

Eaton County,
Michigan



Year Ended
September 30,
2017

Financial
Statements and
Single Audit Act
Compliance

EATON COUNTY, MICHIGAN

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INTRODUCTORY SECTION

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EATON COUNTY CONTROLLER/PERSONNEL

March 21, 2018

1045 Independence
Blvd
Charlotte, MI 48813

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

John F. Fuentes
CPA
Controller/
Administrator

Connie L. Sobie
Deputy
Controller/
Administrator

Melissa Howell
Accountant

To the Members of the Board of Commissioners:

The Annual Financial Report of Eaton County, Michigan for the fiscal year ended September 30, 2017, 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 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 governments 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 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 Road Commission
- Eaton County Board of Public Works
- Eaton County Drainage Districts

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 Uniform Guidance. Information pertaining to this single audit, including the auditors' reports on the internal control structure and compliance with laws and regulations, the schedule of federal awards and a schedule of findings and questioned costs, is presented in this report.

Independent Audit

The State of Michigan requires that an annual audit of the financial records and transactions of all departments of the County be performed by an independent certified public accountant. In addition, the audit is designed to meet the requirements set forth in the Uniform Guidance. The auditors' report on the financial statements is included in the financial section of the report. The auditor's reports relating specifically to the single audit are presented in this report as well.

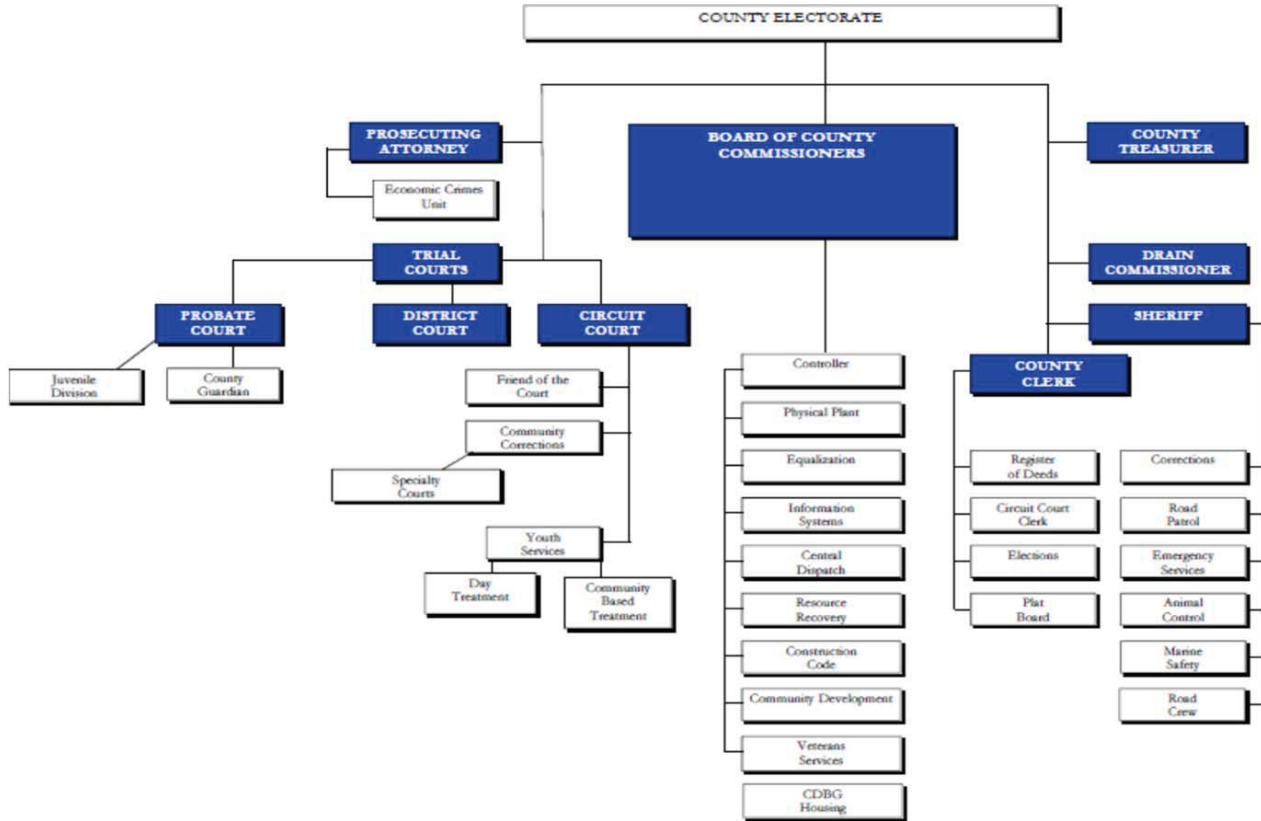
Respectfully submitted,



John Fuentes
Controller

EATON COUNTY, MICHIGAN

Organizational Chart



EATON COUNTY, MICHIGAN

PRINCIPAL OFFICIALS

For the Year Ended September 30, 2017

Board of Commissioners

Christine Barnes	District 1
Blake Mulder - Chairman	District 2
Terrance Augustine	District 3
Howard T. Spence	District 4
Jeanne Pearl-Wright	District 5
Jane Whitacre	District 6
Glenn Freeman III	District 7
Joseph C. Brehler	District 8
Brian Droscha	District 9
Roger A. Eakin - Vice-Chairman	District 10
Wayne Ridge	District 11
Brian Lautzenheiser	District 12
Kent C. Austin	District 13
Heather Wood	District 14
Barbara Rogers	District 15

Tom Reich
County Sheriff

Diana Bosworth
County Clerk/Register of Deeds

Robert A. Robinson
County Treasurer

Douglas R. Lloyd
Prosecuting Attorney

Richard Wagner
Drain Commissioner

John Fuentes, CPA
Controller/Administrator

Connie Sobie
Deputy Controller/Administrator
Administration

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

March 21, 2018

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Eaton County, Michigan* (the "County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Eaton County Health and Rehabilitation Services Enterprise fund, which is a major fund and therefore a separate opinion unit that represents 58 percent, 43 percent, and 94 percent, respectively, of the assets and deferred outflows, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Eaton County Road Commission, a component unit of the County that represents 45 percent, 55 percent and 58 percent, respectively, of the assets and deferred outflows, net position, and revenues of the total discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Eaton County Health and Rehabilitation Services and the Eaton County Road Commission, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Eaton County Health and Rehabilitation Services were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Eaton County, Michigan*, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 74

As described in Note 20, the County implemented the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the current year. Accordingly, the beginning net position of the Retiree Healthcare Trust fund was restated to include trust investments held with the Michigan Municipal Employees' Retirement System (MERS). Our opinion is not modified with respect to this matter.

Implementation of GASB Statement No. 75

As described in Note 20, the Road Commission implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. Accordingly, the beginning net position of the Road Commission (a discretely presented component unit of the County) was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, on our consideration of *Eaton County, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2017. 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 County's total net position decreased by \$1,320,289 during 2017, which consisted of a decrease of \$997,655 for governmental activities and a decrease of \$322,634 for business-type activities.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general, special revenue, debt service and permanent funds) reported combined ending fund balances of \$9,952,429, an increase of \$623,349 in comparison with the prior year. Of the fund balance amount, \$5,290,641 is available for spending at the government's discretion (unassigned fund balance).
- The general fund had an increase in fund balance of \$819,873 for 2017 as a result of increased property tax revenue, intergovernmental funding, and personal property tax reimbursement. At the end of the year, unassigned fund balance for the general fund was \$5,290,641 or approximately 16.4 percent of total general fund expenditures. Total fund balance for the general fund was \$6,637,883.
- The County's total governmental activities bonded debt decreased by \$875,000 during the current fiscal year as a result of annual principal repayments of obligations.

Using this Annual Report

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

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

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 position and changes in them. One can think of the County's net position as one way to measure the County's financial health. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. During 2017, the net position of the County decreased by \$1,320,289 compared to a decrease of \$9,812,804 in 2016. The most significant factors for the reduction in the decrease in net position were the one-time capital grant of \$3,639,795 for the purchase of the Crandall Lake property and a special item of \$4,250,000 related to the legal settlement.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

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

Governmental activities. All of the County's basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health and social services, parks, 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 the Eaton County Health and Rehabilitation Services Facility, the jail commissary, delinquent tax collections and the foreclosing government unit.

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

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 the county health and rehabilitation services, delinquent tax operations, the jail commissary and the foreclosing governmental unit. 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 county health and rehabilitation services fund and the delinquent tax revolving fund, both of which are considered to be major funds of the County. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

Reporting the County's Fiduciary Responsibilities

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

Additional Information

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MERS pension and other postemployment benefits plans immediately following the notes to the financial statements. The combining and individual fund financial statements and schedules are presented immediately following the required supplementary information.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net position and changes in net position of the County's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the net position of the County was in a deficit primarily a result of the net pension liability, which had a balance of \$69,961,387 at September 30, 2017.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 17,435,915	\$ 16,783,591	\$ 19,345,399	\$ 18,822,334	\$ 36,781,314	\$ 35,605,925
Capital assets, net	30,568,716	28,414,347	14,429,230	15,040,022	44,997,946	43,454,369
Total assets	48,004,631	45,197,938	33,774,629	33,862,356	81,779,260	79,060,294
Deferred outflows	15,342,856	16,787,463	1,067,580	1,448,013	16,410,436	18,235,476
Liabilities						
Long-term debt outstanding	13,556,208	14,894,279	8,730,187	9,158,756	22,286,395	24,053,035
Other liabilities	88,432,825	86,106,564	3,926,981	3,701,553	92,359,806	89,808,117
Total liabilities	101,989,033	101,000,843	12,657,168	12,860,309	114,646,201	113,861,152
Deferred inflows	1,371,551	-	108,347	50,732	1,479,898	50,732
Net position						
Net investment in capital assets	19,911,208	16,490,554	7,933,121	7,762,894	27,844,329	24,253,448
Restricted	2,822,739	2,990,440	-	-	2,822,739	2,990,440
Unrestricted (deficit)	(62,747,044)	(58,496,436)	14,143,573	14,636,434	(48,603,471)	(43,860,002)
Total net position	\$ (40,013,097)	\$ (39,015,442)	\$ 22,076,694	\$ 22,399,328	\$ (17,936,403)	\$ (16,616,114)

A portion of the County's net position, \$27,844,329, is its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$2,822,739, represents resources that are subject to external restrictions on how they may be used.

Governmental activities. Governmental activities decreased the County's net position by \$997,655. The cost of all governmental activities this year was \$52,905,136 compared to \$52,451,825 from the prior year. Key elements of the decrease in net position, in addition to those matters discussed previously, are as follows:

- Property tax revenue increased by \$1,074,874. The County experienced increases in its taxable values due to general economic growth and new construction resulting in increased property tax revenue of approximately \$570,000. Additionally the county received personal property tax reimbursement payments from the state of approximately \$400,000.
- County's share of self insurance premiums decreased by \$824,792. The County experienced significantly less in health insurance claims for its active employee population during the fiscal year.
- Total expenses remained relatively consistent with prior year.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

The following condensed financial information was derived from the government-wide statement of activities and reflects how the County's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 5,157,523	\$ 5,158,896	\$ 18,636,306	\$ 19,358,476	\$ 23,793,829	\$ 24,517,372
Operating grants	10,076,830	9,815,698	10,497	14,514	10,087,327	9,830,212
Capital grants	3,639,795	-	-	-	3,639,795	-
General revenues:						
Property taxes	25,647,982	24,573,108	429,758	417,589	26,077,740	24,990,697
Grants and contributions not restricted to specific programs	2,665,347	2,621,176	-	-	2,665,347	2,621,176
Unrestricted investment earnings	116,251	88,678	-	-	116,251	88,678
Total revenues	47,303,728	42,257,556	19,076,561	19,790,579	66,380,289	62,048,135
Expenses						
Legislative	328,639	329,164	-	-	328,639	329,164
Judicial	6,860,954	7,098,389	-	-	6,860,954	7,098,389
General government	11,038,591	10,771,914	-	-	11,038,591	10,771,914
Public safety	24,827,573	24,260,826	-	-	24,827,573	24,260,826
Public works	322,274	390,352	-	-	322,274	390,352
Health and social services	7,740,542	7,722,010	-	-	7,740,542	7,722,010
Parks, recreation, and culture	993,807	641,028	-	-	993,807	641,028
Other	403,168	771,927	-	-	403,168	771,927
Interest on long-term debt	389,588	466,215	-	-	389,588	466,215
Health and rehabilitation services	-	-	18,742,958	19,088,026	18,742,958	19,088,026
Jail commissary	-	-	42,312	46,241	42,312	46,241
Delinquent tax collections	-	-	85,464	151,362	85,464	151,362
Foreclosing government unit	-	-	174,708	123,485	174,708	123,485
Total expenses	52,905,136	52,451,825	19,045,442	19,409,114	71,950,578	71,860,939
Change in net position, before transfers and special item	(5,601,408)	(10,194,269)	31,119	381,465	(5,570,289)	(9,812,804)
Transfers	353,753	350,000	(353,753)	(350,000)	-	-
Special item	4,250,000	-	-	-	4,250,000	-
Change in net position	(997,655)	(9,844,269)	(322,634)	31,465	(1,320,289)	(9,812,804)
Net position, beginning of year	(39,015,442)	(29,171,173)	22,399,328	22,367,863	(16,616,114)	(6,803,310)
Net position, end of year	<u>\$ (40,013,097)</u>	<u>\$ (39,015,442)</u>	<u>\$ 22,076,694</u>	<u>\$ 22,399,328</u>	<u>\$ (17,936,403)</u>	<u>\$ (16,616,114)</u>

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

Business-type activities. Business-type activities decreased the County's net position by \$322,634 for the current year. Key elements of the current year decrease are as follows:

- The County Health and Rehabilitation Services Facility reported a decrease in net position of \$708,838. Additional factors discussing this decrease in net position are available in the separately issued report for the Facility.
- The delinquent tax revolving fund reported an increase in net position of \$204,559 as a result of interest and administrative fees on taxes retained in the fund.

Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,952,429, an increase of \$623,349 in comparison with the prior year. Of the fund balance amount, \$5,290,641 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,290,641, while total fund balance was \$6,637,883. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.4 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$819,873 during the current fiscal year. An increase in property taxes and intergovernmental funding, net of an overall increase of expenditures, contributed to the current year increase in fund balance.

The child care fund experienced a minor increase in fund balance of \$382 for the year and reported total fund balance of \$68,043 at September 30, 2017.

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

Unrestricted net position of the Health and Rehabilitation Services Facility and delinquent tax revolving enterprise funds at the end of the year amounted to \$1,528,580 and \$11,331,777, respectively. The health and rehabilitation services facility fund had a decrease in net position for the year of \$708,838 while the delinquent tax revolving fund had an increase of \$204,559. 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 increased by \$353,294 from the original budget to the final budget based on an increase in intergovernmental grants.

Expenditures in the general fund increased by \$347,009 from the original to the final budget related to public improvement projects and computer fund projects/equipment expenditures (combined with the general fund for financial reporting purposes).

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounted to \$44,997,946 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and vehicles and equipment. The net increase in the County's investment in governmental activities capital assets for the current fiscal year was \$2,154,369. The County's business-type activities' capital assets decreased by \$610,792. This was due to annual depreciation exceeding current year additions.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,018,034	\$ 102,628	\$ -	\$ -	\$ 4,018,034	\$ 102,628
Buildings and improvements	21,384,515	22,436,001	13,773,031	14,250,359	35,157,546	36,686,360
Vehicles and equipment	5,058,750	5,874,974	656,199	785,663	5,714,949	6,660,637
Construction in progress	107,417	744	-	4,000	107,417	4,744
Total capital assets, net	\$ 30,568,716	\$ 28,414,347	\$ 14,429,230	\$ 15,040,022	\$ 44,997,946	\$ 43,454,369

Long-term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$16,920,857; this entire amount comprises debt backed by the full faith and credit of the County.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 10,265,000	\$ 11,140,000	\$ 6,655,857	\$ 7,299,251	\$ 16,920,857	\$ 18,439,251
Installment contracts	862,860	1,301,575	-	-	862,860	1,301,575
Lease payable	-	-	-	7,752	-	7,752
Delinquent tax notes	-	-	1,844,000	1,604,000	1,844,000	1,604,000
Compensated absences	2,428,348	2,452,704	230,330	247,753	2,658,678	2,700,457
Total long-term debt	\$ 13,556,208	\$ 14,894,279	\$ 8,730,187	\$ 9,158,756	\$ 22,286,395	\$ 24,053,035

The County's total general obligation debt decreased by \$1,518,394 (8.2 percent) during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$413,060,102 which is significantly in excess of the County's outstanding general obligation debt.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2018 fiscal year:

- Increases in property tax revenue and personal property tax reimbursement payments of approximately \$960,000.
- Transfers-in were decreased by \$1,000,000 to reduce for previously budgeted utilization of internal service fund surplus reserves used in prior budgets.
- Decreases in court revenue related to reductions in ticket violations of \$225,000.
- The County decreased its total expenditure budget by \$548,749. Of this amount the following changes are highlighted:
 - Total salary costs were decreased by approximately \$1,280,000 due to personnel reductions.
 - Total pension contributions were increased by approximately \$1,000,000 due to increases in the employer contributions required by the pension administrator (MERS).
- Costs to provide required medical examiner services were increased by approximately \$72,000.

