	2,169,563	(45,274)
Domestic preparedness - public safety	32,618	37,380	(4,762)
Drug forfeiture prosecutor - transfers out	9,075	10,769	(1,694)
Dispatcher training - public safety	11,970	12,159	(189)
Department of human services - health and social services	515,000	736,152	(221,152)
Juvenile millage - capital outlay	1,079,793	1,559,327	(479,534)

3. *Deficit Fund Equity*

The juvenile millage special revenue fund reported a deficit fund balance of \$8,855 as of September 30, 2007.

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, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Financial Statements:			
Statement of Net Assets:			
Cash and cash equivalents	\$ 29,870,135	\$ 18,231,348	\$ 48,101,483
Restricted cash	10,120	-	10,120
Investments	2,049,753	-	2,049,753
Statement of Fiduciary Assets and Liabilities:			
Cash and cash equivalents	<u>5,709,947</u>	<u>-</u>	<u>5,709,947</u>
Total	<u>\$ 37,639,955</u>	<u>\$ 18,231,348</u>	<u>\$ 55,871,303</u>
Deposits and Investments:			
Bank deposits (checking accounts, savings accounts and CDs) – net overdraft			\$ (145,375)
Investments in securities, mutual funds and similar vehicles:			
Treasurer’s pool			53,957,020
Retirees health insurance fund			2,049,753
Cash on hand			<u>9,905</u>
Total			<u>\$ 55,871,303</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, 2007, \$2,936,482 of the County’s total bank balance of \$3,246,482 [total book balance was (\$145,375)] 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 possession of 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, 2007, all of the investments in the Treasurer’s pool totaling \$53,957,020 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, 2007:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 216,326
U.S. agencies	387,294
Corporate securities	344,215
Equities	1,035,600
Money market accounts	66,318
Total investments	\$ 2,049,753

Credit Risk. As of September 30, 2007, 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	\$ 47,433
AA	188,388
A	69,165
BBB	39,229
	\$ 344,215

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, 2007, 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	4.8%
	Federal Home Loan Mortgage Association	9.3%
	Federal Home Loan Banks	4.8%

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, 2007, maturities of the fund's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			More Than 10
		Less Than 1	1-5	6-10	
U.S. treasuries	\$ 216,326	\$ -	\$ 86,694	\$ 129,632	\$ -
U.S. agencies	387,294	-	288,606	98,688	-
Corporate securities	344,215	118,562	140,030	85,623	-
	<u>\$ 947,835</u>	<u>\$ 118,562</u>	<u>\$ 515,330</u>	<u>\$ 313,943</u>	<u>\$ -</u>

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

D. RECEIVABLES

Receivables as of September 30, 2007 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 7,653,141	\$ 6,702,595	\$ -
Accounts receivable	276,506	1,053,749	632,179
Less allowance for doubtful accounts	-	(10,000)	(5,825)
Special assessments	-	-	41,879,439
Due from other governments	1,682,773	-	1,563,446
Advances to component unit	120,000	-	-
	<u>\$ 9,732,420</u>	<u>\$ 7,746,344</u>	<u>\$ 44,069,239</u>

Leases receivable in the Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for them using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of September 30, 2007. 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)	\$ -	\$ 166,827
Property taxes receivable (other governmental funds)	-	69,252
	<u>\$ -</u>	<u>\$ 236,079</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2007 is as follows:

	Receivable	Payable
Due from (to) other funds		
General fund	\$ 500,000	\$ 103,073
Central dispatch fund	-	9,000
Child care fund	203,224	7,551
Nonmajor governmental funds	100,000	10,441
Delinquent tax revolving fund	-	803,224
Jail commissary fund	-	85
Internal service funds	130,150	-
	\$ 933,374	\$ 933,374
 Interfund receivable (payable)		
General fund	\$ -	\$ 5,195,338
Child care fund	-	520,520
Nonmajor governmental funds	1,659,932	205,496
Delinquent tax revolving fund	4,261,422	-
	\$ 5,921,354	\$ 5,921,354

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, 2007, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 2,799,114	\$ 3,180,172
Revenue sharing reserve	-	2,026,152
Central dispatch fund	-	689,295
Child care fund	2,171,185	-
Jail construction	-	60,887
Nonmajor governmental funds	4,636,489	2,983,072
Medical care facility fund	136,013	-
Delinquent tax revolving fund	32,013	835,236
	\$ 9,774,814	\$ 9,774,814

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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.

F. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2007 was as follows:

	Balance October 1, 2006	Additions	Disposals	Balance September 30, 2007
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 102,628	\$ -	\$ -	\$ 102,628
Construction in progress	801,136	3,849,775	(2,298,319)	2,352,592
Total capital assets not being depreciated	<u>903,764</u>	<u>3,849,775</u>	<u>(2,298,319)</u>	<u>2,455,220</u>
Capital assets, being depreciated:				
Building and improvements	27,068,905	2,318,599	(177,239)	29,210,265
Vehicles and equipment	11,069,291	1,039,702	(2,024,872)	10,084,121
Total capital assets being depreciated	<u>38,138,196</u>	<u>3,358,301</u>	<u>(2,202,111)</u>	<u>39,294,386</u>
Less accumulated depreciation for:				
Building and improvements	(12,088,240)	(796,630)	143,561	(12,741,309)
Vehicles and equipment	(8,259,009)	(1,164,493)	2,017,717	(7,405,785)
Total accumulated depreciation	<u>(20,347,249)</u>	<u>(1,961,123)</u>	<u>2,161,278</u>	<u>(20,147,094)</u>
Total capital assets being depreciated, net	<u>17,790,947</u>	<u>1,397,178</u>	<u>(40,833)</u>	<u>19,147,292</u>
Capital assets, net	<u>\$ 18,694,711</u>	<u>\$ 5,246,953</u>	<u>\$ (2,339,152)</u>	<u>\$ 21,602,512</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 112,314	\$ -	\$ -	\$ 112,314
Capital assets, being depreciated:				
Building and improvements	9,900,342	121,633	-	10,021,975
Vehicles and equipment	1,476,386	14,388	-	1,490,774
Total capital assets being depreciated	<u>11,376,728</u>	<u>136,021</u>	<u>-</u>	<u>11,512,749</u>
Less accumulated depreciation for:				
Building and improvements	(866,272)	(268,664)	-	(1,134,936)
Vehicles and equipment	(448,822)	(125,952)	-	(574,774)
Total accumulated depreciation	<u>(1,315,094)</u>	<u>(394,616)</u>	<u>-</u>	<u>(1,709,710)</u>
Total capital assets being depreciated, net	<u>10,061,634</u>	<u>(258,595)</u>	<u>-</u>	<u>9,803,039</u>
Capital assets, net	<u>\$ 10,173,948</u>	<u>\$ (258,595)</u>	<u>\$ -</u>	<u>\$ 9,915,353</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

	Balance October 1, 2006	Additions	Disposals	Balance September 30, 2007
Component Unit - Drainage District				
Capital assets, not being depreciated:				
Construction in progress	\$ 26,260,076	\$ 6,714,094	\$ (1,032,750)	\$ 31,941,420
Capital assets, being depreciated - infrastructure	43,236,394	1,302,280	-	44,538,674
Less accumulated depreciation for - infrastructure	(9,809,567)	(1,082,201)	-	(10,891,768)
Total capital assets being depreciated, net	33,426,827	220,079	-	33,646,906
Capital assets, net	\$ 59,686,903	\$ 6,934,173	\$ (1,032,750)	\$ 65,588,326
Component Unit - District Health				
Capital assets, being depreciated - equipment	\$ 996,649	\$ 40,080	\$ -	\$ 1,036,729
Less accumulated depreciation for - equipment	(793,704)	(55,370)	-	(849,074)
Capital assets, net	\$ 202,945	\$ (15,290)	\$ -	\$ 187,655
Component Unit - Road Commission				
Capital assets, not being depreciated:				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements	15,215,448	5,596,404	-	20,811,852
Right of ways	758,941	-	-	758,941
Total capital assets not being depreciated	16,217,391	5,596,404	-	21,813,795
Capital assets, being depreciated:				
Buildings and improvements	6,564,842	-	(110,430)	6,454,412
Equipment	6,692,991	3,336	(544,953)	6,151,374
Infrastructure	98,088,685	205,195	(4,566,541)	93,727,339
Depletable assets	154,813	4,792,993	(104,254)	4,843,552
Total capital assets being depreciated	111,501,331	5,001,524	(5,326,178)	111,176,677
Less accumulated depreciation for:				
Buildings and improvements	(1,857,154)	(87,243)	841,001	(1,103,396)
Equipment	(5,920,636)	(277,948)	479,474	(5,719,110)
Infrastructure	(41,222,570)	(5,066,172)	2,071,684	(44,217,058)
Depletable assets	(154,813)	-	-	(154,813)
Total accumulated depreciation	(49,155,173)	(5,431,363)	3,392,159	(51,194,377)
Total capital assets being depreciated, net	62,346,158	(429,839)	(1,934,019)	59,982,300
Capital assets, net	\$ 78,563,549	\$ 5,166,565	\$ (1,934,019)	\$ 81,796,095

EATON COUNTY, MICHIGAN

Notes to Financial Statements

G. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2007 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 2,219,407	\$ 46,884	\$ 1,113,573
Accrued liabilities	1,207,972	285,982	299,927
Due to other governments	122,262	-	-
Retainage payable	-	-	209,478
Deposits payable	-	-	24,700
Payable from restricted assets	-	9,487	-
Advances from primary government	-	-	120,000
	\$ 3,549,641	\$ 342,353	\$ 1,767,678

H. LONG-TERM DEBT

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and component unit activities. \$15,000,000 of bonds were issued during the current year for governmental activities; \$1,997,307 of bonds were issued for public works.

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	\$ 190,000
1992 County Office Building (taxable)	8.00	2012	575,000	235,000
1993 Health Clinic Building	5.00 – 5.50	2013	600,000	250,000
2007 Jail Expansion	4.25 – 5.00	2028	15,000,000	15,000,000
				\$ 15,675,000
Business-type activities				
2002 Medical Care Facility	3.00 – 4.75%	2022	\$ 8,100,000	\$ 6,810,000
Component unit – Public Works				
Eaton Rapids Water	6.38 – 6.50%	2011	\$ 1,475,000	\$ 470,000
Grand Ledge Water/Sewer	4.00 – 5.00	2025	7,975,000	7,415,000
Charlotte Water/Sewer	4.375%	2011	2,295,000	805,000
Dimondale/Windsor Sewer Refunding	4.00 – 5.00	2015	4,115,000	2,595,000
Brookfield Water	1.625%	2026	2,860,000	2,658,357
				\$ 13,943,357
Component unit – Road Commission				
1998 Transportation	4.10 – 4.15%	2008	\$ 5,610,000	\$ 390,000
2003 Transportation	2.50 – 4.00	2018	5,500,000	5,125,000
				\$ 5,515,000

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

General obligation bonds

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 265,000	\$ 54,126	\$ 300,000	\$ 281,598	\$ 1,550,000	\$ 749,410
2009	625,000	55,503	320,000	272,598	1,570,000	690,377
2010	670,000	46,218	340,000	262,198	1,590,000	634,570
2011	705,000	36,558	360,000	250,298	1,585,000	573,289
2012	735,000	625,878	380,000	237,158	1,260,000	509,508
2013-2017	3,410,000	2,671,638	2,230,000	946,353	5,995,000	1,854,646
2018-2022	4,150,000	1,868,175	2,880,000	412,550	3,650,000	848,052
2023-2027	5,115,000	786,150	-	-	2,340,000	175,882
	<u>\$ 15,675,000</u>	<u>\$ 6,144,246</u>	<u>\$ 6,810,000</u>	<u>\$ 2,662,753</u>	<u>\$ 19,540,000</u>	<u>\$ 6,035,734</u>

Through September 30, 2007, the County has drawn \$2,778,357 from the Michigan Municipal Bond Authority of the \$2,860,000 authorized for the Brookfield Township water project. The balance is anticipated to be drawn as the project is completed. The entire authorized amount is reflected in the above schedule of maturities.

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At September 30, 2007, the County's legal debt limit was \$407,181,261.

Installment obligations. The government has entered into a long-term installment payment agreement for the upgrade of 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 \$581,876 with interest at 4.4 percent.

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

Installment purchase

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2008	\$ 79,500	\$ 24,738
2009	83,037	21,201
2010	86,731	17,507
2011	90,589	13,649
2012	94,619	9,620
2013-2014	147,400	6,480
	<u>\$ 581,876</u>	<u>\$ 93,195</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, 2007, drain bonds and notes totaling \$40,527,547 were outstanding, including \$1,096,000 of new bonds and notes issued during the current year. Drain bonds and notes carry interest at rates ranging from 1.96 percent to 8.0 percent.

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

Drain bonds and notes

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2008	\$ 3,413,570	\$ 1,722,175
2009	2,762,595	1,602,126
2010	2,765,595	1,494,898
2011	2,696,595	1,395,856
2012	2,712,597	1,290,728
2013-2017	11,249,261	4,838,136
2018-2022	9,602,334	2,492,454
2023-2027	5,325,000	519,188
	\$ 40,527,547	\$ 15,355,561

In addition to the above, short-term drain notes payable totaling \$2,051,000 were outstanding as of September 30, 2007. These notes were issued at interest rates ranging between 3.47% and 4.50% and are due at various dates through September 2007.

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 \$3,200,000 from the 2007 Series were outstanding at September 30, 2007.