Contacting the County's Controller/Administrator

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/Administrator, 1045 Independence Boulevard, Charlotte, Michigan 48813.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Statement of Net Position

September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 5,407,256	\$ 12,603,103	\$ 18,010,359	\$ 20,019,087
Investments	1,030,347	-	1,030,347	-
Receivables, net	10,189,541	6,471,531	16,661,072	30,953,723
Internal balances	489	(489)	-	-
Other assets	808,282	271,254	1,079,536	1,186,123
Capital assets not being depreciated	4,125,451	-	4,125,451	26,245,587
Capital assets being depreciated, net	26,443,265	14,429,230	40,872,495	130,625,919
Total assets	48,004,631	33,774,629	81,779,260	209,030,439
Deferred outflows of resources				
Deferred charge on refunding	470,352	159,748	630,100	338,621
Deferred pension amounts	14,872,504	907,832	15,780,336	1,355,657
Total deferred outflows of resources	15,342,856	1,067,580	16,410,436	1,694,278
Liabilities				
Accounts payable and accrued liabilities	3,557,562	1,492,669	5,050,231	3,326,504
Interest payable	35,975	57,763	93,738	295,930
Unearned revenue	614	-	614	205,004
Long-term debt:				
Due within one year	1,830,700	2,927,725	4,758,425	4,207,772
Due in more than one year	11,725,508	5,802,462	17,527,970	29,854,018
Net pension liability	68,284,606	1,676,781	69,961,387	6,096,391
Net other postemployment benefit obligation	16,554,068	699,768	17,253,836	-
Net other postemployment benefit liability	-	-	-	448,346
Total liabilities	101,989,033	12,657,168	114,646,201	44,433,965
Deferred inflows of resources				
Deferred pension amounts	1,371,551	108,347	1,479,898	146,713
Deferred OPEB amounts	-	-	-	269,454
Total deferred inflows of resources	1,371,551	108,347	1,479,898	416,167
Net position				
Net investment in capital assets	19,911,208	7,933,121	27,844,329	129,133,118
Restricted for:				
Judicial	34,334	-	34,334	-
Public safety	2,281,914	-	2,281,914	-
Health and social services	110,938	-	110,938	-
Debt service	30,513	-	30,513	-
Endowments	67,793	-	67,793	-
Other state mandated	297,247	-	297,247	-
Immunizations	-	-	-	211,756
Drainage districts	-	-	-	33,985,368
Unrestricted (deficit)	(62,747,044)	14,143,573	(48,603,471)	2,544,343
Total net position	\$ (40,013,097)	\$ 22,076,694	\$ (17,936,403)	\$ 165,874,585

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

EATON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 328,639	\$ -	\$ -	\$ -	\$ (328,639)
Judicial	6,860,954	1,962,505	843,807	-	(4,054,642)
General government	11,038,591	1,470,203	1,798,705	-	(7,769,683)
Public safety	24,827,573	1,252,275	4,637,330	-	(18,937,968)
Public works	322,274	-	-	-	(322,274)
Health and social services	7,740,542	343,672	2,500,742	-	(4,896,128)
Parks, recreation and culture	993,807	128,868	296,246	3,639,795	3,071,102
Other	403,168	-	-	-	(403,168)
Interest on long-term debt	389,588	-	-	-	(389,588)
Total governmental activities	52,905,136	5,157,523	10,076,830	3,639,795	(34,030,988)
Business-type activities:					
Health and rehabilitation services	18,742,958	17,454,362	-	-	(1,288,596)
Jail commissary	42,312	72,680	-	-	30,368
Delinquent tax collections	85,464	782,349	10,497	-	707,382
Foreclosing government unit	174,708	326,915	-	-	152,207
Total business-type activities	19,045,442	18,636,306	10,497	-	(398,639)
Total primary government	\$ 71,950,578	\$ 23,793,829	\$ 10,087,327	\$ 3,639,795	\$ (34,429,627)
Component units					
Road Commission	\$ 11,761,355	\$ 650,819	\$ 10,578,775	\$ 2,696,950	\$ 2,165,189
Board of Public Works	121,340	-	111,455	-	(9,885)
Drainage Districts	5,611,622	308,964	181,615	5,680,915	559,872
District Health	7,695,435	1,339,488	5,150,214	-	(1,205,733)
Total component units	\$ 25,189,752	\$ 2,299,271	\$ 16,022,059	\$ 8,377,865	\$ 1,509,443

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EATON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net position				
Net (expense) revenues	\$ (34,030,988)	\$ (398,639)	\$ (34,429,627)	\$ 1,509,443
General revenues:				
Property taxes	25,647,982	429,758	26,077,740	3,964,117
Grants and contributions not restricted to specific programs	2,665,347	-	2,665,347	-
Unrestricted investment earnings	116,251	-	116,251	82,130
Other	-	-	-	10,091
Transfers - internal activities	353,753	(353,753)	-	-
Total general revenues and transfers	28,783,333	76,005	28,859,338	4,056,338
Change in net position before special item	(5,247,655)	(322,634)	(5,570,289)	5,565,781
Special item				
Lawsuit settlement	4,250,000	-	4,250,000	-
Change in net position	(997,655)	(322,634)	(1,320,289)	5,565,781
Net position, beginning of year, as restated	(39,015,442)	22,399,328	(16,616,114)	160,308,804
Net position, end of year	\$ (40,013,097)	\$ 22,076,694	\$ (17,936,403)	\$ 165,874,585

concluded

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

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Balance Sheet Governmental Funds September 30, 2017

	General Fund	Child Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,615,777	\$ 250	\$ 3,467,887	\$ 6,083,914
Investments	1,030,347	-	-	1,030,347
Receivables:				
Property taxes	7,993,276	-	3,751	7,997,027
Accounts, net	402,425	56,226	41,601	500,252
Due from other governments	696,401	482,770	453,027	1,632,198
Prepays	87,278	-	17,676	104,954
Advances to component unit	60,000	-	-	60,000
Total assets	\$ 12,885,504	\$ 539,246	\$ 3,983,942	\$ 17,408,692
Liabilities				
Negative equity in pooled cash	\$ 4,782,105	\$ 233,218	\$ 251,440	\$ 5,266,763
Accounts payable	709,965	129,452	335,088	1,174,505
Accrued liabilities	573,656	75,345	116,067	765,068
Due to other governmental units	-	21,081	-	21,081
Due to other funds	181,281	12,107	34,844	228,232
Unearned revenue	614	-	-	614
Total liabilities	6,247,621	471,203	737,439	7,456,263
Fund balances				
Nonspendable	147,278	-	17,676	164,954
Restricted	-	-	2,841,038	2,841,038
Committed	-	68,043	387,789	455,832
Assigned	1,199,964	-	-	1,199,964
Unassigned	5,290,641	-	-	5,290,641
Total fund balances	6,637,883	68,043	3,246,503	9,952,429
Total liabilities and fund balances	\$ 12,885,504	\$ 539,246	\$ 3,983,942	\$ 17,408,692

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

EATON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
September 30, 2017

Total fund balances for governmental funds	\$ 9,952,429
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	4,125,451
Capital assets being depreciated, net	26,443,265
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds and installment contracts payable	(11,127,860)
Deferred charge on refunding	470,352
Interest payable	(35,975)
Compensated absences	(2,428,348)
Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	
	3,925,310
Certain pension and OPEB-related amounts, such as the net pension liability, net other postemployment benefit obligation and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net other postemployment benefit obligation	(16,554,068)
Net pension liability	(68,284,606)
Deferred inflows related to the net pension liability	(1,371,551)
Deferred outflows related to the net pension liability	14,872,504
Net position of governmental activities	<u>\$ (40,013,097)</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, 2017

	General Fund	Child Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 18,514,414	\$ -	\$ 6,724,767	\$ 25,239,181
Licenses and permits	249,633	-	558,424	808,057
Intergovernmental:				
Federal/State	5,900,442	2,227,268	1,205,030	9,332,740
Local	3,309,095	-	-	3,309,095
Charges for services	3,220,963	-	547,369	3,768,332
Fines and forfeitures	302,122	-	9,522	311,644
Interest and rents	296,786	-	21,701	318,487
Other	207,493	185,762	123,100	516,355
Total revenues	32,000,948	2,413,030	9,189,913	43,603,891
Expenditures				
Current:				
Legislative	307,533	-	-	307,533
Judicial	5,434,835	-	109,287	5,544,122
General government	8,247,829	-	189,882	8,437,711
Public safety	13,781,203	-	5,332,538	19,113,741
Public works	322,274	-	-	322,274
Health and social services	1,840,738	4,463,395	573,841	6,877,974
Parks, recreation and culture	861,563	-	-	861,563
Other	166,521	-	137	166,658
Capital outlay	904,069	43,786	-	947,855
Debt service:				
Principal	354,697	2,433	1,181,467	1,538,597
Interest and fiscal charges	22,542	566	325,057	348,165
Total expenditures	32,243,804	4,510,180	7,712,209	44,466,193
Revenues over (under) expenditures	(242,856)	(2,097,150)	1,477,704	(862,302)
Other financing sources (uses)				
Transfers in	2,329,829	2,053,830	1,284,309	5,667,968
Transfers out	(1,456,124)	(85)	(2,958,919)	(4,415,128)
Proceeds from sale of capital assets	7,929	-	-	7,929
Issuance of long-term debt	181,095	43,787	-	224,882
Total other financing sources (uses)	1,062,729	2,097,532	(1,674,610)	1,485,651
Net change in fund balances	819,873	382	(196,906)	623,349
Fund balances, beginning of year	5,818,010	67,661	3,443,409	9,329,080
Fund balances, end of year	<u>\$ 6,637,883</u>	<u>\$ 68,043</u>	<u>\$ 3,246,503</u>	<u>\$ 9,952,429</u>

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

EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2017

Net change in fund balance - total governmental funds \$ 623,349

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.

Purchase of capital assets	1,048,693
Donated capital assets	3,639,795
Depreciation expense	(2,469,015)
Proceeds from sale of capital assets	(7,929)
Loss on disposal of capital assets	(57,175)

Bond proceeds provide current financial resources to the governmental funds in the period issued, but issuing bonds increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of debt principal	1,538,597
Issuance of long-term installment contracts	(224,882)

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

Change in accrued compensated absences	24,356
Amortization of deferred charge on refunding	(47,430)
Change in the net pension liability and related deferred amounts	(2,160,625)
Change in the net other postemployment benefit obligation	(2,920,783)
Change in accrued interest payable	6,007

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

9,387

Change in net position of governmental activities \$ (997,655)

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 18,453,982	\$ 18,453,982	\$ 18,514,414	\$ 60,432
Licenses and permits	233,200	233,200	249,633	16,433
Intergovernmental:				
Federal/State	5,426,687	5,731,778	5,900,442	168,664
Local	3,310,590	3,310,590	3,309,095	(1,495)
Charges for services	3,259,659	3,278,988	3,220,963	(58,025)
Fines and forfeitures	335,700	335,700	302,122	(33,578)
Interest and rents	280,191	292,191	296,786	4,595
Other	159,910	176,784	207,493	30,709
Total revenues	31,459,919	31,813,213	32,000,948	187,735
Expenditures				
Current:				
Legislative	316,907	337,418	307,533	(29,885)
Judicial	6,015,874	5,884,477	5,434,835	(449,642)
General government	8,929,863	8,721,566	8,247,829	(473,737)
Public safety	14,376,654	14,314,520	13,781,203	(533,317)
Public works	440,447	440,357	322,274	(118,083)
Health and social services	1,873,416	1,882,260	1,840,738	(41,522)
Parks, recreation and culture	564,026	920,997	861,563	(59,434)
Other	583,088	205,561	166,521	(39,040)
Capital outlay	714,897	1,424,786	904,069	(520,717)
Debt service:				
Principal	347,000	354,697	354,697	-
Interest and fiscal charges	-	22,542	22,542	-
Total expenditures	34,162,172	34,509,181	32,243,804	(2,265,377)
Revenues over (under) expenditures	(2,702,253)	(2,695,968)	(242,856)	2,453,112
Other financing sources (uses)				
Transfers in	2,221,192	2,347,988	2,329,829	(18,159)
Transfers out	(1,434,041)	(2,029,720)	(1,456,124)	(573,596)
Proceeds from sale of capital assets	10,000	10,000	7,929	(2,071)
Issuance of long-term debt	-	241,463	181,095	(60,368)
Total other financing sources (uses)	797,151	569,731	1,062,729	492,998
Net change in fund balance	(1,905,102)	(2,126,237)	819,873	2,946,110
Fund balance, beginning of year	5,818,010	5,818,010	5,818,010	-
Fund balance, end of year	<u>\$ 3,912,908</u>	<u>\$ 3,691,773</u>	<u>\$ 6,637,883</u>	<u>\$ 2,946,110</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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal/State	\$ 2,738,886	\$ 2,738,886	\$ 2,227,268	\$ (511,618)
Other	205,100	205,100	185,762	(19,338)
Total revenues	<u>2,943,986</u>	<u>2,943,986</u>	<u>2,413,030</u>	<u>(530,956)</u>
Expenditures				
Current:				
Health and social services	5,395,816	5,710,070	4,463,395	(1,246,675)
Capital outlay	30,000	85,382	43,786	(41,596)
Debt service:				
Principal	-	2,433	2,433	-
Interest and fiscal charges	-	566	566	-
Total expenditures	<u>5,425,816</u>	<u>5,798,451</u>	<u>4,510,180</u>	<u>(1,288,271)</u>
Revenues over (under) expenditures	<u>(2,481,830)</u>	<u>(2,854,465)</u>	<u>(2,097,150)</u>	<u>757,315</u>
Other financing sources (uses)				
Transfers in	2,481,830	2,796,167	2,053,830	(742,337)
Transfers out	-	(85)	(85)	-
Issuance of long-term debt	-	58,383	43,787	(14,596)
Total other financing sources	<u>2,481,830</u>	<u>2,854,465</u>	<u>2,097,532</u>	<u>(756,933)</u>
Net change in fund balance	-	-	382	382
Fund balance, beginning of year	<u>67,661</u>	<u>67,661</u>	<u>67,661</u>	<u>-</u>
Fund balance, end of year	<u>\$ 67,661</u>	<u>\$ 67,661</u>	<u>\$ 68,043</u>	<u>\$ 382</u>

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

EATON COUNTY, MICHIGAN

Statement of Net Position
 Proprietary Funds
 September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,597,303	\$ 8,800,989	\$ 1,204,811	\$ 12,603,103	\$ 4,590,105
Receivables:					
Property taxes	-	3,846,228	-	3,846,228	-
Accounts, net	1,884,382	645,416	95,505	2,625,303	64
Due from other funds	-	-	-	-	228,721
Inventories	70,029	-	19,238	89,267	-
Prepaid items	181,987	-	-	181,987	703,328
Total current assets	4,733,701	13,292,633	1,319,554	19,345,888	5,522,218
Noncurrent assets:					
Buildings	18,831,174	-	-	18,831,174	-
Equipment	2,563,153	-	-	2,563,153	-
Accumulated depreciation	(6,965,097)	-	-	(6,965,097)	-
Total noncurrent assets	14,429,230	-	-	14,429,230	-
Total assets	19,162,931	13,292,633	1,319,554	33,775,118	5,522,218
Deferred outflows of resources					
Deferred charge on refunding	159,748	-	-	159,748	-
Deferred pension amounts	907,832	-	-	907,832	-
Total deferred outflows of resources	1,067,580	-	-	1,067,580	-
Liabilities					
Current liabilities:					
Accounts payable	347,261	116,407	26,088	489,756	43,920
Accrued liabilities	992,703	-	2,109	994,812	1,552,988
Due to other funds	-	-	489	489	-
Due to other governments	-	449	7,652	8,101	-
Interest payable	57,763	-	-	57,763	-
Current portion of:					
Bonds and notes payable	853,395	1,844,000	-	2,697,395	-
Accrued compensated absences	230,330	-	-	230,330	-
Total current liabilities	2,481,452	1,960,856	36,338	4,478,646	1,596,908
Noncurrent liabilities:					
Bonds and notes payable	5,802,462	-	-	5,802,462	-
Net pension liability	1,676,781	-	-	1,676,781	-
Net other postemployment benefit obligation	699,768	-	-	699,768	-
Total noncurrent liabilities	8,179,011	-	-	8,179,011	-
Total liabilities	10,660,463	1,960,856	36,338	12,657,657	1,596,908
Deferred inflows of resources					
Deferred pension amounts	108,347	-	-	108,347	-
Net position					
Net investment in capital assets	7,933,121	-	-	7,933,121	-
Unrestricted	1,528,580	11,331,777	1,283,216	14,143,573	3,925,310
Total net position	\$ 9,461,701	\$ 11,331,777	\$ 1,283,216	\$ 22,076,694	\$ 3,925,310

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

EATON COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 17,454,362	\$ -	\$ -	\$ 17,454,362	\$ 12,278,280
Interest on taxes	-	573,887	-	573,887	-
Sales	-	-	213,980	213,980	-
Administrative fees/penalties	-	208,462	185,615	394,077	-
Other revenues	-	-	-	-	77,688
Total operating revenues	17,454,362	782,349	399,595	18,636,306	12,355,968
Operating expenses					
Personal services and benefits	13,808,134	-	69,098	13,877,232	7,414,831
Operating supplies	1,601,627	10,965	-	1,612,592	-
Contractual services	434,601	28,122	147,922	610,645	194,771
Insurance and claims	-	-	-	-	8,147,934
Tax tribunal refunds	-	17,694	-	17,694	-
Depreciation	626,942	-	-	626,942	-
Other expenses	2,016,756	5,318	-	2,022,074	-
Total operating expenses	18,488,060	62,099	217,020	18,767,179	15,757,536
Operating income (loss)	(1,033,698)	720,250	182,575	(130,873)	(3,401,568)
Nonoperating revenues (expenses)					
Interest income	-	10,497	-	10,497	60,042
Interest expense	(254,898)	(23,365)	-	(278,263)	-
Property tax revenue	429,758	-	-	429,758	-
Total nonoperating revenues (expenses)	174,860	(12,868)	-	161,992	60,042
Income (loss) before transfers	(858,838)	707,382	182,575	31,119	(3,341,526)
Transfers					
Transfers in	150,000	767,542	-	917,542	100,913
Transfers out	-	(1,270,365)	(930)	(1,271,295)	(1,000,000)
Transfers, net	150,000	(502,823)	(930)	(353,753)	(899,087)
Income (loss) before special item	(708,838)	204,559	181,645	(322,634)	(4,240,613)
Special item					
Lawsuit settlement	-	-	-	-	4,250,000
Change in net position	(708,838)	204,559	181,645	(322,634)	9,387
Net position, beginning of year	10,170,539	11,127,218	1,101,571	22,399,328	3,915,923
Net position, end of year	\$ 9,461,701	\$ 11,331,777	\$ 1,283,216	\$ 22,076,694	\$ 3,925,310

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, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 15,996,816	\$ 6,463,611	\$ 951,703	\$ 23,412,130	\$ -
Cash received from interfund services	-	-	-	-	12,293,070
Delinquent taxes purchased	-	(5,197,194)	-	(5,197,194)	-
Cash paid to/for employees	(16,834,876)	-	(68,981)	(16,903,857)	(5,268,658)
Cash paid to suppliers	-	-	(126,043)	(126,043)	(6,361,028)
Other receipts	752,481	-	-	752,481	-
Net cash provided by (used in) operating activities	(85,579)	1,266,417	756,679	1,937,517	663,384
Cash flows from noncapital financing activities					
Transfers in	-	767,542	-	767,542	100,913
Transfers out	-	(1,270,365)	(930)	(1,271,295)	(1,000,000)
Tax notes issued	-	2,900,000	-	2,900,000	-
Tax notes redeemed	-	(2,660,000)	-	(2,660,000)	-
Property tax receipts	429,758	-	-	429,758	-
Interest paid on tax notes / advances	-	(23,365)	-	(23,365)	-
Net cash provided by (used in) noncapital financing activities	429,758	(286,188)	(930)	142,640	(899,087)
Cash flows from capital and related financing activities					
Transfers in	150,000	-	-	150,000	-
Interest paid on long-term debt	(266,639)	-	-	(266,639)	-
Issuance of long-term debt	3,555,000	-	-	3,555,000	-
Principal paid on long-term debt	(4,206,146)	-	-	(4,206,146)	-
Purchases of capital assets	(16,150)	-	-	(16,150)	-
Net cash used in capital and related financing activities	(783,935)	-	-	(783,935)	-
Cash flows from investing activities					
Interest received	-	10,497	-	10,497	60,042
Net change in cash and cash equivalents	(439,756)	990,726	755,749	1,306,719	(175,661)
Cash and cash equivalents, beginning of year	3,037,059	7,810,263	449,062	11,296,384	4,765,766
Cash and cash equivalents, end of year	\$ 2,597,303	\$ 8,800,989	\$ 1,204,811	\$ 12,603,103	\$ 4,590,105

continued...

EATON COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (1,033,698)	\$ 720,250	\$ 182,575	\$ (130,873)	\$ (3,401,568)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	626,942	-	-	626,942	-
Lawsuit settlement	-	-	-	-	4,250,000
Provision for bad debt	278,879	-	-	278,879	-
Change in operating assets and liabilities that provided (used) cash:					
Taxes receivable	-	333,356	637,788	971,144	-
Accounts receivable	(485,843)	98,499	(85,680)	(473,024)	(64)
Due from other funds	-	-	-	-	(62,777)
Prepaid items	(37,318)	-	-	(37,318)	(1,993)
Accounts payable	113,296	113,863	14,960	242,119	(1,394)
Accrued liabilities	307,262	-	117	307,379	(118,711)
Net pension liability	(279,741)	-	-	(279,741)	-
Deferred outflows and inflows of resources - pension amounts	424,642	-	-	424,642	-
Due to other funds	-	-	76	76	(109)
Due to other governments	-	449	6,843	7,292	-
Net cash provided by (used in) operating activities	<u>\$ (85,579)</u>	<u>\$ 1,266,417</u>	<u>\$ 756,679</u>	<u>\$ 1,937,517</u>	<u>\$ 663,384</u>

concluded

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

EATON COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
September 30, 2017

	Retiree Healthcare Trust	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 6,396,545
Investments:		
Money market funds	138,547	-
Common stocks	2,808,545	-
Exchange traded	553,849	-
Corporate bonds	81,031	-
U.S. agencies	180,347	-
Sovereign securities	8,448	-
Mutual funds	8,300,536	-
Due from other governments	-	209,917
Total assets	12,071,303	\$ 6,606,462
Liabilities		
Undistributed receipts	-	\$ 6,606,462
Net position restricted for		
Other postemployment benefits	<u>\$ 12,071,303</u>	

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

EATON COUNTY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended September 30, 2017

	Retiree Healthcare Trust
Additions	
Investment income:	
Net appreciation in fair value of investments	\$ 1,220,491
Interest and dividend income	89,501
Investment expenses	<u>(42,060)</u>
Net investment income	1,267,932
Contributions:	
Plan sponsor	<u>1,545,700</u>
Total additions	<u>2,813,632</u>
Deductions	
Participant benefits	1,509,962
Administrative expense	<u>17,114</u>
Total deductions	<u>1,527,076</u>
Change in net position	1,286,556
Net position restricted for other postemployment benefits	
Beginning of year, as restated	<u>10,784,747</u>
End of year	<u><u>\$ 12,071,303</u></u>

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

EATON COUNTY, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

September 30, 2017

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
Assets					
Cash and cash equivalents	\$ 6,604,103	\$ -	\$ 16,297,686	\$ 1,565,512	\$ 24,467,301
Receivables:					
Accounts, net	5,647	-	-	211,614	217,261
Special assessments	-	-	23,895,073	-	23,895,073
Due from other governmental units:					
Federal/State	982,273	-	-	-	982,273
Local	309,601	-	-	-	309,601
Leases receivable	-	5,549,515	-	-	5,549,515
Inventories	496,037	-	31,008	-	527,045
Prepaid items	579,000	42,803	-	37,275	659,078
Capital assets not being depreciated	24,416,649	-	1,828,938	-	26,245,587
Capital assets being depreciated, net	60,747,047	-	69,812,183	66,689	130,625,919
Total assets	94,140,357	5,592,318	111,864,888	1,881,090	213,478,653
Deferred outflows of resources					
Deferred charge on refunding	12,500	74,137	251,984	-	338,621
Deferred pension amounts	-	-	-	1,355,657	1,355,657
Total deferred outflows of resources	12,500	74,137	251,984	1,355,657	1,694,278
Liabilities					
Negative equity in pooled cash	-	-	4,448,214	-	4,448,214
Accounts payable	1,329,116	-	1,435,284	144,431	2,908,831
Accrued liabilities	213,661	-	-	144,012	357,673
Interest payable	1,029	-	294,901	-	295,930
Unearned revenue	-	42,803	-	162,201	205,004
Advances from primary government	-	-	60,000	-	60,000
Long-term debt:					
Due within one year	539,864	632,935	3,003,246	31,727	4,207,772
Due in more than one year	268,774	4,916,580	24,489,626	179,038	29,854,018
Net pension liability	-	-	-	6,096,391	6,096,391
Net OPEB liability	448,346	-	-	-	448,346
Total liabilities	2,800,790	5,592,318	33,731,271	6,757,800	48,882,179
Deferred inflows of resources					
Deferred pension amounts	-	-	-	146,713	146,713
Deferred OPEB amounts	269,454	-	-	-	269,454
Total deferred inflows of resources	269,454	-	-	146,713	416,167
Net position					
Net investment in capital assets	84,666,196	-	44,400,233	66,689	129,133,118
Restricted for immunizations	-	-	-	211,756	211,756
Restricted for drainage districts	-	-	33,985,368	-	33,985,368
Unrestricted (deficit)	6,416,417	74,137	-	(3,946,211)	2,544,343
Total net position	\$ 91,082,613	\$ 74,137	\$ 78,385,601	\$ (3,667,766)	\$ 165,874,585

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, 2017

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
Expenses					
Public works	\$ -	\$ 121,340	\$ 5,611,622	\$ -	\$ 5,732,962
Health and social services	-	-	-	7,695,435	7,695,435
Highways and streets	11,761,355	-	-	-	11,761,355
Total expenses	11,761,355	121,340	5,611,622	7,695,435	25,189,752
Program revenues					
Charges for services	650,819	-	308,964	1,339,488	2,299,271
Operating grants and contributions	10,578,775	111,455	181,615	5,150,214	16,022,059
Capital grants and contributions	2,696,950	-	5,680,915	-	8,377,865
Total program revenues	13,926,544	111,455	6,171,494	6,489,702	26,699,195
Net program revenues (expenses)	2,165,189	(9,885)	559,872	(1,205,733)	1,509,443
General revenues					
Property taxes	3,964,117	-	-	-	3,964,117
Unrestricted investment earnings	54,245	-	27,885	-	82,130
Other	10,091	-	-	-	10,091
Total general revenues	4,028,453	-	27,885	-	4,056,338
Change in net position	6,193,642	(9,885)	587,757	(1,205,733)	5,565,781
Net position, beginning of year, as restated	84,888,971	84,022	77,797,844	(2,462,033)	160,308,804
Net position, end of year	\$ 91,082,613	\$ 74,137	\$ 78,385,601	\$ (3,667,766)	\$ 165,874,585

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

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NOTES TO FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Joint Ventures

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

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

Related Organization

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

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

Jointly Governed Organizations

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County 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 \$106,533 for the year ended September 30, 2017.

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 \$64,105 for the year ended September 30, 2017.

Mid-State Health Network - is governed by 24 members from three counties, two from each of the 12 member community mental health service providers. 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 \$231,669 for the year ended September 30, 2017.

CEI-Community Mental Health - is governed by 12 members from the three counties it serves in - Ingham, Eaton and Clinton, of which Eaton County appoints 3 members. The Authority provides comprehensive mental health services to these three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$518,458 for the year ended September 30, 2017.

Lansing Tri-County Employment and Training Consortium - is governed by a 11 member board, of which the County appoints two members. The County has no financial responsibility other than potential liability from appropriated use of funds as the Consortium's revenue is derived from federal and state grants.

Government-wide and Fund Financial Statements

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants, which must be collected within one year, and property taxes. Property taxes for the County are levied and payable within the current fiscal year are fully recognized inasmuch as any uncollected taxes are settled with the Delinquent Tax Revolving Fund not later than March 1 of the following fiscal year. While this schedule exceeds the normal availability period for property taxes of sixty days, management believes that fully recognizing property taxes in the year they are intended to finance better reflects the matching concept of generally accepted accounting principles. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

The *child care fund* accounts for the operations of the County's community-based programming and placement costs for youth and funding received from the State of Michigan for these services.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County reports the following major proprietary funds:

The *health and rehabilitation services facility fund* accounts for the operation of the County's long-term adult care facility.

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

Additionally, the County reports the following fund types:

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

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

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

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for the insurance activity of the County provided to other departments and funds on a cost reimbursement basis.

Retiree healthcare trust fund accounts for the accumulated resources for retirement health benefit payments to qualified employees.

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

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Equity

Deposits and Investments

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

Investments are stated at fair value and primarily consist of money market funds, municipal bonds, U.S. securities, and mutual funds with original maturities of greater than 90 days.

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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 general, child care, health and rehabilitation services facility funds and district health department component unit. The County utilizes the direct write-off method for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Inventories

The cost of inventory items in governmental funds is recorded as an expenditure at the time of purchase. Inventories of the health and rehabilitation services facility and jail commissary funds consist of medical supplies and miscellaneous hygiene and consumer products, respectively, which are stated at the lower of cost determined by the first-in, first-out (FIFO) method 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 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 acquisition cost 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:

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

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

	Years
Buildings and improvements	40
Equipment	5-8
Infrastructure:	
Roads	8-30
Bridges	12-50
Traffic signals	15

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources for the charge on advance bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. In addition, the County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension plan. A portion of these costs also represent contributions to the plan subsequent to the plan measurement date.

Compensated Absences

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

Long-term Obligations

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

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

Pensions and Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The County also reports deferred inflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and OPEB plans.

Fund Equity

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

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

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

2. BUDGETARY INFORMATION

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2017, the County incurred a expenditures in excess of the amounts appropriated as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund:			
General government:			
Crime victims	\$ 94,156	\$ 94,229	\$ 73
Juvenile court donations:			
Judicial	-	922	922
Youth facility donations:			
Public safety	-	5,762	5,762
Sheriff donations:			
Public safety	-	1,000	1,000

4. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

Following is a reconciliation of deposit and investment balances as of September 30, 2017:

	Primary Government	Component Units	Totals
Financial statements			
Statement of net position:			
Cash and cash equivalents	\$ 18,010,359	\$ 20,019,087	\$ 38,029,446
Investments	1,030,347	-	1,030,347
Statement of fiduciary net position:			
Cash and cash equivalents	6,396,545	-	6,396,545
Investments	12,071,303	-	12,071,303
Total	\$ 37,508,554	\$ 20,019,087	\$ 57,527,641
Deposits and investments			
Bank deposits (checking and savings accounts)			\$ 25,889,244
Certificates of deposit (matures in less than 1 year)			525,875
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			17,527,143
Retiree healthcare trust fund			12,071,303
Cash on deposit with third party			1,509,886
Cash on hand			4,190
Total			\$ 57,527,641

EATON COUNTY, MICHIGAN

Notes to Financial Statements

County's Cash and Investment Pool

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to the government. As of September 30, 2017, \$25,847,928 of the County's total bank balance of \$27,196,155 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. Following is a summary of the County's pooled investments as of September 30, 2017:

Money market funds	\$ 16,499,851
Municipal bonds	525,450
U.S. agencies	<u>501,842</u>
Total	<u>\$ 17,527,143</u>

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that investment securities shall be kept in the County Treasurer's office in a fireproof vault, although certificates of deposit may be held in safekeeping by the financial institution. As of September 30, 2017, investments in the Treasurer's pool totaling \$16,499,851 were in money market accounts, which are not subject to custodial credit risk since the securities are held in the County's name by the counterparty.