Advance refunding. In prior years, the government defeased certain bonds by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At September 30, 2007, \$2,675,000 of component unit bonds outstanding are considered defeased.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Primary Government</u>					
Governmental activities					
General obligation bonds	\$ 2,720,000	\$ 15,000,000	\$ (2,045,000)	\$ 15,675,000	\$ 265,000
Add deferred amounts:					
For issuance premiums	-	9,180	-	9,180	-
Installment contracts	657,991	-	(76,115)	581,876	79,500
Compensated absences	1,824,602	1,838,054	(1,721,279)	1,941,377	180,341
	<u>\$ 5,202,593</u>	<u>\$ 16,847,234</u>	<u>\$ (3,842,394)</u>	<u>\$ 18,207,433</u>	<u>\$ 524,841</u>
Business-type activities					
General obligation bonds	\$ 7,095,000	\$ -	\$ (285,000)	\$ 6,810,000	\$ 300,000
Delinquent tax notes	1,200,000	5,000,000	(3,000,000)	3,200,000	3,200,000
Compensated absences	97,620	10,097	-	107,717	21,543
	<u>\$ 8,392,620</u>	<u>\$ 5,010,097</u>	<u>\$ (3,285,000)</u>	<u>\$ 10,117,717</u>	<u>\$ 3,521,543</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>
<u>Component Units</u>					
Board of Public Works					
General obligation bonds	\$ 14,077,050	\$ 901,307	\$ (1,035,000)	\$ 13,943,357	\$ 1,055,000
Add (deduct) deferred amounts:					
For issuance premiums	247,755	-	(13,392)	234,363	-
On refunding	(56,175)	-	3,036	(53,139)	-
	<u>\$ 14,268,630</u>	<u>\$ 901,307</u>	<u>\$ (1,045,356)</u>	<u>\$ 14,124,581</u>	<u>\$ 1,055,000</u>
Drainage Districts					
Drain bonds and notes	\$ 42,841,440	\$ 1,096,000	\$ (3,409,893)	\$ 40,527,547	\$ 3,413,570
Add (deduct) deferred amounts:					
For issuance premiums	856,890	-	(44,707)	812,183	-
On refunding	(84,768)	-	4,423	(80,345)	-
	<u>\$ 43,613,562</u>	<u>\$ 1,096,000</u>	<u>\$ (3,450,177)</u>	<u>\$ 41,259,385</u>	<u>\$ 3,413,570</u>
District Health					
Compensated absences	<u>\$ 360,984</u>	<u>\$ 2,711</u>	<u>\$ -</u>	<u>\$ 363,695</u>	<u>\$ 36,369</u>
Road Commission					
Transportation bonds	\$ 5,990,000	\$ -	\$ (475,000)	\$ 5,515,000	\$ 495,000
Compensated absences	302,322	136,551	(133,546)	305,327	-
	<u>\$ 6,292,322</u>	<u>\$ 136,551</u>	<u>\$ (608,546)</u>	<u>\$ 5,820,327</u>	<u>\$ 495,000</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:

	2007	2006
Workers Compensation		
Estimated liability, October 1	\$ 110,202	\$ 38,614
Estimated claims incurred, including changes in estimates	66,174	130,985
Claim payments	(97,109)	(59,397)
Estimated liability, September 30	\$ 79,267	\$ 110,202

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:

	2007	2006
Self Insurance		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	2,110,296	-
Claim payments	(1,938,296)	-
Estimated liability, September 30	\$ 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, 2007, the balance of the County's member retention fund was \$338,623.

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:

	2007	2006
General Liability		
Estimated liability, October 1	\$ 109,511	\$ 121,924
Estimated claims incurred, including changes in estimates	202,924	254,724
Claim payments	(154,367)	(267,137)
Estimated liability, September 30	\$ 158,068	\$ 109,511

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:

	2007	2006
Unemployment Compensation		
Estimated liability, October 1	\$ -	\$ 1,476
Estimated claims incurred, including changes in estimates	35,322	4,285
Claim payments	(35,322)	(5,761)
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:

	2007	2006
Life & Disability		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	93,502	101,820
Claim payments	(91,044)	(101,820)
Estimated liability, September 30	\$ 2,458	\$ -

Dental insurance. During the year, the County established 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:

	2007	2006
Dental		
Estimated liability, October 1	\$ 10,840	\$ 12,283
Estimated claims incurred, including changes in estimates	192,392	203,627
Claim payments	(192,393)	(205,070)
Estimated liability, September 30	\$ 10,839	\$ 10,840

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

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

J. CONTINGENT LIABILITIES

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The Barry-Eaton County Health Department has received payments from the State of Michigan under the 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.

K. PROPERTY TAXES

Heretofore, county property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2005, which provided a funding mechanism to replace state revenue sharing payments to counties, the County's levy date gradually shifted (or accelerated) from December 1 to July 1 of each year. As such, for the year ended September 30, 2007, the County recognized the one-third December 1, 2006 levy and the entire July 1, 2007 levy. In each year hereafter, all of the County property tax will be levied July 1.

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 2006 and 2007 levies, for which revenue was recognized in fiscal 2007, was \$3,229,545,910 and \$3,410,687,085, respectively. The general operating tax rate for these levies were 5.2149 mills with an additional .9478, .9438 and .3973 mills assessed for jail debt, central dispatch and juvenile services, 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 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. During the current fiscal year, 81 retirees received health care benefits under the program; the cost of those benefits amounted to \$650,962.

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. Contributions for the year ended September 30, 2007 were \$1,065,739. Although actuarial valuations of the program were completed as of December 31, 2005, 2003 and 1999, 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 has not elected to early adopt GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

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, 2007, the fair value of the trust assets was \$3,886,864; 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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

For informational purposes, the results of the actuarial valuations as of December 31, 2005, 2003 and 1999 were as follows:

	<u>2005</u>	<u>2003</u>	<u>1999</u>
Actuarial accrued liability	\$ 32,042,945	\$ 24,935,636	\$ 8,701,585
Actuarial value of assets	<u>4,329,282</u>	<u>2,918,738</u>	<u>1,772,212</u>
Unfunded actuarial liability	<u>\$ 27,713,663</u>	<u>\$ 22,016,898</u>	<u>\$ 6,929,373</u>

The significant actuarial assumptions include the entry age actuarial cost method, interest discount rate of 8% and demographic assumptions the same as the December 31, 2003 valuation of the County General Retirement Plan.

Road Commission. The Road Commission also provides postemployment health care benefits to eligible employees who retire from the Road Commission on or after attaining retirement age of 59½ with at least ten years of continuous service. Expenditures for such benefits are recognized on a pay-as-you-go basis. For the year ended September 30, 2007 these costs amounted to \$309,146 with 33 eligible participants.

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 10.71% of annual covered payroll for the County, 5.35% for the Medical Care Facility, and 12.71% for the District Health Department. County general employees are required to contribute 1.0% to 22.8% 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 2.0% 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, 2007, the annual MERS pension cost of \$1,832,190 for the County, \$199,360 for the Medical Care Facility and \$459,176 for the District Health Department was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2004 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 30 years.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Three year funding progress and trend information

	Year Ended December 31,		
	2004	2005	2006
County General			
Actuarial value of assets	\$ 50,075,689	\$ 53,631,459	\$ 57,847,117
Actuarial accrued liability (AAL)	79,982,122	86,026,742	91,715,418
Unfunded AAL	29,906,433	32,395,283	33,868,301
Funded ratio	63%	62%	63%
Covered payroll	16,157,061	16,051,246	16,700,534
UAAL as a percentage of covered payroll	185%	202%	203%
Annual pension cost	2,161,884	2,281,740	2,424,444
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
	Year Ended December 31,		
	2004	2005	2006
Medical Care Facility			
Actuarial value of assets	\$ 4,055,870	\$ 4,271,539	\$ 4,657,256
Actuarial accrued liability (AAL)	4,473,905	4,352,491	4,870,465
Unfunded AAL	418,035	80,952	213,209
Funded ratio	91%	98%	96%
Covered payroll	2,725,971	2,885,808	3,724,984
UAAL as a percentage of covered payroll	15%	3%	5%
Annual pension cost	135,228	119,616	170,760
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
	Year Ended December 31,		
	2004	2005	2006
District Health Department			
Actuarial value of assets	\$ 8,083,097	\$ 8,832,437	\$ 9,640,293
Actuarial accrued liability (AAL)	10,076,560	10,825,312	12,043,582
Unfunded AAL	1,993,463	1,992,875	2,403,289
Funded ratio	80%	82%	80%
Covered payroll	3,350,574	3,399,822	3,381,332
UAAL as a percentage of covered payroll	59%	59%	71%
Annual pension cost	397,104	406,824	455,268
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, 2007 were \$166,969.

O. RESTATEMENTS

Beginning net assets of governmental activities were decreased by \$66,490 to reflect the capitalization of certain assets acquired in the prior year. In addition, the beginning fund balance of the general and revenue sharing reserve funds were decreased by \$35,359 and \$254,325, respectively, to correct for property tax revenue recognition in the prior year.

Also, the beginning net assets of the Road Commission Component Unit was increased by \$2,505,726 to properly adjust for prior year accumulated depreciation which was overstated.

* * * * *

**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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Taxes				
Property taxes	\$ 17,288,241	\$ 17,288,241	\$ 17,900,261	\$ 612,020
Industrial facilities tax	317,862	317,862	548,621	230,759
Payments in lieu	10,000	10,000	3,790	(6,210)
Delinquent taxes	45,000	45,000	16,999	(28,001)
Trailer park taxes	10,000	10,000	8,552	(1,448)
Interest and penalties	32,000	32,000	25,724	(6,276)
Total taxes	<u>17,703,103</u>	<u>17,703,103</u>	<u>18,503,947</u>	<u>800,844</u>
Permits and regulatory licenses				
Dog licenses	145,500	145,500	127,632	(17,868)
Pistol permits	10,000	10,000	6,578	(3,422)
Marriage licenses	15,500	15,500	15,141	(359)
Soil erosion	70,000	70,000	39,195	(30,805)
Total permits and regulatory licenses	<u>241,000</u>	<u>241,000</u>	<u>188,546</u>	<u>(52,454)</u>
Intergovernmental - federal/state				
Emergency management services	34,000	34,000	31,108	(2,892)
Cooperative reimbursement - Prosecutor	86,762	86,762	84,477	(2,285)
ADC Incentive	155,000	155,000	180,126	25,126
Cooperative reimbursement - Friend of the Court	940,429	940,429	863,056	(77,373)
Strong Families/Safe Children	23,276	23,276	27,767	4,491
Local Law Enforcement Block Grant	5,000	5,000	7,227	2,227
Probate Judge's salary	100,000	100,000	110,120	10,120
Judicial salary standardization	227,948	227,948	228,620	672
Sheriff road patrol program	150,420	150,420	150,420	-
Marine safety program	8,940	8,940	8,540	(400)
Drug case incentive	1,126	1,126	1,058	(68)
Victims Rights Act	102,600	102,600	100,801	(1,799)
Parole violation grant	32,000	32,000	35,631	3,631
Diverted felon program	292,000	292,000	343,603	51,603
Assistant juvenile officer grant	52,776	52,776	52,776	-
Convention and tourism	446,656	446,656	432,171	(14,485)
Cigarette tax	70,000	70,000	61,219	(8,781)
Liquor license fees	23,000	23,000	25,254	2,254
State aid-case flow assistance	18,112	18,112	23,045	4,933
State court equity funding	642,222	642,222	564,892	(77,330)
Miscellaneous	45,200	45,200	11,081	(34,119)
Total intergovernmental - federal/state	<u>3,457,467</u>	<u>3,457,467</u>	<u>3,342,992</u>	<u>(114,475)</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Intergovernmental - local				
Township - planning	\$ 58,191	\$ 58,191	\$ 58,191	\$ -
Township - Sheriff	2,570,499	2,677,774	2,556,416	(121,358)
Road Commission - weighmaster	188,501	111,276	104,841	(6,435)
Total intergovernmental - local	<u>2,817,191</u>	<u>2,847,241</u>	<u>2,719,448</u>	<u>(127,793)</u>
Charges for services				
Court:				
District Court costs	800,000	800,000	846,171	46,171
Circuit Court probation	40,000	40,000	26,176	(13,824)
Court filing fees	154,115	154,115	168,994	14,879
Bond costs	7,000	7,000	2,500	(4,500)
Jury demand	9,050	9,050	5,880	(3,170)
Writ of garnishment	70,000	70,000	67,635	(2,365)
Attorney fee reimbursement	200	200	655	455
SOS reinstatement fee	27,115	27,115	41,250	14,135
Probation oversight	81,000	81,000	116,121	35,121
Alcohol assessment	20,015	20,015	22,676	2,661
Friend of the Court service fees	69,000	69,000	84,794	15,794
Probate Court services	46,000	46,000	42,830	(3,170)
Juvenile Court services	16,000	16,000	16,891	891
Prosecuting attorney services	500	500	2,547	2,047
Juvenile Court attorney fees	52,500	52,500	21,430	(31,070)
Crime victim assessment	-	-	388	388
Tether program	67,000	67,000	27,425	(39,575)
General government:				
County Clerk services	80,000	80,000	112,840	32,840
County Treasurer services	4,000	4,000	14,544	10,544
Register of Deed services	560,000	560,000	400,632	(159,368)
Real estate transfer tax	430,000	430,000	406,127	(23,873)
Drain Commission services	23,000	23,000	14,606	(8,394)
Child care collection fees	82,000	82,000	66,734	(15,266)
Property description services	2,200	2,200	14,614	12,414
Food stamp fraud	1,000	1,000	5,546	4,546
Community development services	40,000	40,000	27,162	(12,838)
Sheriff Department:				
Sheriff services	182,310	182,310	184,716	2,406
OUIL/Impaired	21,000	21,000	24,118	3,118
False alarms	19,000	19,000	10,024	(8,976)
Abandoned vehicles	8,000	8,000	8,804	804
Inmate medical	19,000	19,000	14,909	(4,091)
Sentenced inmate boarding	74,809	74,809	58,987	(15,822)
Sale of lost/stolen property	400	400	-	(400)
Boarding of dogs and cats	10,000	10,000	11,256	1,256
Photocopies	11,900	11,900	7,147	(4,753)
Miscellaneous	7,505	7,505	10,800	3,295
Total charges for services	<u>3,035,619</u>	<u>3,035,619</u>	<u>2,887,929</u>	<u>(147,690)</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Fines and forfeitures				
Ordinance fines and costs	\$ 132,825	\$ 132,825	\$ 110,478	\$ (22,347)
Handicap parking	2,000	2,000	6,658	4,658
Bond forfeitures	37,071	37,071	39,907	2,836
Dog fines	1,800	1,800	1,073	(727)
Miscellaneous	500	500	7,924	7,424
Total fines and forfeitures	<u>174,196</u>	<u>174,196</u>	<u>166,040</u>	<u>(8,156)</u>
Interest and rents				
Interest on investments	350,000	350,000	314,034	(35,966)
Rental fees	250,500	250,500	243,891	(6,609)
Total interest and rents	<u>600,500</u>	<u>600,500</u>	<u>557,925</u>	<u>(42,575)</u>
Other				
Vending/pay phone commissions	100,300	100,300	97,279	(3,021)
Sale of capital assets	10,000	10,000	12,962	2,962
Sale of dogs and cats	4,500	4,500	4,313	(187)
Youth Facility meals	34,793	34,793	32,591	(2,202)
Reimbursements and refunds	45,746	46,518	62,568	16,050
Restitution	7,000	7,000	5,261	(1,739)
Insurance reimbursements	-	-	13	13
Miscellaneous	18,670	18,670	2,679	(15,991)
Total other	<u>221,009</u>	<u>221,781</u>	<u>217,666</u>	<u>(4,115)</u>
Total revenues	<u>28,250,085</u>	<u>28,280,907</u>	<u>28,584,493</u>	<u>303,586</u>
Other financing sources - transfers in				
Delinquent Tax Revolving	2,514,401	500,000	511,751	11,751
Revenue Sharing Reserve	-	2,014,401	2,014,401	-
Central Dispatch	182,962	182,962	182,962	-
Jail Millage	90,000	90,000	90,000	-
Total other financing sources	<u>2,787,363</u>	<u>2,787,363</u>	<u>2,799,114</u>	<u>11,751</u>
Total revenues and other sources	<u>\$ 31,037,448</u>	<u>\$ 31,068,270</u>	<u>\$ 31,383,607</u>	<u>\$ 315,337</u>