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. As of September 30, 2017, the County's pooled investments in municipal bonds and U.S. agencies were rated as follows:

Not rated	\$ 9,519,207
S&P AAAM	6,980,644
S&P A1	525,450
S&P AA+	<u>501,842</u>
Total	<u>\$ 17,527,143</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of September 30, 2017, maturities of the County's fixed income securities were as follows:

	Investment Maturities (Fair value by years)				
	Fair Value	No maturity	Due in less than 1 year	Due in 1-5 years	Due in 6 or more years
Money market funds	\$ 16,499,851	\$ 16,499,851	\$ -	\$ -	\$ -
Municipal bonds	525,450	-	525,450	-	-
U.S. agencies	501,842	-	501,842	-	-
Total	\$ 17,527,143	\$ 16,499,851	\$ 1,027,292	\$ -	\$ -

Retirees Healthcare Trust Fund Investments

The retiree healthcare trust fund (the "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 an administered trust account. Following is a summary of the Fund's investments as of September 30, 2017:

Money market funds	\$ 138,547
Common stocks	2,808,545
Exchange traded	553,849
Corporate bonds	81,031
U.S. agencies	180,347
Sovereign securities	8,448
Mutual funds	8,300,536
Total	\$ 12,071,303

Credit Risk. As of September 30, 2017, the Fund's investments were rated as follows:

Moody AAA	\$ 63,451
Moody A3	8,448
S&P A	5,204
S&P A-	26,083
S&P AA-	7,926
S&P BBB+	41,818
Not Rated	11,918,373
Total	\$ 12,071,303

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 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, 2017, the Fund investment portfolio holdings were not concentrated (i.e., no more than 5% of the portfolio in issues of any one entity other than the federal government). The County's policy is to comply with Public Act 314 as referenced above.

Interest Rate Risk. As of September 30, 2017, maturities of the Fund's investments were as follows:

	Investment Maturities (Fair value by years)				
	Fair Value	No maturity	Due in less than 1 year	Due in 1-5 years	Due in 6 or more years
Money market funds	\$ 138,547	\$ 138,547	\$ -	\$ -	\$ -
Common stocks	2,808,545	2,808,545	-	-	-
Exchange traded	553,849	553,849	-	-	-
Corporate bonds	81,031	-	-	23,012	58,019
U.S. agencies	180,347	-	-	33,301	147,046
Sovereign securities	8,448	-	-	8,448	-
Mutual funds	8,300,536	8,300,536	-	-	-
Total	\$ 12,071,303	\$ 11,801,477	\$ -	\$ 64,761	\$ 205,065

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. These levels are determined by the County's investment manager and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County had the following recurring fair value measurements as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 9,516,152	\$ 7,122,246	\$ -	\$ 16,638,398
Municipal bonds	-	525,450	-	525,450
U.S. agencies	-	682,189	-	682,189
Common stocks	2,808,545	-	-	2,808,545
Exchange traded	553,849	-	-	553,849
Corporate bonds	-	81,031	-	81,031
Sovereign securities	-	8,448	-	8,448
Mutual funds	-	758,689	-	758,689
Funds on deposit with MERS	3,393,831	1,885,462	1,282,114	6,561,407
	<u>\$ 16,272,377</u>	<u>\$ 11,063,515</u>	<u>\$ 1,282,114</u>	28,618,006
Investments carried at net asset value:				
Funds on deposit with MERS				<u>980,440</u>
Total				<u>\$ 29,598,446</u>

Net Asset Value Investments. Certain investments (funds held on deposit with MERS) noted above are carried at net asset value as these are not actively traded. The fair value is estimated based on the dollar value per share as of September 30, 2017. These investments are able to be liquidated as needed, to the extent there is a willing buyer in the market. There are not any restrictions related to the sale of these investments, and the County does not have any outstanding commitments related to these investments. The investments at net asset value do not contain required redemption periods.

5. RECEIVABLES

Receivables as of September 30, 2017 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units	Amount Not Expected To Be Collected Within One Year
Property taxes	\$ 8,446,106	\$ 3,846,228	\$ -	\$ -
Accounts receivable	500,316	2,903,117	292,562	-
Special assessments	-	-	23,895,073	21,204,188
Leases receivable	-	-	5,549,515	4,916,580
Due from other governments	1,632,198	-	1,291,874	-
Advances to component unit	60,000	-	-	60,000
Less: allowance for doubtful accounts	(449,079)	(277,814)	(75,301)	-
	<u>\$ 10,189,541</u>	<u>\$ 6,471,531</u>	<u>\$ 30,953,723</u>	<u>\$ 26,180,768</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Leases receivable in the Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for those governments using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of September 30, 2017. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2017 is as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ -	\$ 181,281
Child care fund	-	12,107
Nonmajor governmental funds	-	34,844
Nonmajor enterprise funds	-	489
Internal service funds	228,721	-
	<u>\$ 228,721</u>	<u>\$ 228,721</u>

The due from (to) other funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

In addition, the General fund had a \$60,000 advance to the Drainage districts component unit, the purpose for which is to provide short-term cash flow to the Drain revolving fund for drain maintenance expenditures prior to a maintenance special assessment being levied.

For the year ended September 30, 2017, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 2,329,829	\$ 1,456,124
Child care fund	2,053,830	85
Nonmajor governmental funds	1,284,309	2,958,919
Health and rehabilitation services fund	150,000	-
Delinquent tax revolving fund	767,542	1,270,365
Nonmajor enterprise funds	-	930
Internal service funds	100,913	1,000,000
	<u>\$ 6,686,423</u>	<u>\$ 6,686,423</u>

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 102,628	\$ 3,915,406	\$ -	\$ -	\$ 4,018,034
Construction in progress	744	107,417	-	(744)	107,417
	<u>103,372</u>	<u>4,022,823</u>	<u>-</u>	<u>(744)</u>	<u>4,125,451</u>
Capital assets being depreciated:					
Buildings & improvements	44,349,765	35,135	(30,450)	-	44,354,450
Vehicles & equipment	20,409,067	630,530	(7,743,663)	744	13,296,678
	<u>64,758,832</u>	<u>665,665</u>	<u>(7,774,113)</u>	<u>744</u>	<u>57,651,128</u>
Less accumulated depreciation for:					
Buildings & improvements	(21,913,764)	(1,081,490)	25,319	-	(22,969,935)
Vehicles & equipment	(14,534,093)	(1,387,525)	7,683,690	-	(8,237,928)
	<u>(36,447,857)</u>	<u>(2,469,015)</u>	<u>7,709,009</u>	<u>-</u>	<u>(31,207,863)</u>
Total capital assets being depreciated, net	<u>28,310,975</u>	<u>(1,803,350)</u>	<u>(65,104)</u>	<u>744</u>	<u>26,443,265</u>
Governmental activities capital assets, net	<u>\$ 28,414,347</u>	<u>\$ 2,219,473</u>	<u>\$ (65,104)</u>	<u>\$ -</u>	<u>\$ 30,568,716</u>
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 4,000	\$ -	\$ -	\$ (4,000)	\$ -
Capital assets being depreciated:					
Buildings & improvements	18,831,174	-	-	-	18,831,174
Vehicles & equipment	2,543,003	16,150	-	4,000	2,563,153
	<u>21,374,177</u>	<u>16,150</u>	<u>-</u>	<u>4,000</u>	<u>21,394,327</u>
Less accumulated depreciation for:					
Buildings & improvements	(4,580,815)	(477,328)	-	-	(5,058,143)
Vehicles & equipment	(1,757,340)	(149,614)	-	-	(1,906,954)
	<u>(6,338,155)</u>	<u>(626,942)</u>	<u>-</u>	<u>-</u>	<u>(6,965,097)</u>
Total capital assets being depreciated, net	<u>15,036,022</u>	<u>(610,792)</u>	<u>-</u>	<u>4,000</u>	<u>14,429,230</u>
Business-type activities capital assets, net	<u>\$ 15,040,022</u>	<u>\$ (610,792)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,429,230</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function

General government	\$ 612,742
Public safety	1,478,623
Health and welfare	263,981
Cultural and recreation	49,704
Judicial	63,965
	<u>63,965</u>

Total governmental activities \$ 2,469,015

Depreciation expense in business-type activities is allocated entirely to the health and rehabilitation services facility.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - Road Commission					
Capital assets not being depreciated:					
Land	\$ 243,002	\$ -	\$ -	\$ -	\$ 243,002
Land improvements	788,636	-	-	-	788,636
Right of ways	23,385,011	-	-	-	23,385,011
	<u>24,416,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,416,649</u>
Capital assets being depreciated:					
Buildings & improvements	6,533,022	2,798	-	-	6,535,820
Equipment	7,827,683	313,110	(295,887)	-	7,844,906
Infrastructure	105,086,976	9,331,797	(4,215,340)	-	110,203,433
Depletable assets	50,559	-	-	-	50,559
	<u>119,498,240</u>	<u>9,647,705</u>	<u>(4,511,227)</u>	<u>-</u>	<u>124,634,718</u>
Less accumulated depreciation for:					
Buildings & improvements	(2,270,065)	(130,952)	-	-	(2,401,017)
Equipment	(6,654,139)	(369,389)	295,081	-	(6,728,447)
Infrastructure	(53,938,673)	(4,984,315)	4,215,340	-	(54,707,648)
Depletable assets	(50,559)	-	-	-	(50,559)
	<u>(62,913,436)</u>	<u>(5,484,656)</u>	<u>4,510,421</u>	<u>-</u>	<u>(63,887,671)</u>
Total capital assets being depreciated, net	<u>56,584,804</u>	<u>4,163,049</u>	<u>(806)</u>	<u>-</u>	<u>60,747,047</u>
Road Commission capital assets, net	<u>\$ 81,001,453</u>	<u>\$ 4,163,049</u>	<u>\$ (806)</u>	<u>\$ -</u>	<u>\$ 85,163,696</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - Drainage District					
Capital assets not being depreciated:					
Construction in progress	\$ 498,860	\$ 1,828,938	\$ -	\$ (498,860)	\$ 1,828,938
Capital assets being depreciated:					
Infrastructure	104,785,714	129,289	-	498,860	105,413,863
Less accumulated depreciation for:					
Infrastructure	(32,987,142)	(2,614,538)	-	-	(35,601,680)
Total capital assets being depreciated, net	71,798,572	(2,485,249)	-	498,860	69,812,183
Drainage District capital assets, net	\$ 72,297,432	\$ (656,311)	\$ -	\$ -	\$ 71,641,121
Component Unit - District Health					
Capital assets being depreciated:					
Equipment	\$ 361,568	\$ -	\$ -	\$ -	\$ 361,568
Less accumulated depreciation for:					
Equipment	(266,746)	(28,133)	-	-	(294,879)
District Health capital assets, net	\$ 94,822	\$ (28,133)	\$ -	\$ -	\$ 66,689

8. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2017 are summarized as follows:

	Governmental Activities	Business-type Activities	Components Units
Accounts payable	\$ 1,218,425	\$ 489,756	\$ 2,908,831
Accrued liabilities	2,318,056	994,812	357,673
Due to other governments	21,081	8,101	-
Advances from primary government	-	-	60,000
	<u>\$ 3,557,562</u>	<u>\$ 1,492,669</u>	<u>\$ 3,326,504</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

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

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities				
2007 Jail Expansion	4.25%-5.00%	2028	\$ 15,000,000	\$ 760,000
2008 Dental Clinic	4.00%-4.50%	2028	900,000	635,000
2016 Building Authority Refunding Bond	2.282%	2027	8,975,000	<u>8,870,000</u>
				<u>\$ 10,265,000</u>
Business-type activities				
2008 Health and Rehabilitation Services	4.55%	2027	\$ 5,700,000	\$ 295,000
2011 Health and Rehabilitation Services	2.00%-3.00%	2027	5,545,000	2,805,857
2017 Health and Rehabilitation Services	2.19%	2027	3,555,000	<u>3,555,000</u>
				<u>\$ 6,655,857</u>
Component Unit - Road Commission				
2013 Transportation Refunding	1.210%	2018	\$ 2,595,000	<u>\$ 510,000</u>
Component Unit - Public Works				
Grand Ledge Water/Sewer Refunding	2.00%-2.375%	2025	4,960,000	4,085,000
Brookfield Water	1.625%	2026	2,860,000	<u>1,405,000</u>
				<u>5,490,000</u>
Total component units				<u><u>\$ 6,000,000</u></u>

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

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 910,000	\$ 261,840	\$ 853,395	\$ 181,145	\$ 1,135,000	\$ 114,041
2019	940,000	224,618	903,395	141,227	635,000	95,914
2020	965,000	202,506	923,395	120,100	645,000	83,776
2021	985,000	179,750	953,395	95,764	660,000	71,438
2022	1,010,000	156,538	982,277	70,609	670,000	58,820
2023-2027	5,380,000	205,583	2,040,000	135,765	2,255,000	98,234
2028	75,000	1,688	-	-	-	-
	<u>\$ 10,265,000</u>	<u>\$ 1,232,523</u>	<u>\$ 6,655,857</u>	<u>\$ 744,610</u>	<u>\$ 6,000,000</u>	<u>\$ 522,223</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At September 30, 2017, the County's legal debt limit was \$413,060,102.

Installment obligations. The government has entered into long-term installment payment agreements for the upgrade of its communication systems, information technology infrastructure, jail security system and vehicles. Installment obligations currently outstanding are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities				
2014 Information Technology Infrastructure	2.65%	07/25/2018	\$ 2,160,310	\$ 337,932
2015 Jail Security System	3.32%	01/01/2022	427,062	281,821
2015 Vehicles	4.50%	10/01/2018	61,933	31,538
2017 Vehicles	0%	07/28/2022	224,882	211,569
				<u>\$ 862,860</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	\$ 460,001	\$ 29,139
2019	124,863	17,277
2020	110,880	14,378
2021	113,097	12,160
2022	54,019	6,919
	<u>\$ 862,860</u>	<u>\$ 79,873</u>

The governmental activities original purchase costs of the assets was \$3,532,795 with accumulated depreciation of \$1,055,684 at September 30, 2017.

The Eaton County Health and Rehabilitation Services Facility entered into lease agreements during fiscal years 2009 and 2013 for certain equipment. The original amount of the obligations were \$175,000 and \$81,938, respectively. These installment obligations were paid in full during the fiscal year.

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, 2017, drain bonds and notes totaling \$27,048,559 were outstanding. Drain bonds and notes carry interest at rates ranging from 1.96 percent to 8.0 percent.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ending September 30,	Drainage Districts	
	Principal	Interest
2018	\$ 2,945,292	\$ 909,690
2019	2,888,267	832,568
2020	2,795,000	736,978
2021	2,710,000	643,154
2022	2,655,000	552,054
2023-2027	9,320,000	1,492,966
2028-2032	2,520,000	431,900
2033-2037	1,215,000	119,611
	<u>\$ 27,048,559</u>	<u>\$ 5,718,921</u>

Delinquent tax notes. The government issues general obligation limited tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the delinquent tax revolving enterprise fund as they are expected to be repaid from 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 \$1,844,000 from the 2017 Series were outstanding at September 30, 2017, which is expected to be paid in the year ending September 30, 2018. The delinquent tax note carries an interest rate of 1.83 percent.

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 11,140,000	\$ -	\$ (875,000)	\$ 10,265,000	\$ 910,000
Installment contracts	1,301,575	224,882	(663,597)	862,860	460,001
Compensated absences	2,452,704	2,134,024	(2,158,380)	2,428,348	460,699
	<u>\$ 14,894,279</u>	<u>\$ 2,358,906</u>	<u>\$ (3,696,977)</u>	<u>\$ 13,556,208</u>	<u>\$ 1,830,700</u>
Business-type activities					
General obligation bonds	\$ 7,299,251	\$ 3,555,000	\$ (4,198,394)	\$ 6,655,857	\$ 853,395
Lease payable	7,752	-	(7,752)	-	-
Delinquent tax notes	1,604,000	2,900,000	(2,660,000)	1,844,000	1,844,000
Compensated absences	247,753	253,947	(271,370)	230,330	230,330
	<u>\$ 9,158,756</u>	<u>\$ 6,708,947</u>	<u>\$ (7,137,516)</u>	<u>\$ 8,730,187</u>	<u>\$ 2,927,725</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Component Units					
Road Commission					
Transportation bonds	\$ 1,015,000	\$ -	\$ (505,000)	\$ 510,000	\$ 510,000
Compensated absences	286,891	185,580	(173,833)	298,638	29,864
	<u>\$ 1,301,891</u>	<u>\$ 185,580</u>	<u>\$ (678,833)</u>	<u>\$ 808,638</u>	<u>\$ 539,864</u>
Board of Public Works					
General obligation bonds	\$ 6,105,000	\$ -	\$ (615,000)	\$ 5,490,000	\$ 625,000
Deferred amounts for: Issuance premiums	67,450	-	(7,935)	59,515	7,935
	<u>\$ 6,172,450</u>	<u>\$ -</u>	<u>\$ (622,935)</u>	<u>\$ 5,549,515</u>	<u>\$ 632,935</u>
Drainage Districts					
Drain bonds and notes	\$ 25,432,099	\$ 4,500,000	\$ (2,883,540)	\$ 27,048,559	\$ 2,945,292
Deferred amounts for: Issuance premiums	502,267	-	(57,954)	444,313	57,954
	<u>\$ 25,934,366</u>	<u>\$ 4,500,000</u>	<u>\$ (2,941,494)</u>	<u>\$ 27,492,872</u>	<u>\$ 3,003,246</u>
District Health					
Compensated absences	\$ 246,077	\$ 252,229	\$ (287,541)	\$ 210,765	\$ 31,727

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

10. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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:

	2017	2016
Workers compensation		
Estimated liability, October 1	\$ 194,910	\$ 88,363
Estimated claims incurred, including changes in estimates	(22,574)	136,946
Claim payments	<u>(21,724)</u>	<u>(30,399)</u>
Estimated liability, September 30	<u><u>\$ 150,612</u></u>	<u><u>\$ 194,910</u></u>

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

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

	2017	2016
Health insurance		
Estimated liability, October 1	\$ 994,796	\$ 920,563
Estimated claims incurred, including changes in estimates	3,599,059	4,427,206
Claim payments	<u>(3,653,368)</u>	<u>(4,352,973)</u>
Estimated liability, September 30	<u><u>\$ 940,487</u></u>	<u><u>\$ 994,796</u></u>

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the liability insurance fund) using premiums paid into it by other funds of the County. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member specific costs. Accordingly, the County records an asset for its portion of the unexpended member retention fund. At September 30, 2017, the balance of the County's member retention fund was \$1,489,486.

	2017	2016
General liability		
Estimated liability, October 1	\$ 268,346	\$ 753,030
Estimated claims incurred, including changes in estimates	10,348	(410,322)
Claim payments	<u>(47,798)</u>	<u>(74,362)</u>
Estimated liability, September 30	<u>\$ 230,896</u>	<u>\$ 268,346</u>

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

	2017	2016
Unemployment compensation		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	13,802	27,789
Claim payments	<u>(13,802)</u>	<u>(27,789)</u>
Estimated liability, September 30	<u>\$ -</u>	<u>\$ -</u>

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

	2017	2016
Life and disability		
Estimated liability, October 1	\$ 2,140	\$ 2,290
Estimated claims incurred, including changes in estimates	94,418	87,257
Claim payments	<u>(94,632)</u>	<u>(87,407)</u>
Estimated liability, September 30	<u>\$ 1,926</u>	<u>\$ 2,140</u>

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

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

	2017	2016
Dental		
Estimated liability, October 1	\$ 9,262	\$ 12,175
Estimated claims incurred, including changes in estimates	212,844	198,607
Claim payments	<u>(213,173)</u>	<u>(201,520)</u>
Estimated liability, September 30	<u>\$ 8,933</u>	<u>\$ 9,262</u>

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

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

11. CONTINGENT LIABILITIES

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

12. PROPERTY TAXES

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

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under state statute at approximately 50% of the current estimated market value. The taxable value of real and personal property recognized in the general fund for the 2017 levy was \$3,439,507,128. The general operating tax rate for the 2017 levy was 5.2149 mills, with an additional .7000, .9500, .3500 and .1250 mills assessed for jail debt, central dispatch, juvenile services and health and rehabilitation services facility, respectively. These additional levies were based on a 2016 taxable value of \$3,342,982,567.

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

13. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description. The County's Retiree Health Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Retiree Health Care Board (the "Board"). The Plan was established and may be amended by the County Board of Commissioners, subject to applicable collective bargaining agreements. Eligible retirees are those individuals who meet the requirements to receive MERS retirement benefits. Stand-alone financial statements are not prepared for the plan.

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

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

EATON COUNTY, MICHIGAN

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Contributions. The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. Plan members are not required to contribute to the plan. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they qualify under the various contracts. The required contribution is based on projected pay-as-you-go financing requirements.

Plan Membership. At December 31, 2016, the date of the most recent actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	144
Vested and non-vested active participants	<u>152</u>
Total membership	<u><u>296</u></u>

Employer Disclosures under GASB Statement 45

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2017, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation were as follows:

Annual required contribution	\$ 5,041,943
Interest on net OPEB obligation	817,998
Adjustment to annual required contribution	<u>(1,099,521)</u>
Annual OPEB cost	4,760,420
Contributions made	<u>(1,839,637)</u>
Increase in net OPEB obligation	2,920,783
Net OPEB obligation, beginning of year	<u>13,633,285</u>
Net OPEB obligation, end of year	<u><u>\$ 16,554,068</u></u>

The County's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plan, and the net OPEB obligation as of September 30, 2017, and the preceding two years, were as follows:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 4,960,166	111.5%	\$ 10,572,326
2016	4,850,030	36.9%	13,633,285
2017	4,760,420	38.6%	16,554,068

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Plan Disclosures under GASB Statement 74

Rate of Return. For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the County. The components of the net OPEB liability of the County at September 30, 2017, were as follows:

Total OPEB liability	\$ 54,833,411
Plan fiduciary net position	<u>12,071,303</u>
County's net OPEB liability	<u>\$ 42,762,108</u>
Plan fiduciary net position as percentage of total OPEB liability	22.01%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.0%
Wage inflation	4.0%
Salary increases	4.0% to 17.0%, including inflation
Investment rate of return	6.0%, net of OPEB plan investment expense
Retirement age	Age-based tables specific to type of eligibility condition
Mortality	The RP-2000 mortality table projected 20 years with scale BB
Health care trend rate	Initial trend of 9.0% gradually decreasing to an ultimate trend rate of 4.0% in year 10
Excise tax	A 1.0% load was applied in connection with the "Cadillac" tax
Aging factors	Based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for MERS. A report dated March 2, 2010 presented the results of this study.

Investment Policy. The plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy as of September 30, 2017 is summarized in the table below.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the OPEB plan's Morgan Stanley and MERS target asset allocation as of September 30, 2017, these best estimates of arithmetic returns are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Equities	57.75%	5.53%	3.19%
Fixed Income	19.25%	1.03%	0.20%
Real Assets	9.75%	4.81%	0.47%
Alternative	13.25%	3.85%	0.51%
	<u>100.00%</u>		4.37%
Inflation			2.25%
Risk adjustment			<u>-0.62%</u>
Investment rate of return			<u>6.00%</u>

Discount Rate. The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2016	\$ 52,607,744	\$ 10,784,747	\$ 41,822,997
Changes for the year:			
Service cost	650,485	-	650,485
Interest on total OPEB liability	3,130,680	-	3,130,680
Differences between expected and actual experience	(45,536)	-	(45,536)
Employer contributions	-	1,545,700	(1,545,700)
Net investment income	-	1,267,932	(1,267,932)
Benefit payments	(1,509,962)	(1,509,962)	-
Administrative expense	-	(17,114)	17,114
Net changes	2,225,667	1,286,556	939,111
Balances at September 30, 2017	\$ 54,833,411	\$ 12,071,303	\$ 42,762,108

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 6.00%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
County's net OPEB liability	\$ 51,227,414	\$ 42,762,108	\$ 35,873,020

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.0% decreasing to 3.0%) or 1% higher (10.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (8.0% Decreasing to 3.0%)	Healthcare Cost Trend Rates (9.0% Decreasing to 4.0%)	1% Increase (10.0% Decreasing to 5.0%)
County's net OPEB liability	\$ 35,790,663	\$ 42,762,108	\$ 51,036,891

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the financial statements for the other postemployment benefit trust fund.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Health and Rehabilitation Services Facility

The Health and Rehabilitation Services Facility participates in a defined benefit plan that provides postemployment medical benefits to certain retirees and their spouses. Employees who retire as a director with at least 25 years of service may become eligible for benefits. The postemployment benefit is expected to be paid by the facility. The facility made contributions of \$36,500 to the Plan for the year ended September 30, 2017.

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

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

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2017, the components of the Health and Rehabilitation Services Facility's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and the Facility's net OPEB obligation were as follows:

Annual OPEB cost	\$ 134,667
Interest on net OPEB obligation	33,424
Adjustment to annual required contribution	<u>(36,677)</u>
Annual OPEB cost	131,414
Contributions made	<u>(36,500)</u>
Increase in net OPEB obligation	94,914
Net OPEB obligation, beginning of year	<u>604,854</u>
Net OPEB obligation, end of year	<u><u>\$ 699,768</u></u>

Funded Status and Funding Progress. The funded status of the Plan as of September 30, 2017, was as follows:

Actuarial accrued liabilities (AAL) and unfunded actuarial accrued liability (UAAL)	<u><u>\$ 1,442,278</u></u>
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EATON COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

Road Commission

Plan Description

Plan Administration. The Road Commission administers the Eaton County Road Commission Retired Employees' Healthcare Plan (Plan), a single-employer defined benefit healthcare plan. The Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with the Road Commission's policy, eligible retirees and their spouses receive healthcare benefits at the age of normal retirement of 59 ½ years.

Management of the Plan is vested in the Road Commission Board, which consists of five members appointed by the Eaton County Board of Commissioners.

Plan Membership. At September 30, 2017, the date of the most recent actuarial valuation, plan membership consisted of the following:

Inactive plan members or beneficiaries	
currently receiving benefit payments	33
Active plan members	33
Total	<u>66</u>

Benefits Provided. The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the cost of benefits is dependent upon the employee's retirement date. The benefit terms are established in the Collective Bargaining Agreement.

Contributions. The contribution requirements of Plan members and the Road Commission are established and may be amended by the Road Commission Board. Contribution rates are established based on an actuarially determined rate. For the year ended September 30, 2017, the Road Commission's average contribution rate was 13.60 percent of covered-employee payroll. Plan members are required to contribute the cost of healthcare premiums in excess of their individual benefit maximum to the Plan.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Retirees who retired before March 9, 2004 are subject to no maximum benefit limitations; retirees who retired between March 10, 2004 and September 30, 2015 receive a maximum employer contribution of \$500 per month for one person coverage and \$1,000 per month for two person coverage; and retirees who retire after September 30, 2015 receive a maximum employer contribution of \$550 per month for one person coverage and \$1,100 per month for two person coverage. Also, there may be an additional amount to prefund benefits as determined annually by the Road Commission Board. For the year ended September 30, 2017, the Road Commission contributed \$269,549 to the Plan.

Investments

Investment Policy. The Road Commission's policy in regard to the allocation of the Plan's policy of the Road Commission Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Plan's target asset allocation as of September 30, 2017:

Asset Class	Target Allocation
Global equity	60.0%
Global fixed income	34.5%
Real assets	0.0%
Diversifying strategies	1.2%
Cash	4.3%
	<hr/>
	100.0%

Rate of Return. For the year ended September 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 8.54 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Road Commission's net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total OPEB liability was determined as of September 30, 2017 using the alternative measurement method. The total OPEB liability was calculated based on the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Included in investment rate of return
Salary increases	2.00%
Investment rate of return	4.56% including inflation
Healthcare cost trend rates	Pre-65 - 8.00% graded to 5.00% over 6 years; Medicare eligible - 5% in all years - Dental and Vision: 4.00%
Mortality	As set forth in IRS Regulations for 2018 (1.430(h)(3)) for Non-annuitants, separately for males and females as well as annuitants and non- annuitants. Based on RP-2000 Tables with Scale AA.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	6.30%
Global fixed income	2.07%
Real assets	7.12%
Diversifying strategies	5.64%
Cash	0.00%

Discount Rate. The discount rate used to measure the total OPEB liability was 4.56 percent. The projection of cash flows used to determine the discount rate assumed that Road Commission advance funding contributions will be \$0 in 2017 followed by \$300,000 per year until fully funded. Based on those assumptions, the Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September, 30, 2016	\$ 4,797,330	\$ 3,866,230	\$ 931,100
Changes for the year:			
Service cost	40,396	-	40,396
Interest	214,454	-	214,454
Contributions/benefits paid from general operating funds	-	269,549	(269,549)
Net investment income	-	506,104	(506,104)
Benefit payments, including refunds	(269,549)	(269,549)	-
Administrative expense	-	(38,049)	38,049
Net changes	<u>(14,699)</u>	<u>468,055</u>	<u>(482,754)</u>
Balances at September 30, 2017	<u>\$ 4,782,631</u>	<u>\$ 4,334,285</u>	<u>\$ 448,346</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Road Commission, as well as what the Road Commission's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.56 percent) and 1-percentage point higher (5.56 percent) than the current discount rate:

	1% Decrease (3.56%)	Current Discount Rate (4.56%)	1% Increase (5.56%)
Net OPEB liability	<u>\$ 965,012</u>	<u>\$ 448,346</u>	<u>\$ 12,288</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Road Commission, as well as what the Road Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7.00 percent decreasing to 4.00 percent) and 1-percentage point higher (9.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease	Current Rates	1% Increase
Net OPEB liability	<u>\$ 385,729</u>	<u>\$ 448,346</u>	<u>\$ 512,591</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2017, the Road Commission recognized OPEB expense of \$56,249. As of September 30, 2017, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 269,454

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2018	\$ (67,363)
2019	(67,363)
2020	(67,363)
2021	<u>(67,365)</u>
Total	<u>\$ (269,454)</u>

For required supplementary information (RSI) for the Road Commission's OPEB plan refer to the separately issued Road Commission's report.

14. PENSION PLANS

County

General Information About the Plan

Plan Description. The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.7% to 3.2%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service, depending on division/bargaining unit.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	285
Inactive employees entitled to but not yet receiving benefits	66
Active employees	365
 Total membership	 716

Contributions. The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution rates, by division/bargaining unit, were as follows for the year ended September 30, 2017:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - NonUnion	11.91%	7.30%
02 - Sheriff Superv.	68.79%	16.50%
10 - Admin Staff	35.39%	9.00%
11 - General Maint	12.34%	5.94%
12 - NonSupervisors	17.26%	13.46%
13 - Dispatch Superv.	41.70%	15.20%
15 - Gen Youth Services	5.42%	1.00%
16 - Animal Control	23.33%	8.22%
20 - Sheriff Non-Superv	24.15%	13.70%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	8.00%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.5%	5.02%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	<u>10.0%</u>	6.56%	0.66%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability is 8.0% (down from 8.25% in 2015). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 147,868,583	\$ 78,975,874	\$ 68,892,709
Changes for the year:			
Service cost	2,952,935	-	2,952,935
Interest	11,628,359	-	11,628,359
Differences between expected and actual experience	(1,714,439)	-	(1,714,439)
Employer contributions	-	2,840,110	(2,840,110)
Employee contributions	-	1,969,542	(1,969,542)
Net investment income	-	8,839,904	(8,839,904)
Benefit payments, including refunds of employee contributions	(7,814,908)	(7,814,908)	-
Employee refunds	(166,230)	(166,230)	-
Administrative expense	-	(174,598)	174,598
Net changes	<u>4,885,717</u>	<u>5,493,820</u>	<u>(608,103)</u>
Balances at December 31, 2016	<u>\$ 152,754,300</u>	<u>\$ 84,469,694</u>	<u>\$ 68,284,606</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension liability	<u>\$ 86,906,202</u>	<u>\$ 68,284,606</u>	<u>\$ 52,819,148</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the County recognized pension expense of \$9,355,102. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 1,556,728	\$ 1,371,551	185,177
Changes in assumptions	3,716,212	-	3,716,212
Net difference between projected and actual earnings on pension plan investments	3,190,676	-	3,190,676
	<u>8,463,616</u>	<u>1,371,551</u>	<u>7,092,065</u>
Contributions subsequent to the measurement date	6,408,888	-	6,408,888
Total	<u>\$ 14,872,504</u>	<u>\$ 1,371,551</u>	<u>\$ 13,500,953</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2018	\$ 2,752,978
2019	2,752,979
2020	2,460,132
2021	<u>(874,024)</u>
Total	<u>\$ 7,092,065</u>

Payable to the Pension Plan. At September 30, 2017, the County reported a payable of \$380,932 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2017.