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Legislative				
Board of Commissioners	\$ 281,660	\$ 281,660	\$ 272,357	\$ 9,303
Judicial				
Circuit Court	1,312,378	1,275,378	1,159,173	116,205
District Court	1,526,670	1,525,495	1,513,574	11,921
Friend of Court	1,346,728	1,346,728	1,239,766	106,962
County Guardian	20,153	63,153	62,523	630
Probate Court	488,274	492,274	454,460	37,814
Juvenile Court	871,801	871,372	847,827	23,545
Probation	12,681	12,681	8,122	4,559
Total judicial	<u>5,578,685</u>	<u>5,587,081</u>	<u>5,285,445</u>	<u>301,636</u>
General government				
Elections	59,250	121,250	115,795	5,455
Clerk	548,930	546,977	525,654	21,323
Births and Deaths	250	250	221	29
Plat Board	748	748	334	414
Controller	797,910	823,647	803,597	20,050
Information Systems	817,492	817,725	757,107	60,618
Equalization	601,101	601,101	581,761	19,340
Prosecuting Attorney	1,296,097	1,291,374	1,195,630	95,744
Register of Deeds	313,436	313,436	274,190	39,246
Treasurer	382,528	381,042	349,238	31,804
Cooperative Extension	215,048	215,048	205,945	9,103
Building Authority Administration	1,050	1,050	140	910
Building and Grounds	1,625,715	1,632,604	1,520,651	111,953
Drain Commission	396,566	396,566	392,175	4,391
Thornapple-Ground Soil Conservation	19,510	19,510	19,510	-
Eaton County Office Building	20,139	23,139	22,734	405
Total general government	<u>7,095,770</u>	<u>7,185,467</u>	<u>6,764,682</u>	<u>420,785</u>
Public safety				
Sheriff - General	4,562,535	4,605,053	4,543,450	61,603
Sheriff - Corrections	4,031,470	4,085,641	3,861,122	224,519
Sheriff - Delta office	3,166,799	3,301,989	3,203,008	98,981
Sheriff - Weighmaster	184,005	110,493	89,725	20,768
Sheriff - Road Patrol	145,080	153,934	152,089	1,845
Handicapped Parking	8,660	8,660	3,253	5,407
Marine Safety	10,916	10,916	7,061	3,855
Community Development	240,163	240,163	213,720	26,443
Tri-County Regional Planning	96,987	96,988	96,988	-
Animal Control	372,159	381,488	368,486	13,002
Emergency Services	105,718	119,763	118,141	1,622
Total public safety	<u>12,924,492</u>	<u>13,115,087</u>	<u>12,657,043</u>	<u>458,044</u>
Public works				
Drains at Large	387,000	414,076	414,074	2

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Health and social services				
Mid-South Substance Abuse	\$ 223,328	\$ 223,328	\$ 216,086	\$ 7,242
Medical Examiner	71,076	115,794	113,178	2,616
Community Mental Health	399,179	399,179	399,179	-
Barry-Eaton Health Plan Corporation	650,000	650,000	650,000	-
Tri-County Office on Aging	61,655	62,525	62,246	279
Veterans	85,197	85,697	86,182	(485)
Economic Development	5,750	5,750	-	5,750
District Health - appropriation	88,461	88,461	88,461	-
District Health - cigarette tax	40,869	43,214	43,213	1
Total health and social services	<u>1,625,515</u>	<u>1,673,948</u>	<u>1,658,545</u>	<u>15,403</u>
Recreation and culture				
Courthouse Square Association	20,000	20,000	20,000	-
Other				
Miscellaneous	559,641	11,011	16,011	(5,000)
Capital outlay				
	485,460	610,307	535,133	75,174
Total expenditures	<u>28,958,223</u>	<u>28,898,637</u>	<u>27,623,290</u>	<u>1,275,347</u>
Other financing uses - transfers out				
Appropriations:				
Child Care	1,292,019	1,561,050	1,556,050	5,000
Family Independence Agency	15,000	15,000	15,000	-
Soldiers and Sailors Relief	25,000	25,000	25,000	-
Parks and Recreation	394,688	394,688	394,688	-
Historical Commission	12,000	12,000	12,000	-
Public Improvement	330,000	330,000	330,000	-
Computer	328,431	400,220	400,220	-
Other:				
Community corrections	20,000	20,000	20,000	-
Child Care (cigarette tax)	17,029	18,006	18,006	-
Friend of the Court	37,169	26,001	26,000	1
Medical Care Facility	136,013	136,013	136,013	-
Vertical Drug Prosecution and Forfeiture	40,226	40,226	40,226	-
Building Authority - Eaton County Office Building	101,273	101,273	101,273	-
STOP Domestic Violence	29,980	28,296	28,296	-
Child Care - FIA	2,500	2,500	2,500	-
Parcel Layer / Comprehensive Plan	13,500	13,500	13,500	-
Landfill	28,000	61,400	61,400	-
Total other financing uses	<u>2,822,828</u>	<u>3,185,173</u>	<u>3,180,172</u>	<u>5,001</u>
Total expenditures and other uses	<u>\$ 31,781,051</u>	<u>\$ 32,083,810</u>	<u>\$ 30,803,462</u>	<u>\$ 1,280,348</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2007

	<u>Special Revenue Funds</u>				
	<u>Parks and Recreation</u>	<u>Parks Special Projects</u>	<u>Friend of the Court</u>	<u>Fox Park</u>	<u>Landfill</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 29,427	\$ 99,377	\$ 1,771	\$ 27,856	\$ 18,575
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	-	195,859	-
Due from other funds	-	-	-	-	-
Interfund receivable	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>\$ 29,427</u>	<u>\$ 99,377</u>	<u>\$ 1,771</u>	<u>\$ 223,715</u>	<u>\$ 18,575</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 13,751	\$ -	\$ -	\$ 223,714	\$ 3,517
Accrued liabilities	10,083	-	1,550	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	1,054	-	220	-	-
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>24,888</u>	<u>-</u>	<u>1,770</u>	<u>223,714</u>	<u>3,517</u>
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	1,565	83,333	-	-	-
Undesignated	2,974	16,044	1	1	15,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,539</u>	<u>99,377</u>	<u>1</u>	<u>1</u>	<u>15,058</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 29,427</u>	<u>\$ 99,377</u>	<u>\$ 1,771</u>	<u>\$ 223,715</u>	<u>\$ 18,575</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
\$ 204,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,199	\$ -
-	-	-	-	-	-	-	-
-	-	-	42,080	1,974	858	-	74
-	149,629	54,752	-	-	-	-	47,030
-	-	-	-	100,000	-	-	-
-	-	-	-	-	690,998	-	-
<u>\$ 204,403</u>	<u>\$ 149,629</u>	<u>\$ 54,752</u>	<u>\$ 42,080</u>	<u>\$ 101,974</u>	<u>\$ 691,856</u>	<u>\$ 32,199</u>	<u>\$ 47,104</u>
\$ 20,806	\$ 248	\$ -	\$ -	\$ 3,410	\$ 38,312	\$ -	\$ 15,282
1,835	2,117	15,851	807	15,453	-	-	-
-	-	-	-	-	-	-	-
261	301	-	115	2,435	-	-	-
-	36,414	38,899	6,132	76,720	-	-	6,091
-	-	-	-	-	-	-	-
<u>22,902</u>	<u>39,080</u>	<u>54,750</u>	<u>7,054</u>	<u>98,018</u>	<u>38,312</u>	<u>-</u>	<u>21,373</u>
37,740	-	-	16,350	-	164,239	-	-
143,761	110,549	2	18,676	3,956	489,305	32,199	25,731
<u>181,501</u>	<u>110,549</u>	<u>2</u>	<u>35,026</u>	<u>3,956</u>	<u>653,544</u>	<u>32,199</u>	<u>25,731</u>
<u>\$ 204,403</u>	<u>\$ 149,629</u>	<u>\$ 54,752</u>	<u>\$ 42,080</u>	<u>\$ 101,974</u>	<u>\$ 691,856</u>	<u>\$ 32,199</u>	<u>\$ 47,104</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2007

	Special Revenue Funds				
	Parcel Layer Comprehensive Plan	Register of Deeds Technology	Prisoner Boarding	Jail Millage	Jail Millage II
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 18,914	\$ 280,680	\$ 1,475	\$ -	\$ 5,264
Receivables:					
Property taxes	-	-	-	32,203	-
Accounts, net	-	375	-	858	-
Due from other governmental units	-	-	850	-	-
Due from other funds	-	-	-	-	-
Interfund receivable	-	-	-	968,934	-
	<u>TOTAL ASSETS</u>				
	\$ 18,914	\$ 281,055	\$ 2,325	\$ 1,001,995	\$ 5,264
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 4,500	\$ 40	\$ -	\$ 923	\$ -
Accrued liabilities	-	-	1,931	9,870	4,544
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	394	2,026	720
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	32,203	-
	Total liabilities				
	4,500	40	2,325	45,022	5,264
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	51,805	-	543,050	-
Undesignated	14,414	229,210	-	413,923	-
	Total fund balances				
	14,414	281,015	-	956,973	-
	<u>TOTAL LIABILITIES AND FUND BALANCES</u>				
	\$ 18,914	\$ 281,055	\$ 2,325	\$ 1,001,995	\$ 5,264

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	\$ -	\$ 2,697	\$ 160	\$ -	\$ 21,460	\$ -	\$ 7,476
-	-	-	-	-	-	-	-
-	-	-	-	-	8	-	-
-	-	-	-	26,501	17,392	79,396	8,583
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 2,697</u>	<u>\$ 160</u>	<u>\$ 26,501</u>	<u>\$ 38,860</u>	<u>\$ 79,396</u>	<u>\$ 16,059</u>
\$ -	\$ -	\$ -	\$ 75	\$ -	\$ 540	\$ 34,606	\$ 13,688
-	-	2,361	-	2,551	1,691	4,477	653
-	-	-	-	-	-	-	-
-	-	335	-	365	240	809	1
-	-	-	-	23,585	-	5,762	-
-	-	-	-	-	-	-	-
-	-	2,696	75	26,501	2,471	45,654	14,342
-	-	-	-	-	20,600	11,598	-
868	-	1	85	-	15,789	22,144	1,717
868	-	1	85	-	36,389	33,742	1,717
<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 2,697</u>	<u>\$ 160</u>	<u>\$ 26,501</u>	<u>\$ 38,860</u>	<u>\$ 79,396</u>	<u>\$ 16,059</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2007

	Special Revenue Funds				
	Soil Erosion Enforcement	Child Care - DHS	Community Prosecution	Property Forfeiture Prosecutor	Bureau of Justice LLEBG
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 1,755	\$ 15,720	\$ 444,881	\$ 635	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interfund receivable	-	-	-	-	-
	<u>\$ 1,755</u>	<u>\$ 15,720</u>	<u>\$ 444,881</u>	<u>\$ 635</u>	<u>\$ -</u>
<u>TOTAL ASSETS</u>					
	<u>\$ 1,755</u>	<u>\$ 15,720</u>	<u>\$ 444,881</u>	<u>\$ 635</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 1,234	\$ -	\$ -
Accrued liabilities	-	-	26,850	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	1,165	-	-
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
	-	-	29,249	-	-
Total liabilities	-	-	29,249	-	-
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Undesignated	1,755	15,720	415,632	635	-
	1,755	15,720	415,632	635	-
Total fund balances	1,755	15,720	415,632	635	-
	<u>\$ 1,755</u>	<u>\$ 15,720</u>	<u>\$ 444,881</u>	<u>\$ 635</u>	<u>\$ -</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
\$ 24,058	\$ 15,950	\$ 29,345	\$ -	\$ 82,681	\$ 20,895	\$ 2,825	\$ 7,229
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	17,508	243	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 24,058</u>	<u>\$ 15,950</u>	<u>\$ 29,345</u>	<u>\$ 17,508</u>	<u>\$ 82,924</u>	<u>\$ 20,895</u>	<u>\$ 2,825</u>	<u>\$ 7,229</u>
\$ 215	\$ 1,466	\$ 1,337	\$ 12,339	\$ 243	\$ -	\$ -	\$ 750
-	-	-	-	-	-	-	-
-	-	-	-	75,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5,169	-	-	-	-
-	-	-	-	-	-	-	-
<u>215</u>	<u>1,466</u>	<u>1,337</u>	<u>17,508</u>	<u>75,243</u>	<u>-</u>	<u>-</u>	<u>750</u>
6,000	-	15,000	-	-	-	-	-
<u>17,843</u>	<u>14,484</u>	<u>13,008</u>	<u>-</u>	<u>7,681</u>	<u>20,895</u>	<u>2,825</u>	<u>6,479</u>
<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>\$ 24,058</u>	<u>\$ 15,950</u>	<u>\$ 29,345</u>	<u>\$ 17,508</u>	<u>\$ 82,924</u>	<u>\$ 20,895</u>	<u>\$ 2,825</u>	<u>\$ 7,229</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
September 30, 2007

	Special Revenue Funds				
	Computer	Home Tax Exemption Audit	Brownfield Redevelopment	Local Corrections Officer Training	LEAD Drug Testing
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 222,224	\$ 1,932	\$ -	\$ 67,953	\$ 954
Receivables:					
Property taxes	-	-	-	-	-
Accounts, net	30	-	-	-	-
Due from other governmental units	-	-	8,469	-	-
Due from other funds	-	-	-	-	-
Interfund receivable	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>\$ 222,254</u>	<u>\$ 1,932</u>	<u>\$ 8,469</u>	<u>\$ 67,953</u>	<u>\$ 954</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 71,126	\$ -	\$ 1,745	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/state	-	887	-	-	-
Due to other funds	-	-	-	-	-
Interfund payable	-	-	6,724	-	-
Deferred revenue	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>71,126</u>	<u>887</u>	<u>8,469</u>	<u>-</u>	<u>-</u>
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Undesignated	151,128	1,045	-	67,953	954
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>151,128</u>	<u>1,045</u>	<u>-</u>	<u>67,953</u>	<u>954</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 222,254</u>	<u>\$ 1,932</u>	<u>\$ 8,469</u>	<u>\$ 67,953</u>	<u>\$ 954</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
\$ 778,786	\$ 155,167	\$ 401	\$ -	\$ 60,387	\$ -	\$ 11,290	\$ 5,777
-	5,613	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 778,786</u>	<u>\$ 160,780</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 60,387</u>	<u>\$ -</u>	<u>\$ 11,290</u>	<u>\$ 5,777</u>
\$ -	\$ 164,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,613	-	-	-	-	-	-
-	169,635	-	-	-	-	-	69
-	-	-	-	-	-	-	-
<u>778,786</u>	<u>(8,855)</u>	<u>401</u>	<u>-</u>	<u>60,387</u>	<u>-</u>	<u>11,290</u>	<u>5,708</u>
<u>778,786</u>	<u>(8,855)</u>	<u>401</u>	<u>-</u>	<u>60,387</u>	<u>-</u>	<u>11,290</u>	<u>5,708</u>
<u>\$ 778,786</u>	<u>\$ 160,780</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 60,387</u>	<u>\$ -</u>	<u>\$ 11,290</u>	<u>\$ 5,777</u>

Continued...

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Concluded)
September 30, 2007

	<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	\$ 109,170	\$ 2,751	\$ 44	\$ 595	\$ 2,816,007
Receivables:					
Property taxes	-	-	-	-	37,816
Accounts, net	-	-	-	-	46,257
Due from other governmental units	-	-	-	-	606,212
Due from other funds	-	-	-	-	100,000
Interfund receivable	-	-	-	-	1,659,932
	<u>\$ 109,170</u>	<u>\$ 2,751</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 5,266,224</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ 1,858	\$ -	\$ -	\$ 629,816
Accrued liabilities	-	-	-	-	102,624
Due to other governmental units -					
Federal/state	-	-	-	-	75,887
Due to other funds	-	-	-	-	10,441
Interfund payable	-	-	-	-	205,496
Deferred revenue	-	-	-	-	37,816
	<u>-</u>	<u>1,858</u>	<u>-</u>	<u>-</u>	<u>1,062,080</u>
Total liabilities	-	1,858	-	-	1,062,080
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	951,280
Undesignated	109,170	893	44	595	3,252,864
	<u>109,170</u>	<u>893</u>	<u>44</u>	<u>595</u>	<u>4,204,144</u>
Total fund balances	109,170	893	44	595	4,204,144
	<u>\$ 109,170</u>	<u>\$ 2,751</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 5,266,224</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2007

Special Revenue Funds

	Parks and Recreation	Parks Special Projects	Friend of the Court	Fox Park	Landfill
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	-	195,859	-
Local	-	-	-	-	-
Charges for services	50,502	-	34,430	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	3,424	-	-	-	-
Total revenues	<u>53,926</u>	<u>-</u>	<u>34,430</u>	<u>195,859</u>	<u>-</u>
Expenditures					
Current:					
Judicial	-	-	60,429	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	-	46,343
Parks, recreation and culture	393,611	-	-	43,369	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	221,305	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>393,611</u>	<u>-</u>	<u>60,429</u>	<u>264,674</u>	<u>46,343</u>
Revenue over (under) expenditures	<u>(339,685)</u>	<u>-</u>	<u>(25,999)</u>	<u>(68,815)</u>	<u>(46,343)</u>
Other financing sources (uses)					
Transfers in	386,355	54,053	26,000	68,816	61,400
Transfers (out)	(45,720)	(68,816)	-	-	-
Total other financing sources (uses)	<u>340,635</u>	<u>(14,763)</u>	<u>26,000</u>	<u>68,816</u>	<u>61,400</u>
Net change in fund balances	950	(14,763)	1	1	15,057
Fund balances (deficit), October 1	<u>3,589</u>	<u>114,140</u>	<u>-</u>	<u>-</u>	<u>1</u>
Fund balances (deficit), September 30	<u><u>\$ 4,539</u></u>	<u><u>\$ 99,377</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 15,058</u></u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	456,463	-	-	-
-	372,584	180,100	-	-	-	-	144,999
-	-	-	-	4,780	-	-	-
261,996	67,074	-	-	10,499	-	8,143	21,505
-	-	-	-	2,300	-	-	-
-	-	-	2,665	-	-	-	-
-	5,150	-	-	-	-	-	-
<u>261,996</u>	<u>444,808</u>	<u>180,100</u>	<u>2,665</u>	<u>474,042</u>	<u>-</u>	<u>8,143</u>	<u>166,504</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	166,431
-	-	-	-	662,173	-	-	-
215,695	384,620	142,017	29,439	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	117,174	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>215,695</u>	<u>384,620</u>	<u>142,017</u>	<u>29,439</u>	<u>662,173</u>	<u>117,174</u>	<u>-</u>	<u>166,431</u>
<u>46,301</u>	<u>60,188</u>	<u>38,083</u>	<u>(26,774)</u>	<u>(188,131)</u>	<u>(117,174)</u>	<u>8,143</u>	<u>73</u>
-	50,361	-	-	190,105	330,000	-	-
-	-	(38,081)	-	-	(104,238)	-	-
-	50,361	(38,081)	-	190,105	225,762	-	-
46,301	110,549	2	(26,774)	1,974	108,588	8,143	73
135,200	-	-	61,800	1,982	544,956	24,056	25,658
<u>\$ 181,501</u>	<u>\$ 110,549</u>	<u>\$ 2</u>	<u>\$ 35,026</u>	<u>\$ 3,956</u>	<u>\$ 653,544</u>	<u>\$ 32,199</u>	<u>\$ 25,731</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, 2007

Special Revenue Funds

	Parcel Layer Comprehensive Plan	Register of Deeds Technology	Prisoner Boarding	Jail Millage	Jail Millage II
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 3,054,667	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	5,877	-	-
Local	-	-	-	-	-
Charges for services	-	110,710	5,520	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	12,711	-	7,237	-
Miscellaneous	-	-	-	-	-
Total revenues	-	123,421	11,397	3,061,904	-
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	98,635	-	-	-
Public safety	8,671	-	97,569	405,914	32,519
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	74,841	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	8,671	98,635	97,569	480,755	32,519
Revenue over (under) expenditures	(8,671)	24,786	(86,172)	2,581,149	(32,519)
Other financing sources (uses)					
Transfers in	13,500	-	86,172	-	32,519
Transfers (out)	-	-	-	(2,169,563)	-
Total other financing sources (uses)	13,500	-	86,172	(2,169,563)	32,519
Net change in fund balances	4,829	24,786	-	411,586	-
Fund balances (deficit), October 1	9,585	256,229	-	545,387	-
Fund balances (deficit), September 30	\$ 14,414	\$ 281,015	\$ -	\$ 956,973	\$ -

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	61,504	38,308	369,019	193,479
-	-	31,895	-	-	-	-	-
-	-	-	-	-	11,718	41,750	-
-	13,196	-	6,500	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	13,196	31,895	6,500	61,504	50,026	410,769	193,479
-	-	-	6,500	-	60,887	-	-
-	-	-	-	-	-	-	-
-	192	80,889	-	89,800	-	411,983	37,380
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,000	-	-	-	-	-	-	154,382
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,000	192	80,889	6,500	89,800	60,887	411,983	191,762
(1,000)	13,004	(48,994)	-	(28,296)	(10,861)	(1,214)	1,717
-	-	48,995	-	28,296	-	21,352	-
-	(31,338)	-	-	-	-	-	-
-	(31,338)	48,995	-	28,296	-	21,352	-
(1,000)	(18,334)	1	-	-	(10,861)	20,138	1,717
1,868	18,334	-	85	-	47,250	13,604	-
\$ 868	\$ -	\$ 1	\$ 85	\$ -	\$ 36,389	\$ 33,742	\$ 1,717

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2007

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	-	567	1,838	-	5,617
Local	-	-	-	-	-
Charges for services	-	-	408,092	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	567	409,930	-	5,617
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	344,386	-	-
Health and social services	-	1,152	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	5,617
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	1,152	344,386	-	5,617
Revenue over (under) expenditures	-	(585)	65,544	-	-
Other financing sources (uses)					
Transfers in	-	2,500	-	-	-
Transfers (out)	-	-	(180)	-	-
Total other financing sources (uses)	-	2,500	(180)	-	-
Net change in fund balances	-	1,915	65,364	-	-
Fund balances (deficit), October 1	1,755	13,805	350,268	635	-
Fund balances (deficit), September 30	\$ 1,755	\$ 15,720	\$ 415,632	\$ 635	\$ -

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	16,259	20,309	24,484	665,156	-	12,890	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,551	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5
<u>8,551</u>	<u>16,259</u>	<u>20,309</u>	<u>24,484</u>	<u>665,156</u>	<u>-</u>	<u>12,890</u>	<u>5</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,175	16,710	12,159	24,484	-	-	-	-
-	-	-	-	736,152	22,305	9,030	-
-	-	-	-	-	-	-	8,912
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,175</u>	<u>16,710</u>	<u>12,159</u>	<u>24,484</u>	<u>736,152</u>	<u>22,305</u>	<u>9,030</u>	<u>8,912</u>
<u>7,376</u>	<u>(451)</u>	<u>8,150</u>	<u>-</u>	<u>(70,996)</u>	<u>(22,305)</u>	<u>3,860</u>	<u>(8,907)</u>
-	-	-	-	15,000	25,000	1,463	12,000
(10,769)	-	-	-	-	(1,463)	-	-
<u>(10,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>23,537</u>	<u>1,463</u>	<u>12,000</u>
(3,393)	(451)	8,150	-	(55,996)	1,232	5,323	3,093
<u>27,236</u>	<u>14,935</u>	<u>19,858</u>	<u>-</u>	<u>63,677</u>	<u>19,663</u>	<u>(2,498)</u>	<u>3,386</u>
<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>