Section 457 Plan

The County also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full-time County employees, who may elect to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The Plan has created a trust for the exclusive benefit of the Plan's participants under the rules provided in Internal Revenue Code Section 401(f). The County did not contribute to the plan during 2017. The County employees made contributions of \$258,115 to the plan for the year ended September 30, 2017.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Health and Rehabilitation Services Facility

General Information About the Plan

Plan Description. The Health and Rehabilitation Services Facility (Facility) defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Facility participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.7% to 2.5%. Participants are considered to be fully vested in the plan after 6 or 10 years, depending on division/bargaining unit. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or age 55 with 25 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>220</u>
Total membership	<u><u>280</u></u>

Contributions. The Facility is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

For the year ended September 30, 2017, the average active employee contribution rate was 3.0 percent of annual pay and the Facility's average contribution rate was approximately 4.4 percent of annual payroll.

Net Pension Liability. The Facility's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	8.00%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.5%	5.02%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	10.0%	6.56%	0.66%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2016 (down from 8.25% in 2015). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 10,336,875	\$ 8,380,353	\$ 1,956,522
Changes for the year:			
Service cost	642,065	-	642,065
Interest	834,018	-	834,018
Differences between expected and actual experience	(80,340)	-	(80,340)
Employer contributions	-	442,343	(442,343)
Employee contributions	-	278,730	(278,730)
Net investment income	-	973,602	(973,602)
Benefit payments, including refunds of employee contributions	(465,386)	(465,386)	-
Administrative expense	-	(19,191)	19,191
Net changes	930,357	1,210,098	(279,741)
Balances at December 31, 2016	\$ 11,267,232	\$ 9,590,451	\$ 1,676,781

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Facility, calculated using the discount rate of 8.00%, as well as what the Facility's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Facility's net pension liability	\$ 3,254,729	\$ 1,676,781	\$ 382,572

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2017, the Facility recognized pension expense of \$736,281. The Facility reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 108,347	\$ (108,347)
Changes in assumptions	258,633	-	258,633
Net difference between projected and actual earnings on pension plan investments	319,841	-	319,841
	<u>578,474</u>	<u>108,347</u>	<u>470,127</u>
Contributions subsequent to the measurement date	329,358	-	329,358
	<u>\$ 907,832</u>	<u>\$ 108,347</u>	<u>\$ 799,485</u>
Total			

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2018	\$ 199,625
2019	199,625
2020	169,791
2021	(68,787)
2022	(10,043)
Thereafter	<u>(20,084)</u>
Total	<u>\$ 470,127</u>

Payable to the Pension Plan. At September 30, 2017, the Facility reported a payable of \$33,441 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2017.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

District Health Department

General Information About the Plan

Plan Description. The District Health Department (Department) defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Department participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers at 2.5%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or age 55 with 15 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	91
Inactive employees entitled to but not yet receiving benefits	41
Active employees	60
Total membership	192

Contributions. The Department is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended September 30, 2017:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - PERA Unit II	12.44%	8.97%
10 - Non Un Mgmt	24.87%	2.00%
11 - PERA	12.44%	6.88%

Net Pension Liability. The Department's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	8.00%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.5%	5.02%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	10.0%	6.56%	0.66%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2016 (down from 8.25% in 2015). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 19,933,639	\$ 13,182,909	\$ 6,750,730
Changes for the year:			
Service cost	386,614	-	386,614
Interest	1,560,837	-	1,560,837
Changes in benefits	50,081	-	50,081
Differences between expected and actual experience	(220,069)	-	(220,069)
Employer contributions	-	784,021	(784,021)
Employee contributions	-	190,901	(190,901)
Net investment income	-	1,486,296	(1,486,296)
Benefit payments, including refunds of employee contributions	(1,210,778)	(1,210,778)	-
Employee refunds	(22,198)	(22,198)	-
Administrative expense	-	(29,416)	29,416
Net changes	<u>544,487</u>	<u>1,198,826</u>	<u>(654,339)</u>
Balances at December 31, 2016	<u>\$ 20,478,126</u>	<u>\$ 14,381,735</u>	<u>\$ 6,096,391</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Department, calculated using the discount rate of 8.00%, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Department's net pension liability	<u>\$ 8,282,408</u>	<u>\$ 6,096,391</u>	<u>\$ 4,242,994</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2017, the Department recognized pension expense of \$1,358,550. The Department reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 94,881	\$ 146,713	\$ (51,832)
Changes in assumptions	315,097	-	315,097
Net difference between projected and actual earnings on pension plan investments	546,625	-	546,625
	<u>956,603</u>	<u>146,713</u>	<u>809,890</u>
Contributions subsequent to the measurement date	399,054	-	399,054
Total	<u><u>\$ 1,355,657</u></u>	<u><u>\$ 146,713</u></u>	<u><u>\$ 1,208,944</u></u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2018	\$ 565,639
2019	155,656
2020	177,229
2021	<u>(88,634)</u>
Total	<u><u>\$ 809,890</u></u>

Payable to the Pension Plan. At September 30, 2017, the Department reported a payable of \$57,081 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2017.

15. DEFINED CONTRIBUTION PENSION PLAN - ROAD COMMISSION

The Road Commission provides pension benefits for substantially all of its regular full-time employees through a defined contribution pension plan. The Road Commission is the plan administrator; however, the daily plan administration and operation is provided through the American Funds Group. The Road Commission contributes an amount equal to 12% of each employee's compensation during the plan year, after completion of one year of service. Members do not contribute any annual compensation to this plan. The Road Commission's contributions to the plan for the year ended September 30, 2017 were \$203,987.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2017, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 4,125,451	\$ -	\$ 26,245,587
Capital assets being depreciated, net	26,443,265	14,429,230	130,625,919
	<u>30,568,716</u>	<u>14,429,230</u>	<u>156,871,506</u>
Related debt:			
Capital related bonds	(10,265,000)	(6,655,857)	(33,048,559)
Bonds payable related to capital lease receivables	-	-	5,490,000
Installment contracts	(862,860)	-	-
Deferred charge on refunding	470,352	159,748	338,621
Deferred charge on refunding from bonds payable related to capital lease receivables	-	-	(74,137)
Unamortized premium on bonds	-	-	(444,313)
	<u>(10,657,508)</u>	<u>(6,496,109)</u>	<u>(27,738,388)</u>
Total net investment in capital assets	<u>\$ 19,911,208</u>	<u>\$ 7,933,121</u>	<u>\$ 129,133,118</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

17. COMPONENTS OF FUND BALANCES

Detailed information on fund balances of governmental funds as of September 30, 2017 is as follows:

	General Fund	Child Care Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepays	\$ 87,278	\$ -	\$ 17,676	\$ 104,954
Advances to component units	60,000	-	-	60,000
Total nonspendable	<u>147,278</u>	<u>-</u>	<u>17,676</u>	<u>164,954</u>
Restricted for:				
Central dispatch	-	-	1,101,395	1,101,395
Judicial	-	-	34,334	34,334
Debt service	-	-	66,488	66,488
Permanent trusts	-	-	67,793	67,793
CDBG housing	-	-	110,938	110,938
ROD technology	-	-	47,277	47,277
Public safety	-	-	1,162,843	1,162,843
Officer training	-	-	243,132	243,132
Animal control	-	-	6,838	6,838
Total restricted	<u>-</u>	<u>-</u>	<u>2,841,038</u>	<u>2,841,038</u>
Committed for:				
Public safety	-	-	96	96
Child care	-	68,043	-	68,043
Solid waste	-	-	194,861	194,861
General government	-	-	40,740	40,740
Health and social services	-	-	105,972	105,972
LEAD drug testing	-	-	1,932	1,932
Sheriff road crew	-	-	1,719	1,719
Concealed pistol licenses	-	-	42,469	42,469
Total committed	<u>-</u>	<u>68,043</u>	<u>387,789</u>	<u>455,832</u>
Assigned for:				
Public improvement	895,620	-	-	895,620
Technology	304,344	-	-	304,344
Total assigned	<u>1,199,964</u>	<u>-</u>	<u>-</u>	<u>1,199,964</u>
Unassigned	<u>5,290,641</u>	<u>-</u>	<u>-</u>	<u>5,290,641</u>
Total fund balances	<u>\$ 6,637,883</u>	<u>\$ 68,043</u>	<u>\$ 3,246,503</u>	<u>\$ 9,952,429</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

18. TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated by the County in 2017 amounted to \$370,893.

19. SPECIAL ITEM

The County was a defendant and counter-plaintiff in a lawsuit with the Municipal Employees' Retirement System (MERS) over disputed contributions necessary to fund certain defined benefit pension programs. The outcome of this lawsuit resulted in a settlement and contribution to the County's defined benefit pension plan for \$4,250,000 during the year ended September 30, 2017.

20. RESTATEMENT

The County adopted the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the current year. In connection with the implementation of this standard, the County reported its investments held with the Michigan Municipal Employees' Retirement System (MERS). As a result of this restatement, the beginning net position of the Retiree Healthcare Trust fund was increased by \$6,729,917.

During the current year, the Road Commission implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard requires the Road Commission to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information. As a result of implementing this statement, the beginning net position was restated to \$84,888,971.



REQUIRED SUPPLEMENTARY INFORMATION

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County

Schedule of Changes in the County's Net Pension Liability and Related Ratios

	Year Ended September 30		
	2017	2016	2015
Total pension liability			
Service cost	\$ 2,952,935	\$ 2,994,010	\$ 2,744,783
Interest	11,628,359	10,779,046	10,297,354
Differences between expected and actual experience	(1,714,439)	2,594,548	-
Changes of assumptions	-	6,193,688	-
Benefit payments, including refunds of employee contributions	(7,981,138)	(7,701,609)	(6,954,516)
Net change in total pension liability	<u>4,885,717</u>	<u>14,859,683</u>	<u>6,087,621</u>
Total pension liability, beginning of year	<u>147,868,583</u>	<u>133,008,900</u>	<u>126,921,279</u>
Total pension liability, end of year	<u>152,754,300</u>	<u>147,868,583</u>	<u>133,008,900</u>
Plan fiduciary net position			
Employer contributions	2,840,110	4,232,444	2,295,134
Employee contributions	1,969,542	2,009,187	1,900,799
Net investment income (loss)	8,839,904	(1,200,470)	4,994,651
Benefit payments, including refunds of employee contributions	(7,981,138)	(7,701,609)	(6,954,516)
Administrative expense	(174,598)	(176,990)	(183,040)
Net change in plan fiduciary net position	<u>5,493,820</u>	<u>(2,837,438)</u>	<u>2,053,028</u>
Plan fiduciary net position, beginning of year	<u>78,975,874</u>	<u>81,813,312</u>	<u>79,760,284</u>
Plan fiduciary net position, end of year	<u>84,469,694</u>	<u>78,975,874</u>	<u>81,813,312</u>
County's net pension liability	<u>\$ 68,284,606</u>	<u>\$ 68,892,709</u>	<u>\$ 51,195,588</u>
Plan fiduciary net position as a percentage of total pension liability	55.3%	53.4%	61.5%
Covered payroll	<u>\$ 18,444,571</u>	<u>\$ 18,536,741</u>	<u>\$ 16,927,042</u>
County's net pension liability as a percentage of covered payroll	370.2%	371.7%	302.4%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan - County

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll
2017	\$ 152,754,300	\$ 84,469,694	\$ 68,284,606	55.3%	\$ 18,444,571
2016	147,868,583	78,975,874	68,892,709	53.4%	18,536,741
2015	133,008,900	81,813,312	51,195,588	61.5%	16,927,042

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 2,969,160	\$ 7,219,160	4,250,000	\$ 18,923,630	38.1%
2016	4,252,006	4,252,006	-	18,574,547	22.9%
2015	2,649,596	2,649,596	-	17,943,906	14.8%

The employer contributions for the fiscal year ended September 30, 2017 include \$4,250,000 contributed by MERS, under the terms of a Settlement Agreement entered into between the County, MERS, and three (3) of the bargaining units representing County employees in 1997.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2017, based on the 12/31/2014 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	21-24 years, depending on division/bargaining unit
Asset valuation method	10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (2.0% and 3.0% for calendars years 2015 and 2016, respectively)
Investment rate of return	8.0%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Health and Rehabilitation Services Facility

Schedule of Changes in the Facility's Net Pension Liability and Related Ratios

	Year Ended September 30		
	2017	2016	2015
Total pension liability			
Service cost	\$ 642,065	\$ 589,206	\$ 555,375
Interest	834,018	754,946	686,617
Differences between expected and actual experience	(80,340)	(63,415)	-
Changes of assumptions	-	431,055	-
Benefit payments, including refunds of employee contributions	(465,386)	(462,355)	(398,998)
Net change in total pension liability	930,357	1,249,437	842,994
Total pension liability, beginning of year	10,336,875	9,087,438	8,244,444
Total pension liability, end of year	11,267,232	10,336,875	9,087,438
Plan fiduciary net position			
Employer contributions	442,343	396,548	356,907
Employee contributions	278,730	245,016	241,066
Net investment income (loss)	973,602	(129,789)	491,649
Benefit payments, including refunds of employee contributions	(465,386)	(462,355)	(398,998)
Administrative expense	(19,191)	(18,619)	(18,165)
Net change in plan fiduciary net position	1,210,098	30,801	672,459
Plan fiduciary net position, beginning of year	8,380,353	8,349,552	7,677,093
Plan fiduciary net position, end of year	9,590,451	8,380,353	8,349,552
Facility's net pension liability	\$ 1,676,781	\$ 1,956,522	\$ 737,886
Plan fiduciary net position as a percentage of total pension liability	85.1%	81.1%	91.9%
Covered payroll	\$ 9,299,528	\$ 8,198,547	\$ 7,719,600
Facility's net pension liability as a percentage of covered payroll	18.0%	23.9%	9.6%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Health and Rehabilitation Services Facility

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll
2017	\$ 11,267,232	\$ 9,590,451	\$ 1,676,781	85.1%	\$ 9,299,528
2016	10,336,875	8,380,353	1,956,522	81.1%	8,198,547
2015	9,087,438	8,349,552	737,886	91.9%	7,719,600

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Health and Rehabilitation Services Facility

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 448,109	\$ 448,109	\$ -	\$ 8,888,501	5.0%
2016	420,882	420,882	-	8,747,939	4.8%
2015	384,195	384,195	-	8,161,747	4.7%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2017, based on the 12/31/2014 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	24 years
Asset valuation method	10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (2.0% and 3.0% for calendars years 2015 and 2016, respectively)
Investment rate of return	8.0%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - District Health

Schedule of Changes in the District's Net Pension Liability and Related Ratios

	Year Ended September 30		
	2017	2016	2015
Total pension liability			
Service cost	\$ 386,614	\$ 345,262	\$ 352,453
Interest	1,560,837	1,462,130	1,408,014
Changes in benefit terms	50,081	(69,189)	-
Differences between expected and actual experience	(220,069)	284,641	-
Changes of assumptions	-	945,293	-
Benefit payments, including refunds of employee contributions	(1,232,976)	(1,169,315)	(1,032,516)
Net change in total pension liability	<u>544,487</u>	<u>1,798,822</u>	<u>727,951</u>
Total pension liability, beginning of year	<u>19,933,639</u>	<u>18,134,817</u>	<u>17,406,866</u>
Total pension liability, end of year	<u>20,478,126</u>	<u>19,933,639</u>	<u>18,134,817</u>
Plan fiduciary net position			
Employer contributions	784,021	561,235	1,092,352
Employee contributions	190,901	187,030	175,161
Net investment income (loss)	1,486,296	(206,101)	807,772
Benefit payments, including refunds of employee contributions	(1,232,976)	(1,169,315)	(1,032,516)
Administrative expense	(29,416)	(30,066)	(29,793)
Net change in plan fiduciary net position	<u>1,198,826</u>	<u>(657,217)</u>	<u>1,012,976</u>
Plan fiduciary net position, beginning of year	<u>13,182,909</u>	<u>13,840,126</u>	<u>12,827,150</u>
Plan fiduciary net position, end of year	<u>14,381,735</u>	<u>13,182,909</u>	<u>13,840,126</u>
District's net pension liability	<u>\$ 6,096,391</u>	<u>\$ 6,750,730</u>	<u>\$ 4,294,691</u>
Plan fiduciary net position as a percentage of total pension liability	70.2%	66.1%	76.3%
Covered payroll	<u>\$ 2,660,328</u>	<u>\$ 2,700,051</u>	<u>\$ 2,769,717</u>
District's net pension liability as a percentage of covered payroll	229.2%	250.0%	155.1%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - District Health