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2007

	Special Revenue Funds				
	Computer	Home Tax Exemption Audit	Brownfield Redevelopment	Local Corrections Officer Training	LEAD Drug Testing
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal/state	-	-	117,295	-	-
Local	-	-	-	-	-
Charges for services	67,218	-	-	41,988	128
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	385	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>67,218</u>	<u>385</u>	<u>117,295</u>	<u>41,988</u>	<u>128</u>
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	10,628	-
Health and social services	-	-	105,795	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	5,378	-	-	-	-
Capital outlay	969,650	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>975,028</u>	<u>-</u>	<u>105,795</u>	<u>10,628</u>	<u>-</u>
Revenue over (under) expenditures	<u>(907,810)</u>	<u>385</u>	<u>11,500</u>	<u>31,360</u>	<u>128</u>
Other financing sources (uses)					
Transfers in	925,347	-	-	-	-
Transfers (out)	-	-	(11,500)	-	-
Total other financing sources (uses)	<u>925,347</u>	<u>-</u>	<u>(11,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,537	385	-	31,360	128
Fund balances (deficit), October 1	<u>133,591</u>	<u>660</u>	<u>-</u>	<u>36,593</u>	<u>826</u>
Fund balances (deficit), September 30	<u><u>\$ 151,128</u></u>	<u><u>\$ 1,045</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 67,953</u></u>	<u><u>\$ 954</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
\$ -	\$ 1,279,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	50,290	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	497	-
314,000	-	-	-	-	-	1,731	4,728
314,000	1,279,638	-	50,290	-	-	2,228	4,728
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,414	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	578	3,149
-	1,559,327	-	-	-	-	-	-
-	-	65,000	35,000	1,945,000	76,115	-	-
-	-	35,872	15,290	46,357	28,123	-	-
-	1,568,741	100,872	50,290	1,991,357	104,238	578	3,149
314,000	(289,103)	(100,872)	-	(1,991,357)	(104,238)	1,650	1,579
-	-	101,273	-	2,051,744	104,238	-	-
(134,824)	(366,580)	-	-	-	-	-	-
(134,824)	(366,580)	101,273	-	2,051,744	104,238	-	-
179,176	(655,683)	401	-	60,387	-	1,650	1,579
599,610	646,828	-	-	-	-	9,640	4,129
\$ 778,786	\$ (8,855)	\$ 401	\$ -	\$ 60,387	\$ -	\$ 11,290	\$ 5,708

Continued...

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended September 30, 2007

	Permanent Trust Funds				Total
	Lincoln Brick Trust	Sheriff Donations Trust	Prosecuting Attorney Donations Trust	EATON Trust	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,334,305
Licenses and permits	-	-	-	-	456,463
Intergovernmental:					
Federal/state	-	-	-	-	2,426,144
Local	-	-	-	-	86,965
Charges for services	-	-	-	-	1,141,273
Fines and forfeitures	-	-	-	-	30,547
Interest and rent	4,778	-	-	-	28,273
Miscellaneous	12,514	474	-	-	342,026
	<u>17,292</u>	<u>474</u>	<u>-</u>	<u>-</u>	<u>8,845,996</u>
Expenditures					
Current:					
Judicial	-	-	-	-	127,816
General government	-	-	-	-	265,066
Public safety	-	-	-	-	2,246,046
Health and social services	-	-	-	-	1,692,548
Parks, recreation and culture	-	-	-	-	445,892
Miscellaneous	2,882	5,040	-	-	17,027
Capital outlay	-	-	-	-	3,103,296
Debt service:					
Principal retirement	-	-	-	-	2,121,115
Interest and fiscal charges	-	-	-	-	125,642
	<u>2,882</u>	<u>5,040</u>	<u>-</u>	<u>-</u>	<u>10,144,448</u>
Revenue over (under) expenditures	<u>14,410</u>	<u>(4,566)</u>	<u>-</u>	<u>-</u>	<u>(1,298,452)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	4,636,489
Transfers (out)	-	-	-	-	(2,983,072)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,653,417</u>
Net change in fund balances	14,410	(4,566)	-	-	354,965
Fund balances (deficit), October 1	94,760	5,459	44	595	3,849,179
Fund balances (deficit), September 30	<u>\$ 109,170</u>	<u>\$ 893</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 4,204,144</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, 2007

	Parks and Recreation			Parks Special Projects		
	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	47,300	50,502	3,202	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	2,150	3,424	1,274	-	-	-
Total revenues	49,450	53,926	4,476	-	-	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	403,419	393,611	9,808	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	403,419	393,611	9,808	-	-	-
Revenue over (under) expenditures	(353,969)	(339,685)	14,284	-	-	-
Other financing sources (uses)						
Transfers in	397,665	386,355	(11,310)	54,053	54,053	-
Transfers (out)	(45,720)	(45,720)	-	(39,140)	(68,816)	(29,676)
Total other financing sources (uses)	351,945	340,635	(11,310)	14,913	(14,763)	(29,676)
Net change in fund balances	(2,024)	950	2,974	14,913	(14,763)	(29,676)
Fund balances, October 1	2,024	3,589	1,565	39,140	114,140	75,000
Fund balances (deficit), September 30	\$ -	\$ 4,539	\$ 4,539	\$ 54,053	\$ 99,377	\$ 45,324

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 + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	264,675	195,859	(68,816)	-	-	-
-	-	-	-	-	-	-	-	-
25,000	34,430	9,430	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
25,000	34,430	9,430	264,675	195,859	(68,816)	-	-	-
62,169	60,429	1,740	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	61,400	46,343	15,057
-	-	-	43,369	43,369	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	221,306	221,305	1	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
62,169	60,429	1,740	264,675	264,674	1	61,400	46,343	15,057
(37,169)	(25,999)	11,170	-	(68,815)	(68,815)	(61,400)	(46,343)	15,057
37,169	26,000	(11,169)	-	68,816	68,816	61,400	61,400	-
-	-	-	-	-	-	-	-	-
37,169	26,000	(11,169)	-	68,816	68,816	61,400	61,400	-
-	1	1	-	1	1	-	15,057	15,057
-	-	-	-	-	-	20	1	(19)
\$ -	\$ 1	\$ 1	\$ -	\$ 1	\$ 1	\$ 20	\$ 15,058	\$ 15,038

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, 2007

	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	-	-	-	308,788	372,584	63,796
Local	-	-	-	-	-	-
Charges for services	224,300	261,996	37,696	35,650	67,074	31,424
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	300	-	(300)	-	5,150	5,150
	224,600	261,996	37,396	344,438	444,808	100,370
Total revenues						
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	239,827	215,695	24,132	389,689	384,620	5,069
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	239,827	215,695	24,132	389,689	384,620	5,069
Total expenditures						
Revenue over (under) expenditures	(15,227)	46,301	61,528	(45,251)	60,188	105,439
Other financing sources (uses)						
Transfers in	-	-	-	45,251	50,361	5,110
Transfers (out)	-	-	-	-	-	-
	-	-	-	45,251	50,361	5,110
Total other financing sources (uses)						
Net change in fund balances	(15,227)	46,301	61,528	-	110,549	110,549
Fund balances, October 1	84,123	135,200	51,077	819	-	(819)
Fund balances (deficit), September 30	\$ 68,896	\$ 181,501	\$ 112,605	\$ 819	\$ 110,549	\$ 109,730

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	732,348	456,463	(275,885)
162,970	180,100	17,130	-	-	-	-	-	-
-	-	-	-	-	-	2,000	4,780	2,780
-	-	-	-	-	-	15,000	10,499	(4,501)
-	-	-	-	-	-	1,000	2,300	1,300
-	-	-	8,500	2,665	(5,835)	-	-	-
-	-	-	-	-	-	-	-	-
<u>162,970</u>	<u>180,100</u>	<u>17,130</u>	<u>8,500</u>	<u>2,665</u>	<u>(5,835)</u>	<u>750,348</u>	<u>474,042</u>	<u>(276,306)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	749,148	662,173	86,975
129,999	142,017	(12,018)	30,427	29,439	988	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,200	-	1,200
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>129,999</u>	<u>142,017</u>	<u>(12,018)</u>	<u>30,427</u>	<u>29,439</u>	<u>988</u>	<u>750,348</u>	<u>662,173</u>	<u>88,175</u>
<u>32,971</u>	<u>38,083</u>	<u>5,112</u>	<u>(21,927)</u>	<u>(26,774)</u>	<u>(4,847)</u>	<u>-</u>	<u>(188,131)</u>	<u>(188,131)</u>
-	-	-	-	-	-	190,105	190,105	-
(32,971)	(38,081)	(5,110)	-	-	-	-	-	-
<u>(32,971)</u>	<u>(38,081)</u>	<u>(5,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,105</u>	<u>190,105</u>	<u>-</u>
-	2	2	(21,927)	(26,774)	(4,847)	190,105	1,974	(188,131)
<u>819</u>	<u>-</u>	<u>(819)</u>	<u>225,387</u>	<u>61,800</u>	<u>(163,587)</u>	<u>167,260</u>	<u>1,982</u>	<u>(165,278)</u>
<u>\$ 819</u>	<u>\$ 2</u>	<u>\$ (817)</u>	<u>\$ 203,460</u>	<u>\$ 35,026</u>	<u>\$ (168,434)</u>	<u>\$ 357,365</u>	<u>\$ 3,956</u>	<u>\$ (353,409)</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, 2007

	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	-	-	-	-	8,143	8,143
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	-	8,143	8,143
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	225,761	117,174	108,587	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	225,761	117,174	108,587	-	-	-
Revenue over (under) expenditures	(225,761)	(117,174)	108,587	-	8,143	8,143
Other financing sources (uses)						
Transfers in	330,000	330,000	-	-	-	-
Transfers (out)	(104,239)	(104,238)	1	-	-	-
Total other financing sources (uses)	225,761	225,762	1	-	-	-
Net change in fund balances	-	108,588	108,588	-	8,143	8,143
Fund balances, October 1	27,748	544,956	517,208	332	24,056	23,724
Fund balances (deficit), September 30	\$ 27,748	\$ 653,544	\$ 625,796	\$ 332	\$ 32,199	\$ 31,867

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 + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
170,000	144,999	(25,001)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,000	21,505	(8,495)	-	-	-	130,000	110,710	(19,290)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,000	12,711	9,711
-	-	-	-	-	-	-	-	-
200,000	166,504	(33,496)	-	-	-	133,000	123,421	(9,579)
-	-	-	-	-	-	-	-	-
200,000	166,431	33,569	-	-	-	138,250	98,635	39,615
-	-	-	8,671	8,671	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	50,000	-	50,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
200,000	166,431	33,569	8,671	8,671	-	188,250	98,635	89,615
-	73	73	(8,671)	(8,671)	-	(55,250)	24,786	80,036
-	-	-	13,500	13,500	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	13,500	13,500	-	-	-	-
-	73	73	4,829	4,829	-	(55,250)	24,786	80,036
39,912	25,658	(14,254)	11,021	9,585	(1,436)	138,501	256,229	117,728
\$ 39,912	\$ 25,731	\$ (14,181)	\$ 15,850	\$ 14,414	\$ (1,436)	\$ 83,251	\$ 281,015	\$ 197,764

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, 2007

	<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	\$ -	\$ -	\$ -	\$ 3,076,058	\$ 3,054,667	\$ (21,391)
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	8,000	5,877	(2,123)	-	-	-
Local	-	-	-	-	-	-
Charges for services	39,216	5,520	(33,696)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	7,237	7,237
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>47,216</u>	<u>11,397</u>	<u>(35,819)</u>	<u>3,076,058</u>	<u>3,061,904</u>	<u>(14,154)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	99,131	97,569	1,562	489,301	405,914	83,387
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	77,208	74,841	2,367
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>99,131</u>	<u>97,569</u>	<u>1,562</u>	<u>566,509</u>	<u>480,755</u>	<u>85,754</u>
Revenue over (under) expenditures	<u>(51,915)</u>	<u>(86,172)</u>	<u>(34,257)</u>	<u>2,509,549</u>	<u>2,581,149</u>	<u>71,600</u>
Other financing sources (uses)						
Transfers in	51,915	86,172	34,257	-	-	-
Transfers (out)	-	-	-	(2,124,289)	(2,169,563)	(45,274)
Total other financing sources (uses)	<u>51,915</u>	<u>86,172</u>	<u>34,257</u>	<u>(2,124,289)</u>	<u>(2,169,563)</u>	<u>(45,274)</u>
Net change in fund balances	-	-	-	385,260	411,586	26,326
Fund balances, October 1	<u>8,091</u>	<u>-</u>	<u>(8,091)</u>	<u>547,435</u>	<u>545,387</u>	<u>(2,048)</u>
Fund balances (deficit), September 30	<u>\$ 8,091</u>	<u>\$ -</u>	<u>\$ (8,091)</u>	<u>\$ 932,695</u>	<u>\$ 956,973</u>	<u>\$ 24,278</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 + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	600	-	(600)	-	-	-
-	-	-	-	-	-	32,883	13,196	(19,687)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	600	-	(600)	32,883	13,196	(19,687)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
32,519	32,519	-	600	-	600	192	192	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,000	1,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
32,519	32,519	-	1,600	1,000	600	192	192	-
(32,519)	(32,519)	-	(1,000)	(1,000)	-	32,691	13,004	(19,687)
32,519	32,519	-	-	-	-	-	-	-
-	-	-	-	-	-	(42,163)	(31,338)	10,825
32,519	32,519	-	-	-	-	(42,163)	(31,338)	10,825
-	-	-	(1,000)	(1,000)	-	(9,472)	(18,334)	(8,862)
-	-	-	1,868	1,868	-	9,472	18,334	8,862
\$ -	\$ -	\$ -	\$ 868	\$ 868	\$ -	\$ -	\$ -	\$ -

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, 2007

	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	-	-	-	-	-	-
Local	40,728	31,895	(8,833)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	6,500	6,500	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	40,728	31,895	(8,833)	6,500	6,500	-
Expenditures						
Current:						
Judicial	-	-	-	6,500	6,500	-
General government	-	-	-	-	-	-
Public safety	81,456	80,889	567	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	81,456	80,889	567	6,500	6,500	-
Revenue over (under) expenditures	(40,728)	(48,994)	(8,266)	-	-	-
Other financing sources (uses)						
Transfers in	40,728	48,995	8,267	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	40,728	48,995	8,267	-	-	-
Net change in fund balances	-	1	1	-	-	-
Fund balances, October 1	-	-	-	-	85	85
Fund balances (deficit), September 30	\$ -	\$ 1	\$ 1	\$ -	\$ 85	\$ 85

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	61,504	-	40,000	38,308	(1,692)	380,676	369,019	(11,657)
-	-	-	-	-	-	-	-	-
-	-	-	13,000	11,718	(1,282)	39,893	41,750	1,857
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
61,504	61,504	-	53,000	50,026	(2,974)	420,569	410,769	(9,800)
-	-	-	78,636	60,887	17,749	-	-	-
-	-	-	-	-	-	-	-	-
91,484	89,800	1,684	-	-	-	441,921	411,983	29,938
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
91,484	89,800	1,684	78,636	60,887	17,749	441,921	411,983	29,938
(29,980)	(28,296)	1,684	(25,636)	(10,861)	14,775	(21,352)	(1,214)	20,138
29,980	28,296	(1,684)	-	-	-	21,352	21,352	-
-	-	-	-	-	-	-	-	-
29,980	28,296	(1,684)	-	-	-	21,352	21,352	-
-	-	-	(25,636)	(10,861)	14,775	-	20,138	20,138
-	-	-	47,250	47,250	-	13,604	13,604	-
\$ -	\$ -	\$ -	\$ 21,614	\$ 36,389	\$ 14,775	\$ 13,604	\$ 33,742	\$ 20,138

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, 2007

	<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	187,000	193,479	6,479	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	1,500	-	(1,500)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>187,000</u>	<u>193,479</u>	<u>6,479</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	1,500	-	1,500
Public safety	32,618	37,380	(4,762)	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	154,382	154,382	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>187,000</u>	<u>191,762</u>	<u>(4,762)</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Revenue over (under) expenditures	<u>-</u>	<u>1,717</u>	<u>1,717</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	<u>-</u>	<u>1,717</u>	<u>1,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,755</u>	<u>1,755</u>	<u>-</u>
Fund balances (deficit), September 30	<u>\$ -</u>	<u>\$ 1,717</u>	<u>\$ 1,717</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 + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	567	567	-	1,838	1,838	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	309,313	408,092	98,779	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	567	567	309,313	409,930	100,617	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	344,394	344,386	8	-	-	-
2,500	1,152	1,348	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,500	1,152	1,348	344,394	344,386	8	-	-	-
(2,500)	(585)	1,915	(35,081)	65,544	100,625	-	-	-
2,500	2,500	-	-	-	-	-	-	-
-	-	-	(180)	(180)	-	-	-	-
2,500	2,500	-	(180)	(180)	-	-	-	-
-	1,915	1,915	(35,261)	65,364	100,625	-	-	-
11,345	13,805	2,460	259,099	350,268	91,169	135	635	500
\$ 11,345	\$ 15,720	\$ 4,375	\$ 223,838	\$ 415,632	\$ 191,794	\$ 135	\$ 635	\$ 500

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, 2007

	<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	5,618	5,617	(1)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	3,948	8,551	4,603
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>5,618</u>	<u>5,617</u>	<u>(1)</u>	<u>3,948</u>	<u>8,551</u>	<u>4,603</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	1,176	1,175	1
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	5,623	5,617	6	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>5,623</u>	<u>5,617</u>	<u>6</u>	<u>1,176</u>	<u>1,175</u>	<u>1</u>
Revenue over (under) expenditures	<u>(5)</u>	<u>-</u>	<u>5</u>	<u>2,772</u>	<u>7,376</u>	<u>4,604</u>
Other financing sources (uses)						
Transfers in	5	-	(5)	-	-	-
Transfers (out)	-	-	-	(9,075)	(10,769)	(1,694)
Total other financing sources (uses)	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>(9,075)</u>	<u>(10,769)</u>	<u>(1,694)</u>
Net change in fund balances	-	-	-	(6,303)	(3,393)	2,910
Fund balances, October 1	-	-	-	6,303	27,236	20,933
Fund balances (deficit), September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,843</u>	<u>\$ 23,843</u>

Michigan Justice Training			Dispatcher Training			OHSP Traffic Enforcement		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
15,000	16,259	1,259	10,000	20,309	10,309	35,000	24,484	(10,516)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,000	16,259	1,259	10,000	20,309	10,309	35,000	24,484	(10,516)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
16,712	16,710	2	11,970	12,159	(189)	35,000	24,484	10,516
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
16,712	16,710	2	11,970	12,159	(189)	35,000	24,484	10,516
(1,712)	(451)	1,261	(1,970)	8,150	10,120	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(1,712)	(451)	1,261	(1,970)	8,150	10,120	-	-	-
15,882	14,935	(947)	17,242	19,858	2,616	-	-	-
\$ 14,170	\$ 14,484	\$ 314	\$ 15,272	\$ 28,008	\$ 12,736	\$ -	\$ -	\$ -

Continued...

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, 2007

	<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	665,156	165,156	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>500,000</u>	<u>665,156</u>	<u>165,156</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	515,000	736,152	(221,152)	23,537	22,305	1,232
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>515,000</u>	<u>736,152</u>	<u>(221,152)</u>	<u>23,537</u>	<u>22,305</u>	<u>1,232</u>
Revenue over (under) expenditures	<u>(15,000)</u>	<u>(70,996)</u>	<u>(55,996)</u>	<u>(23,537)</u>	<u>(22,305)</u>	<u>1,232</u>
Other financing sources (uses)						
Transfers in	15,000	15,000	-	25,000	25,000	-
Transfers (out)	-	-	-	(1,463)	(1,463)	-
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>23,537</u>	<u>23,537</u>	<u>-</u>
Net change in fund balances	-	(55,996)	(55,996)	-	1,232	1,232
Fund balances, October 1	<u>74,891</u>	<u>63,677</u>	<u>(11,214)</u>	<u>18,524</u>	<u>19,663</u>	<u>1,139</u>
Fund balances (deficit), September 30	<u>\$ 74,891</u>	<u>\$ 7,681</u>	<u>\$ (67,210)</u>	<u>\$ 18,524</u>	<u>\$ 20,895</u>	<u>\$ 2,371</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 + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
25,000	12,890	(12,110)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	17,630	67,218	49,588
-	-	-	-	-	-	-	-	-
-	-	-	-	5	5	-	-	-
-	-	-	-	5	5	-	-	-
25,000	12,890	(12,110)	-	5	5	17,630	67,218	49,588
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
26,463	9,030	17,433	-	-	-	-	-	-
-	-	-	12,000	8,912	3,088	-	-	-
-	-	-	-	-	-	9,500	5,378	4,122
-	-	-	-	-	-	1,084,894	969,650	115,244
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
26,463	9,030	17,433	12,000	8,912	3,088	1,094,394	975,028	119,366
(1,463)	3,860	5,323	(12,000)	(8,907)	3,093	(1,076,764)	(907,810)	168,954
1,463	1,463	-	12,000	12,000	-	949,492	925,347	(24,145)
-	-	-	-	-	-	-	-	-
1,463	1,463	-	12,000	12,000	-	949,492	925,347	(24,145)
-	5,323	5,323	-	3,093	3,093	(127,272)	17,537	144,809
15,882	(2,498)	(18,380)	17,242	3,386	(13,856)	133,591	133,591	-
\$ 15,882	\$ 2,825	\$ (13,057)	\$ 17,242	\$ 6,479	\$ (10,763)	\$ 6,319	\$ 151,128	\$ 144,809

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, 2007

	<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	-	-	-	244,800	117,295	(127,505)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	385	385	-	-	-
Miscellaneous	-	-	-	-	-	-
	-	-	-	-	-	-
Total revenues	-	385	385	244,800	117,295	(127,505)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	233,300	105,795	127,505
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	-	-	-	-	-	-
Total expenditures	-	-	-	233,300	105,795	127,505
Revenue over (under) expenditures	-	385	385	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	-	385	385	-	-	-
Fund balances, October 1	-	660	660	1,769	-	(1,769)
Fund balances (deficit), September 30	\$ -	\$ 1,045	\$ 1,045	\$ 1,769	\$ -	\$ (1,769)

Local Corrections Officer Training			LEAD Drug Testing			Kellogg Foundation Grant		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	41,988	41,988	-	128	128	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	378,000	314,000	(64,000)
-	41,988	41,988	-	128	128	378,000	314,000	(64,000)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
10,628	10,628	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
10,628	10,628	-	-	-	-	-	-	-
(10,628)	31,360	41,988	-	128	128	378,000	314,000	(64,000)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(267,303)	(134,824)	132,479
-	-	-	-	-	-	(267,303)	(134,824)	132,479
(10,628)	31,360	41,988	-	128	128	110,697	179,176	68,479
151,135	36,593	(114,542)	-	826	826	-	599,610	599,610
\$ 140,507	\$ 67,953	\$ (72,554)	\$ -	\$ 954	\$ 954	\$ 110,697	\$ 778,786	\$ 668,089

Continued...

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, 2007

	Juvenile Millage		
	Final Budget	Actual	Variance with Final Budget + (-)
Revenues			
Taxes	\$ 1,287,999	\$ 1,279,638	\$ (8,361)
Licenses and permits	-	-	-
Intergovernmental:			
Federal/state	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rent	-	-	-
Miscellaneous	-	-	-
	<u>1,287,999</u>	<u>1,279,638</u>	<u>(8,361)</u>
Total revenues			
	<u>1,287,999</u>	<u>1,279,638</u>	<u>(8,361)</u>
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	10,350	9,414	936
Health and social services	-	-	-
Parks, recreation and culture	-	-	-
Miscellaneous	-	-	-
Capital outlay	1,079,793	1,559,327	(479,534)
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<u>1,090,143</u>	<u>1,568,741</u>	<u>(478,598)</u>
Total expenditures			
	<u>1,090,143</u>	<u>1,568,741</u>	<u>(478,598)</u>
Revenue over (under) expenditures	<u>197,856</u>	<u>(289,103)</u>	<u>(486,959)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	(707,334)	(366,580)	340,754
	<u>(707,334)</u>	<u>(366,580)</u>	<u>340,754</u>
Total other financing sources (uses)			
	<u>(707,334)</u>	<u>(366,580)</u>	<u>340,754</u>
Net change in fund balances	(509,478)	(655,683)	(146,205)
Fund balances, October 1	<u>836,869</u>	<u>646,828</u>	<u>(190,041)</u>
Fund balances (deficit), September 30	<u>\$ 327,391</u>	<u>\$ (8,855)</u>	<u>\$ (336,246)</u>

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2007

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Assets			
Current assets:			
Cash and cash equivalents	\$ 420,412	\$ 741,260	\$ (186,864)
Investments	2,049,753	-	-
Accounts receivable	525	205	-
Due from other funds	44,841	7,379	-
Prepays	-	22,032	396,936
	<u>2,515,531</u>	<u>770,876</u>	<u>210,072</u>
Total current assets			
Liabilities			
Current liabilities:			
Accounts payable	-	1,475	-
Accrued liabilities	-	79,267	172,000
	<u>-</u>	<u>80,742</u>	<u>172,000</u>
Total current liabilities			
Net assets			
Unrestricted	<u>\$ 2,515,531</u>	<u>\$ 690,134</u>	<u>\$ 38,072</u>

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 338,623	\$ 134,454	\$ 16,858	\$ 103,210	\$ 30,922	\$ 1,598,875
-	-	-	-	-	2,049,753
-	5	59	808	-	1,602
-	414	5,307	72,209	-	130,150
-	-	-	-	-	418,968
<u>338,623</u>	<u>134,873</u>	<u>22,224</u>	<u>176,227</u>	<u>30,922</u>	<u>4,199,348</u>
-	-	-	145,487	10,839	157,801
<u>158,068</u>	<u>-</u>	<u>2,458</u>	<u>-</u>	<u>-</u>	<u>411,793</u>
<u>158,068</u>	<u>-</u>	<u>2,458</u>	<u>145,487</u>	<u>10,839</u>	<u>569,594</u>
<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>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2007