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll
2017	\$ 20,478,126	\$ 14,381,735	\$ 6,096,391	70.2%	\$ 2,660,328
2016	19,933,639	13,182,909	6,750,730	66.1%	2,700,051
2015	18,134,817	13,840,126	4,294,691	76.3%	2,769,717

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - District Health

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 502,469	\$ 502,469	\$ -	\$ 2,830,927	17.7%
2016	429,325	429,325	-	2,891,203	14.8%
2015	430,521	801,445	370,924	2,882,202	27.8%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2017, based on the 12/31/2014 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	24 years
Asset valuation method	10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (2.0% and 3.0% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.0%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

EATON COUNTY, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Retiree Health

Schedule of Changes in the County's Net OPEB Liability and Related Ratios

	Year Ended September 30, 2017
Total OPEB liability	
Service cost	\$ 650,485
Interest	3,130,680
Differences between expected and actual experience	(45,536)
Benefit payments, including refunds of employee contributions	(1,509,962)
Net change in total OPEB liability	<u>2,225,667</u>
Total OPEB liability, beginning of year	<u>52,607,744</u>
Total OPEB liability, end of year	<u>54,833,411</u>
Plan fiduciary net position	
Employer contributions	1,545,700
Net investment income	1,267,932
Benefit payments, including refunds of employee contributions	(1,509,962)
Administrative expense	(17,114)
Net change in plan fiduciary net position	<u>1,286,556</u>
Plan fiduciary net position, beginning of year	<u>10,784,747</u>
Plan fiduciary net position, end of year	<u>12,071,303</u>
County's net OPEB liability	<u>\$ 42,762,108</u>
Plan fiduciary net position as a percentage of total OPEB liability	22.01%
Covered payroll	<u>\$ 10,405,947</u>
County's net OPEB liability as a percentage of covered payroll	410.94%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information
 Postemployment Healthcare Plan - Retiree Health

Schedule of the Net OPEB Liability

Fiscal Year Ended September 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 54,833,411	\$ 12,071,303	\$ 42,762,108	22.0%	\$ 10,405,947	410.9%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information Postemployment Healthcare Plan - Retiree Health

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 5,041,943	\$ 1,545,700	(3,496,243)	\$ 10,405,947	14.9%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date December 31, 2016 (rolled forward to September 30, 2017)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	Market value of assets
Price inflation	3.0%
Wage inflation	4.0%
Salary increases	4.0% to 17.0%, including inflation
Investment rate of return	6.0%, net of OPEB plan investment expense
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The RP-2000 Mortality Table projected 20 years with scale BB
Health care trend rates	Initial trend of 9.0% gradually decreasing to an ultimate trend rate of 4.0% in year 10.
Excise tax	A 1.0% load was applied in connection with the "Cadillac" tax
Aging factors	Based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations

EATON COUNTY, MICHIGAN

Required Supplementary Information Postemployment Healthcare Plan - Retiree Health

Schedule of Investment Returns

Fiscal Year Ended September 30,	Annual Return ⁽¹⁾
2017	11.78%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND
SCHEDULES

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Real and personal property taxes	\$ 17,666,428	\$ 17,666,428	\$ 17,660,270	\$ (6,158)
Industrial facilities tax	342,554	342,554	291,259	(51,295)
Payments in lieu	20,000	20,000	21,363	1,363
Delinquent taxes	20,000	20,000	14,592	(5,408)
Trailer park taxes	10,000	10,000	9,936	(64)
Real estate transfer tax	340,000	340,000	451,743	111,743
Interest and penalties	55,000	55,000	65,251	10,251
Total taxes	18,453,982	18,453,982	18,514,414	60,432
Licenses and permits:				
Dog licenses	92,000	92,000	90,626	(1,374)
Pistol permits	45,000	45,000	347	(44,653)
Marriage licenses	14,200	14,200	15,160	960
Soil erosion	82,000	82,000	143,500	61,500
Total licenses and permits	233,200	233,200	249,633	16,433
Intergovernmental - federal/state:				
ADC incentive	150,000	150,000	159,201	9,201
Cooperative reimbursement - Friend of the Court	1,161,874	1,161,874	805,888	(355,986)
Personal property tax reimbursement	-	-	408,801	408,801
Probate judge's salary	155,670	155,670	148,432	(7,238)
Judicial salary standardization	194,034	194,034	182,896	(11,138)
Sheriff road patrol program	101,370	101,370	101,370	-
Marine safety program	5,000	5,000	6,400	1,400
Drug case incentive	500	500	-	(500)
Victims Rights Act	120,000	120,000	120,000	-
Parole violation grant	120,000	120,000	190,471	70,471
Diverted felon program	145,000	145,000	236,028	91,028
Assistant juvenile officer grant	53,831	53,831	13,194	(40,637)
Convention and tourism	445,650	454,495	459,338	4,843
Michigan natural resources grant	-	296,246	296,246	-
Liquor license fees	30,000	30,000	34,498	4,498
State income tax	2,238,358	2,238,358	2,237,826	(532)
State aid-case flow assistance	25,900	25,900	24,884	(1,016)
State court equity funding	430,000	430,000	429,072	(928)
Title IV-E	23,000	23,000	33,134	10,134
Miscellaneous	26,500	26,500	12,763	(13,737)
Total intergovernmental - federal/state	5,426,687	5,731,778	5,900,442	168,664

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (cont.)				
Intergovernmental - local:				
Township - planning	\$ 175,921	\$ 175,921	\$ 175,921	\$ -
Township - Sheriff	3,071,669	3,071,669	3,087,414	15,745
Prosecuting attorney services	63,000	63,000	45,760	(17,240)
Total intergovernmental - local	3,310,590	3,310,590	3,309,095	(1,495)
Charges for services:				
Court:				
District Court costs	982,000	982,000	836,845	(145,155)
Circuit Court probation	58,100	58,100	105,300	47,200
Court filing fees	38,000	38,000	35,315	(2,685)
Bond costs	700	700	775	75
Jury demand	5,000	5,000	4,020	(980)
Writ of garnishment	94,000	94,000	92,475	(1,525)
Attorney fee reimbursement	30,000	30,000	47,449	17,449
SOS reinstatement fee	32,000	32,000	26,249	(5,751)
Probation oversight	190,000	190,000	199,201	9,201
Alcohol assessment	28,000	28,000	32,069	4,069
Friend of the Court service fees	155,065	156,894	169,331	12,437
Probate court services	35,000	35,000	41,713	6,713
Juvenile court services	4,600	4,600	9,181	4,581
Prosecuting attorney services	2,100	2,100	11,628	9,528
Juvenile court attorney fees	22,000	22,000	38,022	16,022
Crime victim assessment	150	150	207	57
Inmate medical	5,000	5,000	-	(5,000)
General government:				
County clerk services	174,350	174,350	163,129	(11,221)
County treasurer services	11,000	11,000	19,417	8,417
Register of deed services	380,000	380,000	523,666	143,666
Drain commission services	107,000	107,000	66,048	(40,952)
Child care collection fees	41,000	41,000	30,644	(10,356)
Property description services	23,000	23,000	25,139	2,139
Food stamp fraud	3,000	3,000	788	(2,212)
Community corrections services	-	-	20	20
Sheriff Department:				
Sheriff services	137,000	137,000	103,071	(33,929)
Economic crimes unit	458,100	458,100	403,385	(54,715)
OUIL/Impaired	14,000	14,000	10,156	(3,844)
False alarms	4,000	4,000	4,905	905
Abandoned vehicles	5,500	5,500	200	(5,300)
Inmate medical	3,000	3,000	2,192	(808)
Sentenced inmate boarding	45,000	45,000	43,525	(1,475)
Boarding of dogs and cats	5,000	5,000	4,774	(226)
Medical Examiner - cremation fees	34,000	34,000	19,251	(14,749)
Parks and recreation	101,994	101,994	103,511	1,517

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (cont.)				
Charges for services - concluded:				
Planning aerial photos	\$ -	\$ -	\$ 264	\$ 264
Computer	-	18,000	5,394	(12,606)
Miscellaneous	31,000	30,500	41,704	11,204
Total charges for services	<u>3,259,659</u>	<u>3,278,988</u>	<u>3,220,963</u>	<u>(58,025)</u>
Fines and forfeitures:				
Ordinance fines and costs	306,200	306,200	260,462	(45,738)
Handicap parking	1,000	1,000	106	(894)
Bond forfeitures	19,000	19,000	33,016	14,016
Dog fines	2,000	2,000	2,038	38
Law library	6,500	6,500	6,500	-
Miscellaneous	1,000	1,000	-	(1,000)
Total fines and forfeitures	<u>335,700</u>	<u>335,700</u>	<u>302,122</u>	<u>(33,578)</u>
Interest and rents:				
Interest on investments	2,000	2,000	34,508	32,508
Rental fees	278,191	290,191	262,278	(27,913)
Total interest and rents	<u>280,191</u>	<u>292,191</u>	<u>296,786</u>	<u>4,595</u>
Other:				
Reimbursements and refunds	102,400	119,274	122,140	2,866
Restitution	2,500	2,500	13,996	11,496
Parks and recreation	4,300	4,300	2,896	(1,404)
Miscellaneous	50,710	50,710	68,461	17,751
Total other	<u>159,910</u>	<u>176,784</u>	<u>207,493</u>	<u>30,709</u>
Total revenues	<u>31,459,919</u>	<u>31,813,213</u>	<u>32,000,948</u>	<u>187,735</u>
Other financing sources				
Transfers in	2,221,192	2,347,988	2,329,829	(18,159)
Proceeds from sale of capital assets	10,000	10,000	7,929	(2,071)
Issuance of long-term debt	-	241,463	181,095	(60,368)
Total other financing sources	<u>2,231,192</u>	<u>2,599,451</u>	<u>2,518,853</u>	<u>(80,598)</u>
Total revenues and other financing sources	<u>\$ 33,691,111</u>	<u>\$ 34,412,664</u>	<u>\$ 34,519,801</u>	<u>\$ 107,137</u>

concluded

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Legislative:				
Board of Commissioners	\$ 316,907	\$ 337,418	\$ 307,533	\$ (29,885)
Judicial:				
Circuit Court	1,315,348	1,328,864	1,168,300	(160,564)
District Court	1,682,121	1,681,927	1,583,690	(98,237)
Friend of the Court	1,470,385	1,472,214	1,372,484	(99,730)
County Guardian	62,000	62,000	60,000	(2,000)
Probate Court	558,462	559,498	531,500	(27,998)
Juvenile Division	910,377	762,793	713,260	(49,533)
Probation	10,681	10,681	5,601	(5,080)
Law library	6,500	6,500	-	(6,500)
Total judicial	6,015,874	5,884,477	5,434,835	(449,642)
General government:				
Elections	88,850	97,175	91,628	(5,547)
County Clerk	699,663	695,119	658,102	(37,017)
Plat Board	323	323	-	(323)
Controller	988,667	921,744	870,905	(50,839)
Child Support	-	73,377	73,372	(5)
Information Systems	1,010,989	1,001,940	984,366	(17,574)
Equalization	650,553	650,553	635,469	(15,084)
Prosecuting Attorney	1,932,732	1,767,899	1,691,323	(76,576)
Building Authority	250	250	105	(145)
Economic Crimes Unit	409,232	408,239	328,474	(79,765)
Register of Deeds	255,558	255,558	243,283	(12,275)
Treasurer	489,303	476,640	437,549	(39,091)
Crime victims	2,700	94,156	94,229	73
Cooperative Extension	147,065	147,275	145,575	(1,700)
Building and Grounds	1,687,082	1,582,098	1,492,730	(89,368)
Drain Commissioner	545,781	549,220	500,719	(48,501)
Eaton Conservation District	21,115	-	-	-
Total general government	8,929,863	8,721,566	8,247,829	(473,737)
Public safety:				
Sheriff Department	5,285,928	5,287,135	5,050,768	(236,367)
Sheriff - Corrections	4,373,605	4,303,385	4,205,957	(97,428)
Sheriff - Delta office	3,846,901	3,826,052	3,707,545	(118,507)
Tri-County Metro	30,000	38,000	37,799	(201)
Sheriff Road Patrol	195,584	215,312	210,909	(4,403)
Marine Safety	12,666	12,666	6,371	(6,295)
Community Development	237,154	237,154	218,669	(18,485)
Tri-County Planning	106,533	106,533	106,533	-
Animal Control	288,283	288,283	236,652	(51,631)
Total public safety	14,376,654	14,314,520	13,781,203	(533,317)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (cont.)				
Public works:				
Drains at large	\$ 440,447	\$ 440,357	\$ 322,274	\$ (118,083)
Health and social services:				
Convention & tourism	222,825	231,669	231,669	-
Medical examiner	176,455	176,455	173,932	(2,523)
Community Mental Health	409,607	409,607	409,607	-
Tri-County Aging	64,845	64,845	64,105	(740)
Veterans	116,384	116,384	94,130	(22,254)
Landfill	35,000	35,000	33,005	(1,995)
Child Care - DHS	2,500	2,500	-	(2,500)
Soldiers and Sailors	30,000	30,000	18,490	(11,510)
District health - appropriation	815,800	815,800	815,800	-
Total health and social services	1,873,416	1,882,260	1,840,738	(41,522)
Parks, recreation and culture:				
Courthouse Square Association	15,000	15,000	15,000	-
Parks and recreation	547,526	586,382	552,704	(33,678)
Parks special projects	1,500	34,410	8,654	(25,756)
Michigan natural resources	-	285,205	285,205	-
Total parks, recreation and culture	564,026	920,997	861,563	(59,434)
Other:				
Computer	100,088	141,047	140,348	(699)
Insurance, bonds & contingency	483,000	64,514	26,173	(38,341)
Total other	583,088	205,561	166,521	(39,040)
Capital outlay:				
General	441,497	1,160,292	667,559	(492,733)
Computer	273,400	264,494	236,510	(27,984)
Total capital outlay	714,897	1,424,786	904,069	(520,717)
Debt service:				
Principal	347,000	354,697	354,697	-
Interest	-	22,542	22,542	-
Total debt service	347,000	377,239	377,239	-
Total expenditures	34,162,172	34,509,181	32,243,804	(2,265,377)
Other financing uses				
Transfers out	1,434,041	2,029,720	1,456,124	(573,596)
Total expenditures and other financing uses	\$ 35,596,213	\$ 36,538,901	\$ 33,699,928	\$ (2,838,973)

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EATON COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

	Special Revenue Funds				
	Sheriff Road Crew	Solid Waste Ordinance	Central Dispatch Fund	Swift and Sure Sanctions	CDBG Housing Grant
Assets					
Cash and cash equivalents	\$ -	\$ 221,064	\$ 1,111,815	\$ -	\$ 44,960
Receivables:					
Property taxes	-	-	1,781	-	-
Accounts receivable, net	41,400	159	-	-	-
Due from other governmental units	-	-	106,260	31,611	93,426
Prepaid items	-	-	-	-	-
Total assets	\$ 41,400	\$ 221,223	\$ 1,219,856	\$ 31,611	\$ 138,386
Liabilities					
Negative equity in pooled cash	\$ 36,953	\$ -	\$ -	\$ 27,253	\$ -
Accounts payable	104	22,193	34,622	1,777	27,448
Accrued liabilities	2,129	3,660	61,638	1,242	-
Due to other funds	495	509	22,201	178	-
Total liabilities	39,681	26,362	118,461	30,450	27,448
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	1,101,395	1,161	110,938
Committed	1,719	194,861	-	-	-
Total fund balances	1,719	194,861	1,101,395	1,161	110,938
Total liabilities and fund balances	\$ 41,400	\$ 221,223	\$ 1,219,856	\$ 31,611	\$ 138,386