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Operating revenues			
Charges for services	\$ 1,201,698	\$ 210,152	\$ 2,989,409
Other revenues	-	238	-
	1,201,698	210,390	2,989,409
Operating expenses			
Personal services and fringe benefits	366	-	-
Contractual services	6,860	17,584	-
Insurance and claims	664,899	135,912	2,951,337
	672,125	153,496	2,951,337
Total operating expenses	672,125	153,496	2,951,337
Operating income (loss)	529,573	56,894	38,072
Nonoperating revenues (expenses)			
Interest revenue	10,037	14,236	-
Unrealized gain on investment	143,475	-	-
	153,512	14,236	-
Total nonoperating revenues	153,512	14,236	-
Change in net assets	683,085	71,130	38,072
Net assets, October 1	1,832,446	619,004	-
Net assets, September 30	\$ 2,515,531	\$ 690,134	\$ 38,072

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 681,404	\$ 10,492	\$ 110,808	\$ 1,839,528	\$ 212,319	\$ 7,255,810
-	-	-	-	-	238
<u>681,404</u>	<u>10,492</u>	<u>110,808</u>	<u>1,839,528</u>	<u>212,319</u>	<u>7,256,048</u>
-	-	-	1,961,669	-	1,962,035
5,761	-	-	-	192,393	222,598
<u>681,042</u>	<u>35,322</u>	<u>91,044</u>	<u>-</u>	<u>-</u>	<u>4,559,556</u>
<u>686,803</u>	<u>35,322</u>	<u>91,044</u>	<u>1,961,669</u>	<u>192,393</u>	<u>6,744,189</u>
<u>(5,399)</u>	<u>(24,830)</u>	<u>19,764</u>	<u>(122,141)</u>	<u>19,926</u>	<u>511,859</u>
52,516	-	-	-	-	76,789
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,475</u>
<u>52,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,264</u>
47,117	(24,830)	19,764	(122,141)	19,926	732,123
<u>133,438</u>	<u>159,703</u>	<u>2</u>	<u>152,881</u>	<u>157</u>	<u>2,897,631</u>
<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>

EATON COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2007

	Retirees Health Insurance	Workers' Compensation	Health Insurance
Cash flows from operating activities			
Cash received from interfund services	\$ 1,197,139	\$ 209,543	\$ 2,989,409
Cash paid to/for employees/retirees	(614,811)	(166,847)	-
Cash paid to suppliers	(7,385)	(17,120)	(3,176,273)
	574,943	25,576	(186,864)
Cash flows from investing activities			
Purchase of investments	(300,000)	-	-
Interest received	10,037	14,236	-
	(289,963)	14,236	-
Net cash provided (used) by investing activities	(289,963)	14,236	-
Net increase (decrease) in cash and cash equivalents	284,980	39,812	(186,864)
Cash and cash equivalents, October 1	135,432	701,448	-
Cash and cash equivalents, September 30	\$ 420,412	\$ 741,260	\$ (186,864)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 529,573	\$ 56,894	\$ 38,072
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(525)	(205)	-
Due from other funds	(4,559)	(847)	-
Prepays	50,454	(806)	(396,936)
Accounts payable	-	1,475	-
Accrued liabilities	-	(30,935)	172,000
	574,943	25,576	(186,864)
Net cash provided (used) by operating activities	\$ 574,943	\$ 25,576	\$ (186,864)

<u>Liability Insurance</u>	<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 681,404	\$ 10,457	\$ 108,035	\$ 1,830,579	\$ 214,665	\$ 7,241,231
-	(35,321)	(88,586)	(1,961,669)	-	(2,867,234)
<u>(638,246)</u>	<u>-</u>	<u>(709)</u>	<u>144,679</u>	<u>(190,148)</u>	<u>(3,885,202)</u>
<u>43,158</u>	<u>(24,864)</u>	<u>18,740</u>	<u>13,589</u>	<u>24,517</u>	<u>488,795</u>
-	-	-	-	-	(300,000)
<u>52,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,789</u>
<u>52,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,211)</u>
95,674	(24,864)	18,740	13,589	24,517	265,584
<u>242,949</u>	<u>159,318</u>	<u>(1,882)</u>	<u>89,621</u>	<u>6,405</u>	<u>1,333,291</u>
<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>
\$ (5,399)	\$ (24,830)	\$ 19,764	\$ (122,141)	\$ 19,926	\$ 511,859
-	(5)	(59)	(808)	2,346	744
-	(29)	(2,773)	(8,949)	-	(17,157)
-	-	-	-	2,246	(345,042)
-	-	(650)	145,487	(1)	146,311
<u>48,557</u>	<u>-</u>	<u>2,458</u>	<u>-</u>	<u>-</u>	<u>192,080</u>
<u>\$ 43,158</u>	<u>\$ (24,864)</u>	<u>\$ 18,740</u>	<u>\$ 13,589</u>	<u>\$ 24,517</u>	<u>\$ 488,795</u>

EATON COUNTY, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2007

	Trust and Agency	Library	District Court Bond
Assets			
Cash and cash equivalents	\$ 5,364,026	\$ 193,701	\$ 146,404
Accounts receivable	35,084	108	-
 Total assets	 \$ 5,399,110	 \$ 193,809	 \$ 146,404
 Liabilities			
Accounts payable	\$ 105,014	\$ -	\$ -
Due to individuals/agencies	225,985	-	146,404
Due to other governmental units	5,068,111	193,809	-
 Total liabilities	 \$ 5,399,110	 \$ 193,809	 \$ 146,404

Inmate Trust Account	Property Forfeiture Trust	Total
\$ 3,171	\$ 2,645	\$ 5,709,947
-	-	35,192
<u>\$ 3,171</u>	<u>\$ 2,645</u>	<u>\$ 5,745,139</u>
\$ -	\$ -	\$ 105,014
3,171	2,645	378,205
-	-	5,261,920
<u>\$ 3,171</u>	<u>\$ 2,645</u>	<u>\$ 5,745,139</u>

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Board of Public Works Component Unit
September 30, 2007

	Debt Service Funds					Capital Projects Funds
	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Brookfield Water / Sewer Systems	Grand Ledge Water/Sewer Systems
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,877,128
Due from other governments	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,877,128
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,552
Interest payable	-	-	-	-	-	-
Long-term debt:						
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	200,552
Fund balances / net assets						
Fund balance- unreserved, undesignated	-	-	-	-	-	1,676,576
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,877,128
Net assets - unrestricted						

<u>Brookfield Water/Sewer Systems</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ -	\$ 1,877,128	\$ -	\$ 1,877,128
-	-	-	-
-	-	12,733,842	12,733,842
-	-	126,085	126,085
<u>\$ -</u>	<u>\$ 1,877,128</u>	<u>12,859,927</u>	<u>14,737,055</u>
\$ -	\$ 200,552	-	200,552
-	-	58,611	58,611
-	-	1,055,000	1,055,000
-	-	13,069,581	13,069,581
-	200,552	14,183,192	14,383,744
-	1,676,576	(1,676,576)	-
<u>\$ -</u>	<u>\$ 1,877,128</u>		
		<u>\$ 353,311</u>	<u>\$ 353,311</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, 2007

Total fund balances for governmental funds	\$ 1,676,576
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Leases receivable are not current financial resources and therefore are not reported in governmental funds	12,733,842
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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 - bonds and notes payable	(14,124,581)	
Deduct - interest payable	(58,611)	
Add - unamortized bond issuance costs	126,085	
	(14,057,107)	(14,057,107)

Net assets of governmental activities	\$ <u>353,311</u>
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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, 2007

	Debt Service Funds					Capital Projects Funds
	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Charlotte Water / Sewer Systems	Grand Ledge Water/Sewer Systems
Revenues						
Intergovernmental - local	\$ 137,175	\$ 615,600	\$ 482,900	\$ 228,613	\$ 160,917	\$ -
Interest and rents	-	-	-	-	-	114,338
Total revenues	137,175	615,600	482,900	228,613	160,917	114,338
Expenditures / expenses						
Capital outlay	-	-	-	-	-	742,485
Debt service:						
Principal	100,000	275,000	355,000	185,000	120,000	-
Interest and fiscal charges	37,175	340,600	127,900	43,613	40,917	-
Total expenditures/expenses	137,175	615,600	482,900	228,613	160,917	742,485
Revenues over (under) expenditures/expenses	-	-	-	-	-	(628,147)
Other financing sources (uses)						
Long-term debt issued	-	-	-	-	-	-
Net changes in fund balances	-	-	-	-	-	(628,147)
Change in net assets	-	-	-	-	-	-
Fund balances / net assets, October 1	-	-	-	-	-	2,304,723
Fund balances / net assets, September 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,676,576

<u>Brookfield Water/Sewer Systems</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 1,625,205	\$ (1,035,000)	\$ 590,205
-	114,338	-	114,338
-	1,739,543	(1,035,000)	704,543
901,307	1,643,792	(1,643,792)	-
-	1,035,000	(1,035,000)	-
-	590,205	(11,623)	578,582
901,307	3,268,997	(2,690,415)	578,582
(901,307)	(1,529,454)	1,655,415	125,961
901,307	901,307	(901,307)	-
-	(628,147)	628,147	-
-	-	125,961	125,961
-	2,304,723	(2,077,373)	227,350
\$ -	\$ 1,676,576	\$ (1,323,265)	\$ 353,311

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, 2007

Net change in fund balance - total governmental funds \$ (628,147)

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 1,643,792

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 (1,035,000)

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	(901,307)	
Add - debt principal payments	<u>1,035,000</u>	133,693

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>11,623</u>
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Changes in net assets of governmental activities \$ 125,961

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Drainage Districts Component Unit
September 30, 2007

	Debt		Capital Projects Funds	
	Service Fund			Narrow
	Regular	Regular	Drain	Lake
	Drain	Drain	Revolving	Level
Assets				
Cash and cash equivalents	\$ 3,157,084	\$ 9,180,716	\$ 8,895	\$ 10,999
Special assessments receivable	41,879,439	-	-	-
Due from other funds	6,139	-	111,105	-
Prepays	10,500	-	-	-
Bond issuance costs	-	5,000	-	-
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 45,053,162	\$ 9,185,716	\$ 120,000	\$ 10,999
Liabilities				
Accounts payable	\$ -	\$ 617,572	\$ -	\$ -
Interest payable	-	-	-	-
Deposits payable	24,700	-	-	-
Due from other funds	3,114	114,130	-	-
Deferred revenue	41,859,780	-	-	-
Advances from primary government	-	-	120,000	-
Short-term notes payable	-	2,051,000	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	41,887,594	2,782,702	120,000	-
Fund balances / net assets				
Fund balances - unreserved	3,165,568	6,403,014	-	10,999
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 45,053,162	\$ 9,185,716	\$ 120,000	\$ 10,999
Net assets:				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total net assets				

<u>Lacey Lake Level</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 351	\$ 12,358,045	\$ -	\$ 12,358,045
-	41,879,439	-	41,879,439
-	117,244	-	117,244
-	10,500	-	10,500
-	5,000	200,592	205,592
-	-	31,941,420	31,941,420
-	-	33,646,906	33,646,906
<u>\$ 351</u>	<u>\$ 54,370,228</u>	<u>65,788,918</u>	<u>120,159,146</u>
\$ -	\$ 617,572	-	617,572
-	-	610,699	610,699
-	24,700	-	24,700
-	117,244	-	117,244
-	41,859,780	(41,859,780)	-
-	120,000	-	120,000
-	2,051,000	-	2,051,000
-	-	3,413,570	3,413,570
-	-	37,845,815	37,845,815
-	44,790,296	10,304	44,800,600
<u>351</u>	<u>9,579,932</u>	<u>(9,579,932)</u>	<u>-</u>
<u>\$ 351</u>	<u>\$ 54,370,228</u>		
		24,328,941	24,328,941
		3,165,568	3,165,568
		47,864,037	47,864,037
		<u>\$ 75,358,546</u>	<u>\$ 75,358,546</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, 2007

Total fund balances for governmental funds \$ 9,579,932

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	\$ 76,480,094	
Deduct - accumulated depreciation	<u>(10,891,768)</u>	65,588,326

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		41,859,780
------------------------------------	--	------------

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	(40,527,547)	
Deduct - unamortized premiums	(812,183)	
Add - unamortized deferred loss on refunding	80,345	
Add - unamortized bond issuance costs	200,592	
Deduct - interest payable	<u>(610,699)</u>	<u>(41,669,492)</u>

Net assets of governmental activities \$ 75,358,546

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, 2007

	Debt		Capital Projects Funds	
	Service Fund			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level
Revenues				
Charges for services	\$ -	\$ 374,431	\$ -	\$ -
Special assessments	5,118,381	637,396	-	-
Interest revenue	252,038	397,388	-	-
Miscellaneous	-	2,245	-	-
Total revenues	<u>5,370,419</u>	<u>1,411,460</u>	<u>-</u>	<u>-</u>
Expenditures / expenses				
Public works	-	-	-	-
Capital outlay - construction and maintenance	-	6,714,094	-	-
Debt service:				
Principal	3,409,893	-	-	-
Interest and fiscal charges	1,816,605	59,559	-	-
Total expenditures / expenses	<u>5,226,498</u>	<u>6,773,653</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures/expenses	<u>143,921</u>	<u>(5,362,193)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	50,023	309,135	-	-
Transfers out	-	(359,158)	-	-
Long-term debt issued	1,096,000	-	-	-
Total other financing sources	<u>1,146,023</u>	<u>(50,023)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	1,289,944	(5,412,216)	-	-
Capital contributions				
Change in net assets	-	-	-	-
Fund balances / net assets, October 1	<u>1,875,624</u>	<u>11,815,230</u>	<u>-</u>	<u>10,999</u>
Fund balances / net assets, September 30	<u>\$ 3,165,568</u>	<u>\$ 6,403,014</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>
\$ -	\$ 374,431	\$ -	\$ 374,431
-	5,755,777	(1,048,056)	4,707,721
-	649,426	-	649,426
-	2,245	-	2,245
-	<u>6,781,879</u>	<u>(1,048,056)</u>	<u>5,733,823</u>
-	-	1,082,201	1,082,201
-	6,714,094	(6,714,094)	-
-	3,409,893	(3,409,893)	-
-	1,876,164	(43,208)	1,832,956
-	<u>12,000,151</u>	<u>(9,084,994)</u>	<u>2,915,157</u>
-	<u>(5,218,272)</u>	<u>8,036,938</u>	<u>2,818,666</u>
-	359,158	(359,158)	-
-	(359,158)	359,158	-
-	1,096,000	(1,096,000)	-
-	<u>1,096,000</u>	<u>(1,096,000)</u>	<u>-</u>
-	(4,122,272)	4,122,272	-
-	-	269,530	269,530
-	-	3,088,196	3,088,196
351	<u>13,702,204</u>	<u>58,568,146</u>	<u>72,270,350</u>
<u>\$ 351</u>	<u>\$ 9,579,932</u>	<u>\$ 65,778,614</u>	<u>\$ 75,358,546</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, 2007

Net change in fund balance - total governmental funds \$ (4,122,272)

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 (1,048,056)

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	\$ 6,714,094	
Add - capital contributions	269,530	
Deduct - depreciation expense	<u>(1,082,201)</u>	5,901,423

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	(1,096,000)	
Add - repayment of bond principal	<u>3,409,893</u>	2,313,893

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>43,208</u>
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Changes in net assets of governmental activities \$ 3,088,196

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
District Health Department Component Unit
September 30, 2007

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 1,170,446	\$ -	\$ 1,170,446
Accounts receivable, net	580,499	-	580,499
Prepays	57,901	-	57,901
Capital assets being depreciated, net	-	187,655	187,655
Total assets	<u>\$ 1,808,846</u>	<u>187,655</u>	<u>1,996,501</u>
Liabilities			
Accounts payable	\$ 139,357	-	139,357
Accrued liabilities	174,763	-	174,763
Deferred revenue	12,964	-	12,964
Long-term debt:			
Due within one year	-	36,369	36,369
Due in more than one year	-	327,326	327,326
Total liabilities	<u>327,084</u>	<u>363,695</u>	<u>690,779</u>
Fund balance / net assets			
Fund balance - unreserved:			
Designated for capital expenditures	22,700	(22,700)	-
Undesignated	1,459,062	(1,459,062)	-
Total fund balance	<u>1,481,762</u>	<u>(1,481,762)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,808,846</u>		
Net assets:			
Invested in capital assets		187,655	187,655
Unrestricted		1,118,067	1,118,067
Total net assets		<u>\$ 1,305,722</u>	<u>\$ 1,305,722</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
District Health Department Component Unit
September 30, 2007

Total fund balances for governmental funds	\$	1,481,762
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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	1,036,729	
Accumulated depreciation	<u>(849,074)</u>	187,655

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.

(363,695)

Net assets of governmental activities	\$	<u><u>1,305,722</u></u>
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
District Health Department Component Unit
For the Year Ended September 30, 2007

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Licenses and permits	\$ 127,274	\$ -	\$ 127,274
Intergovernmental:			
Federal/State	4,105,426	-	4,105,426
Local	969,204	-	969,204
Charges for services	1,273,256	-	1,273,256
Miscellaneous	279,131	-	279,131
	<hr/>	<hr/>	<hr/>
Total revenues	6,754,291	-	6,754,291
Expenditures / expenses			
Health and social services	6,708,656	18,001	6,726,657
	<hr/>	<hr/>	<hr/>
Net changes in fund balance	45,635	(45,635)	-
Change in net assets	-	27,634	27,634
Fund balance / net assets, October 1	<hr/>	<hr/>	<hr/>
	1,436,127	(158,039)	1,278,088
Fund balance / net assets, September 30	<hr/>	<hr/>	<hr/>
	\$ 1,481,762	\$ (176,040)	\$ 1,305,722

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, 2007

Net change in fund balance - total governmental funds \$ 45,635

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.

Equipment	40,080	
Depreciation expense	<u>(55,370)</u>	(15,290)

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.

Increase in accrual for accrued compensated absences		<u>(2,711)</u>
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Changes in net assets of governmental activities \$ 27,634

**EATON COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended September 30, 2007



REHMANN ROBSON

Certified Public Accountants

**EATON COUNTY, MICHIGAN
SINGLE AUDIT**

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EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Michigan Department of Education:			
Food -Entitlement and Bonus Commodities	10.550	23-000-8001	\$ 485
School Breakfast Program	10.553	23-000-8001	6,819
National School Lunch Program	10.555	23-000-8001	12,561
Special Snack Program	10.555	23-000-8001	2,029
Passed-through Michigan Department of Community Health:			
Women, Infants and Children	10.557		<u>369,529</u>
Total U.S. Department of Agriculture			<u>391,423</u>
U.S. Department of Housing and Urban Development			
Passed-through the Michigan State Housing Development Authority:			
Community Development Block Grant	14.228	MSC-2005-0778-HOA	233,776
Home Investment Partnership Program	14.239	M-2004-0778	<u>180,100</u>
Total U.S. Department of Housing and Urban Development			<u>413,876</u>
U.S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2007APBX0603	5,877
Bulletproof Vest Partnership Program	16.607	2006BOCX0613	7,227
Byrne Memorial - Justice Assistance Grant 05-09	16.738	2006DJBX0592	5,617
Passed through Michigan Department of Human Services:			
Juvenile Justice and Delinquency Prevention - Violence Against Women - S.T.O.P Grant	16.588	DVPT 06-13001-1	61,504
Passed through Michigan State Office of Drug Control Policy and City of Lansing:			
Byrne Formula Grants - Vertical Drug Prosecution	16.738	70901-7-07-B	<u>31,895</u>
Total U.S. Department of Justice			<u>112,120</u>

continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Environmental Protection Agency			
Direct Program:			
Brownfield Assessment and Clean-up	66.818	BF96597001	117,295
Passed-through Michigan Department of Environmental Quality:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	n/a	\$ 264,307
Drinking Water State Revolving Funds - Arsenic Rule Implementation	66.468	n/a	150
Operator Certification	66.471	n/a	<u>12,250</u>
Total U.S. Environmental Protection Agency			<u>394,002</u>
U.S. Department of Health and Human Services			
Passed-through Michigan Department of Community Health:			
Family Planning Project	93.217		49,445
Immunization Grants:			
Immunization & Vaccine Program	93.268		65,375
Vaccines for Children - Training	93.268		5,800
Vaccines	93.268		514,092
Bioterrorism - Supplemental:			
Focus A	93.283		199,200
Pandemic Flu	93.283		81,304
Medical Assistance Program:			
Case Management	93.778		26,329
Children's Special Care Coordination	93.778		17,015
Medicaid Outreach	93.778		49,319
Breast & Cervical Cancer Control Program	93.919		35,344
Maternal & Child Health Services Block Grant:			
Local MCH	93.994		69,645
Case Management	93.994		20,517
Family Planning	93.994		2,435

continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007 (Concluded)

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)			
Passed through Michigan Department of Human Services:			
Promoting Safe and Stable Families	93.556		\$ 34,828
Promoting Safe and Stable Families	93.556	SFSC 04-23002	23,276
Temporary Assistance for Needy Families:			
Healthy Families - 0 to 3 Prevention	93.558		134,931
ADC Maintenance Assistance	93.560	n/a	180,126
Child Support Enforcement:			
Friend of the Court	93.563	CS/FOC-07-23001	863,056
Prosecuting Attorney	93.563	CS/PA-07-23002	84,477
Passed through Michigan State Court Administrative Office:			
Access and Visitation Programs	93.597	n/a	4,491
Passed-through Mid-South Substance Abuse Commission:			
Outpatient / Intensive Outpatient	93.959		139,200
Women's Services	93.959		<u>21,000</u>
Total U.S. Department of Health and Human Services			<u>2,621,205</u>
U.S. Department of Homeland Security			
Passed-through Michigan State Police:			
Emergency Management Division:			
Emergency Management Preparedness Grant	97.042	n/a	31,108
Passed through City of Lansing:			
State Homeland Security Grant Programs	97.067	n/a	<u>193,479</u>
Total U.S. Department of Homeland Security			<u>224,587</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,157,213</u></u>

EATON COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Eaton County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
State Homeland Security Grant Programs	97.067	\$ 1,455

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

February 4, 2008

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2007, and have issued our report thereon dated February 4, 2008. We did not audit the financial statements of the Eaton County Road Commission, which represents 39% of the assets and 53% 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 opinions, insofar as they relate to the amounts included for the Eaton County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of finding and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

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

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





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

February 4, 2008

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

Compliance

We have audited the compliance of **EATON COUNTY, MICHIGAN** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County as of and for the year ended September 30, 2007, and have issued our report thereon dated February 4, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Eaton County Road Commission, which represents 39% of the assets and 53% 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 solely on the report of the other auditors.

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

A handwritten signature in black ink that reads "Lehmann Libson". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

EATON COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses?

 X yes _____ none reported

Noncompliance material to financial statements
noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses?

_____ yes X none reported

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

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

_____ yes X no

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended September 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunization Grants
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2007-1 Audit Adjustments

Criteria: The County is responsible for the reconciliation of all general ledger accounts to their proper underlying balances for the purpose of creating a reasonably adjusted trial balance, from which the basic financial statements are derived.

Condition: Audit procedures detected that the receivable and related revenue for current property taxes in the general fund were materially misstated and required correction.

Cause: County internal controls did not detect all adjustments necessary to properly record year-end balances. A contributing factor to this was the fact the County was required to recognize its property taxes differently than in prior years under the provisions of P.A. 206 of 1893, which established the County's revenue sharing reserve fund and incorporated the three-year phase in of the change in the County's property tax collection date.

Effect: A significant audit adjustment was necessary in order to properly recognize property tax revenue.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended September 30, 2007

**View of
Responsible
Officials:**

The County Treasurer will be working with the Controller's office to review current practices for reconciling property tax collections. The County's goal is to develop procedures in accordance with governmental GAAP and have these procedures in place for the accounting of the 2008 property taxes to ensure that any changes made by the State will be detected through these controls.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



February 4, 2008

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

We have audited the basic financial statements of **Eaton County** as of and for the year ended September 30, 2007, and have issued our report thereon dated February 4, 2008. We did not audit the financial statements of the Eaton County Road Commission, a discretely presented component unit. Those financial statements were audited by other auditors whose report was furnished to us.

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

As stated in our engagement letter dated August 24, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

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

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

Significant Accounting Policies

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

Accounting Estimates

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

- Management's estimate of the original cost and accumulated depreciation of its infrastructure capital assets is based on current replacement costs, and an assumed rate of inflation from the dates of original acquisition/construction. We evaluated the key factors assumptions used to develop the original cost and accumulated depreciation of the City's infrastructure capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the collectability of accounts receivable from third party payers for healthcare services rendered by the medical care facility and district health department. We evaluated the key factors and assumptions used to develop the allowances for uncollectable accounts in determining that they are reasonable in relation to the basic financial statements taken as a whole.
- Management's estimate of the useful lives of depreciable fixed assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Eaton County's financial reporting process (that is, cause future financial statements to be materially misstated). The audit procedures detected a significant adjustment that was necessary to properly reflect the property tax receivable and related revenue. This adjustment was recorded by the County.

Disagreements with Management

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

Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

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

Very truly yours,

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

Eaton County

Comments and Recommendations

For the Year Ended September 30, 2007

In planning and performing our audit of the financial statements of Eaton County as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Other Matters

County – Approval of travel expenditure reimbursement requests

Criteria: Proper approval of travel expenditures is a fundamental element of internal control.

Condition: During our testing, we noted 3 out of 10 travel expenditure reimbursement requests tested did not have approval of an authorized official in the Controllers office. The requests were made by department heads and were supported by receipts but were not properly approved.

Cause: The County has a policy regarding the approval of all travel expenditures. This appeared to be an oversight by the Controllers office.

Eaton County

Comments and Recommendations

For the Year Ended September 30, 2007

Effect: Improper travel expenditures cannot be detected if there is not an independent review and approval of the reimbursement request and supporting documentation.

Recommendation:

It is recommended the County implement a procedure to ensure all travel expenditures are properly approved before the reimbursement is processed.

Health Department – Allowance for Uncollectible Accounts

Criteria: When using a subsidiary ledger to account for a receivable, a government should reconcile the subsidiary ledger to the general ledger periodically and record an allowance for uncollectible.

Condition: The subsidiary ledger for the Health Department - PHMIS accounts receivable has numerous accounts on the aging report with balances 120 days or older. Many of those balances are credit balances.

Cause: This condition is caused by adjustments made to the account in the billing system but not communicated to the Health Department accountant for proper posting to the accounting system. In addition, there has not been a recent full review of the aging receivables to determine an appropriate amount to record as an allowance.

Effect: As a result of this condition, they may be understating the PHMIS accounts receivable balance.

Recommendation:

The Health Department should implement an internal control procedure to ensure any billing adjustments are communicated to the Health Department accountant on a timely basis. The Health Department should review the aging report and determine the correct balance for the individual accounts and adjust accordingly. A monthly reconciliation of the account balance is needed to properly report the accounts receivable balance.

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