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

Special Revenue Funds						
Construction Code Enforcement	Remonumentation Grant	Register of Deeds Technology	Drug Law Enforcement - Sheriff	Medical Marijuana	S.T.O.P. Grant	Priority Court
\$ 658,369	\$ 9,710	\$ 75,783	\$ 15,147	\$ -	\$ 3,669	\$ 6,245
-	-	-	-	-	-	-
-	7	35	-	-	-	-
-	5,216	-	-	-	-	26,017
-	-	-	-	-	-	-
<u>\$ 658,369</u>	<u>\$ 14,933</u>	<u>\$ 75,818</u>	<u>\$ 15,147</u>	<u>\$ -</u>	<u>\$ 3,669</u>	<u>\$ 32,262</u>
\$ -	\$ -	\$ 27,893	\$ -	\$ -	\$ -	\$ -
2,724	14,933	648	-	-	83	5,653
9,053	-	-	-	-	3,138	2,083
2,165	-	-	-	-	448	298
<u>13,942</u>	<u>14,933</u>	<u>28,541</u>	<u>-</u>	<u>-</u>	<u>3,669</u>	<u>8,034</u>
-	-	-	-	-	-	-
644,427	-	47,277	15,147	-	-	24,228
-	-	-	-	-	-	-
<u>644,427</u>	<u>-</u>	<u>47,277</u>	<u>15,147</u>	<u>-</u>	<u>-</u>	<u>24,228</u>
<u>\$ 658,369</u>	<u>\$ 14,933</u>	<u>\$ 75,818</u>	<u>\$ 15,147</u>	<u>\$ -</u>	<u>\$ 3,669</u>	<u>\$ 32,262</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

	Special Revenue Funds				
	Community Corrections	Homeland Security	Drug Law Enforcement - Prosecutor	OHSP Traffic Enforcement	Body Camera Grant
Assets					
Cash and cash equivalents	\$ -	\$ 184,096	\$ 24,258	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other governmental units	15,229	58,789	-	9,768	74,400
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 15,229</u>	<u>\$ 242,885</u>	<u>\$ 24,258</u>	<u>\$ 9,768</u>	<u>\$ 74,400</u>
Liabilities					
Negative equity in pooled cash	\$ 6,271	\$ -	\$ -	\$ 9,768	\$ 74,400
Accounts payable	3,675	191,558	-	-	-
Accrued liabilities	726	-	-	-	-
Due to other funds	86	-	-	-	-
Total liabilities	<u>10,758</u>	<u>191,558</u>	<u>-</u>	<u>9,768</u>	<u>74,400</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	4,471	51,327	24,258	-	-
Committed	-	-	-	-	-
Total fund balances	<u>4,471</u>	<u>51,327</u>	<u>24,258</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 15,229</u>	<u>\$ 242,885</u>	<u>\$ 24,258</u>	<u>\$ 9,768</u>	<u>\$ 74,400</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

Special Revenue Funds						
Michigan Justice Training	Concealed Pistol Licenses	Sobriety Court	Department of Human Services	Veterans Trust	Home Tax Exemption Audit	Local Corrections Officer Training
\$ 22,665	\$ 42,469	\$ -	\$ 112,049	\$ -	\$ 61,039	\$ 220,467
-	-	-	-	-	-	-
-	-	18,723	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 22,665</u>	<u>\$ 42,469</u>	<u>\$ 18,723</u>	<u>\$ 112,049</u>	<u>\$ -</u>	<u>\$ 61,039</u>	<u>\$ 220,467</u>
\$ -	\$ -	\$ 10,248	\$ 5,547	\$ -	\$ -	\$ -
-	-	6,363	530	-	20,299	-
-	-	1,764	-	-	-	-
-	-	252	-	-	-	-
-	-	18,627	6,077	-	20,299	-
-	-	-	-	-	-	-
22,665	-	-	-	-	-	220,467
-	42,469	96	105,972	-	40,740	-
<u>22,665</u>	<u>42,469</u>	<u>96</u>	<u>105,972</u>	<u>-</u>	<u>40,740</u>	<u>220,467</u>
<u>\$ 22,665</u>	<u>\$ 42,469</u>	<u>\$ 18,723</u>	<u>\$ 112,049</u>	<u>\$ -</u>	<u>\$ 61,039</u>	<u>\$ 220,467</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

	Special Revenue Funds				
	LEAD Drug Testing	Juvenile Millage	Jail Millage II	Veterans' Court Grant	Juvenile Court Donations
Assets					
Cash and cash equivalents	\$ 1,932	\$ 297,730	\$ 151,444	\$ -	\$ 14,561
Receivables:					
Property taxes	-	656	1,314	-	-
Accounts receivable, net	-	-	-	-	-
Due from other governmental units	-	-	-	13,588	-
Prepaid items	-	-	17,676	-	-
Total assets	<u>\$ 1,932</u>	<u>\$ 298,386</u>	<u>\$ 170,434</u>	<u>\$ 13,588</u>	<u>\$ 14,561</u>
Liabilities					
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ 10,795	\$ 4,455
Accounts payable	-	-	40	2,380	-
Accrued liabilities	-	-	30,273	361	-
Due to other funds	-	-	8,160	52	-
Total liabilities	<u>-</u>	<u>-</u>	<u>38,473</u>	<u>13,588</u>	<u>4,455</u>
Fund balances					
Nonspendable	-	-	17,676	-	-
Restricted	-	298,386	114,285	-	10,106
Committed	1,932	-	-	-	-
Total fund balances	<u>1,932</u>	<u>298,386</u>	<u>131,961</u>	<u>-</u>	<u>10,106</u>
Total liabilities and fund balances	<u>\$ 1,932</u>	<u>\$ 298,386</u>	<u>\$ 170,434</u>	<u>\$ 13,588</u>	<u>\$ 14,561</u>

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

Special Revenue Funds			Debt Service Funds		Permanent Trust Fund	Total
Youth Facility Donations	Sheriff Donations	Animal Control Donations	Building Authority Jail	Dental Clinic	Lincoln Brick Trust	
\$ 1,644	\$ 7,795	\$ 6,838	\$ 14,760	\$ 51,728	\$ 105,650	\$ 3,467,887
-	-	-	-	-	-	3,751
-	-	-	-	-	-	41,601
-	-	-	-	-	-	453,027
-	-	-	-	-	-	17,676
<u>\$ 1,644</u>	<u>\$ 7,795</u>	<u>\$ 6,838</u>	<u>\$ 14,760</u>	<u>\$ 51,728</u>	<u>\$ 105,650</u>	<u>\$ 3,983,942</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,857	\$ 251,440
58	-	-	-	-	-	335,088
-	-	-	-	-	-	116,067
-	-	-	-	-	-	34,844
<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,857</u>	<u>737,439</u>
-	-	-	-	-	-	17,676
1,586	7,795	6,838	14,760	51,728	67,793	2,841,038
-	-	-	-	-	-	387,789
<u>1,586</u>	<u>7,795</u>	<u>6,838</u>	<u>14,760</u>	<u>51,728</u>	<u>67,793</u>	<u>3,246,503</u>
<u>\$ 1,644</u>	<u>\$ 7,795</u>	<u>\$ 6,838</u>	<u>\$ 14,760</u>	<u>\$ 51,728</u>	<u>\$ 105,650</u>	<u>\$ 3,983,942</u>

concluded

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2017

	Special Revenue Funds				
	Sheriff Road Crew	Solid Waste Ordinance	Central Dispatch Fund	Swift and Sure Sanctions	CDBG Housing Grant
Revenues					
Property taxes	\$ -	\$ -	\$ 3,194,261	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental - federal/state	-	-	331,814	60,650	149,140
Charges for services	51,050	324,157	2,578	-	264
Fines and forfeitures	-	-	-	-	-
Interest and rents	-	-	-	-	-
Other	-	23,290	-	-	-
Total revenues	51,050	347,447	3,528,653	60,650	149,404
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	83,217	1,909	3,036,970	60,513	-
Health and social services	-	366,816	-	-	191,180
Other	-	-	-	-	-
Debt service:					
Principal	-	-	246,792	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	83,217	368,725	3,283,762	60,513	191,180
Revenues over (under) expenditures	(32,167)	(21,278)	244,891	137	(41,776)
Other financing sources (uses)					
Transfers in	25,721	-	-	-	-
Transfers out	-	-	(651,650)	-	-
Total other financing sources (uses)	25,721	-	(651,650)	-	-
Net change in fund balances	(6,446)	(21,278)	(406,759)	137	(41,776)
Fund balances, beginning of year	8,165	216,139	1,508,154	1,024	152,714
Fund balances, end of year	\$ 1,719	\$ 194,861	\$ 1,101,395	\$ 1,161	\$ 110,938

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2017

Special Revenue Funds						
Construction Code Enforcement	Remonumentation Grant	Register of Deeds Technology	Drug Law Enforcement - Sheriff	Medical Marijuana	S.T.O.P. Grant	Priority Court
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
501,328	-	-	-	-	-	-
-	69,562	-	-	43,028	50,652	95,661
7,711	17,609	90,145	-	-	-	12,704
-	-	-	7,255	-	-	-
-	-	747	-	-	-	-
1,871	-	-	-	-	-	-
<u>510,910</u>	<u>87,171</u>	<u>90,892</u>	<u>7,255</u>	<u>43,028</u>	<u>50,652</u>	<u>108,365</u>
-	-	-	-	-	-	108,365
-	93,239	96,643	-	-	-	-
351,255	-	-	-	43,028	94,073	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>351,255</u>	<u>93,239</u>	<u>96,643</u>	<u>-</u>	<u>43,028</u>	<u>94,073</u>	<u>108,365</u>
159,655	(6,068)	(5,751)	7,255	-	(43,421)	-
-	-	-	-	-	43,421	-
-	-	(64,793)	-	-	-	-
-	-	(64,793)	-	-	43,421	-
159,655	(6,068)	(70,544)	7,255	-	-	-
484,772	6,068	117,821	7,892	-	-	24,228
<u>\$ 644,427</u>	<u>\$ -</u>	<u>\$ 47,277</u>	<u>\$ 15,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,228</u>

continued...

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2017

	Special Revenue Funds				
	Community Corrections	Homeland Security	Drug Law Enforcement - Prosecutor	OHSP Traffic Enforcement	Body Camera Grant
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental - federal/state	94,913	83,624	-	20,794	74,400
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	2,267	-	-
Interest and rents	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	94,913	83,624	2,267	20,794	74,400
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	94,912	84,834	653	20,794	170,982
Health and social services	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	94,912	84,834	653	20,794	170,982
Revenues over (under) expenditures	1	(1,210)	1,614	-	(96,582)
Other financing sources (uses)					
Transfers in	-	-	-	-	96,582
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	96,582
Net change in fund balances	1	(1,210)	1,614	-	-
Fund balances, beginning of year	4,470	52,537	22,644	-	-
Fund balances, end of year	\$ 4,471	\$ 51,327	\$ 24,258	\$ -	\$ -

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2017

Special Revenue Funds						
Michigan Justice Training	Concealed Pistol Licenses	Sobriety Court	Department of Human Services	Veterans Trust	Home Tax Exemption Audit	Local Corrections Officer Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	57,096	-	-	-	-	-
13,450	-	71,961	-	8,214	-	-
-	-	19,454	-	-	-	21,654
-	-	-	-	-	20,129	-
-	-	-	-	-	-	-
<u>13,450</u>	<u>57,096</u>	<u>91,415</u>	<u>-</u>	<u>8,214</u>	<u>20,129</u>	<u>21,654</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,536	10,644	91,415	-	-	-	18,142
-	-	-	7,362	8,483	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,536</u>	<u>10,644</u>	<u>91,415</u>	<u>7,362</u>	<u>8,483</u>	<u>-</u>	<u>18,142</u>
<u>2,914</u>	<u>46,452</u>	<u>-</u>	<u>(7,362)</u>	<u>(269)</u>	<u>20,129</u>	<u>3,512</u>
-	-	-	14,000	-	-	-
-	(35,000)	-	-	(1,697)	(3,200)	-
-	(35,000)	-	14,000	(1,697)	(3,200)	-
2,914	11,452	-	6,638	(1,966)	16,929	3,512
19,751	31,017	96	99,334	1,966	23,811	216,955
<u>\$ 22,665</u>	<u>\$ 42,469</u>	<u>\$ 96</u>	<u>\$ 105,972</u>	<u>\$ -</u>	<u>\$ 40,740</u>	<u>\$ 220,467</u>

continued...

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2017

	Special Revenue Funds				
	LEAD Drug Testing	Juvenile Millage	Jail Millage II	Veterans' Court Grant	Juvenile Court Donations
Revenues					
Property taxes	\$ -	\$ 1,176,868	\$ 2,353,638	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental - federal/state	-	-	-	37,167	-
Charges for services	43	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rents	-	-	-	-	108
Other	-	-	-	-	800
Total revenues	43	1,176,868	2,353,638	37,167	908
Expenditures					
Current:					
Judicial	-	-	-	-	922
General government	-	-	-	-	-
Public safety	-	1,300	1,113,432	37,167	-
Health and social services	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal	-	-	59,675	-	-
Interest and fiscal charges	-	-	11,027	-	-
Total expenditures	-	1,300	1,184,134	37,167	922
Revenues over (under) expenditures	43	1,175,568	1,169,504	-	(14)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(1,078,682)	(1,104,585)	-	-
Total other financing sources (uses)	-	(1,078,682)	(1,104,585)	-	-
Net change in fund balances	43	96,886	64,919	-	(14)
Fund balances, beginning of year	1,889	201,500	67,042	-	10,120
Fund balances, end of year	\$ 1,932	\$ 298,386	\$ 131,961	\$ -	\$ 10,106

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2017

Special Revenue Funds			Debt Service Funds		Permanent Trust Fund	Total
Youth Facility Donations	Sheriff Donations	Animal Control Donations	Building Authority Jail	Dental Clinic	Lincoln Brick Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,724,767
-	-	-	-	-	-	558,424
-	-	-	-	-	-	1,205,030
-	-	-	-	-	-	547,369
-	-	-	-	-	-	9,522
-	-	-	-	-	717	21,701
4,228	2,213	2,103	-	70,320	18,275	123,100
<u>4,228</u>	<u>2,213</u>	<u>2,103</u>	<u>-</u>	<u>70,320</u>	<u>18,992</u>	<u>9,189,913</u>
-	-	-	-	-	-	109,287
-	-	-	-	-	-	189,882
5,762	1,000	-	-	-	-	5,332,538
-	-	-	-	-	-	573,841
-	-	-	-	-	137	137
-	-	-	835,000	40,000	-	1,181,467
-	-	-	286,004	28,026	-	325,057
<u>5,762</u>	<u>1,000</u>	<u>-</u>	<u>1,121,004</u>	<u>68,026</u>	<u>137</u>	<u>7,712,209</u>
<u>(1,534)</u>	<u>1,213</u>	<u>2,103</u>	<u>(1,121,004)</u>	<u>2,294</u>	<u>18,855</u>	<u>1,477,704</u>
-	-	-	1,104,585	-	-	1,284,309
-	-	-	-	-	(19,312)	(2,958,919)
-	-	-	<u>1,104,585</u>	<u>-</u>	<u>(19,312)</u>	<u>(1,674,610)</u>
<u>(1,534)</u>	<u>1,213</u>	<u>2,103</u>	<u>(16,419)</u>	<u>2,294</u>	<u>(457)</u>	<u>(196,906)</u>
<u>3,120</u>	<u>6,582</u>	<u>4,735</u>	<u>31,179</u>	<u>49,434</u>	<u>68,250</u>	<u>3,443,409</u>
<u>\$ 1,586</u>	<u>\$ 7,795</u>	<u>\$ 6,838</u>	<u>\$ 14,760</u>	<u>\$ 51,728</u>	<u>\$ 67,793</u>	<u>\$ 3,246,503</u>

concluded

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Sheriff Road Crew			Solid Waste Ordinance		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	-	-	-	-	-	-
Charges for services	59,500	51,050	(8,450)	279,800	324,157	44,357
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	20,200	23,290	3,090
Total revenues	59,500	51,050	(8,450)	300,000	347,447	47,447
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	99,547	83,217	(16,330)	1,950	1,909	(41)
Health and social services	-	-	-	372,958	366,816	(6,142)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	99,547	83,217	(16,330)	374,908	368,725	(6,183)
Revenues over (under) expenditures	(40,047)	(32,167)	7,880	(74,908)	(21,278)	53,630
Other financing sources (uses)						
Transfers in	40,047	25,721	(14,326)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	40,047	25,721	(14,326)	-	-	-
Net change in fund balances	-	(6,446)	(6,446)	(74,908)	(21,278)	53,630
Fund balances, beginning of year	8,165	8,165	-	216,139	216,139	-
Fund balances, end of year	\$ 8,165	\$ 1,719	\$ (6,446)	\$ 141,231	\$ 194,861	\$ 53,630

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2017

Central Dispatch Fund			Swift and Sure Sanctions			CDBG Housing Grant		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 3,235,472	\$ 3,194,261	\$ (41,211)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
380,000	331,814	(48,186)	100,000	60,650	(39,350)	168,278	149,140	(19,138)
-	2,578	2,578	-	-	-	-	264	264
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,615,472</u>	<u>3,528,653</u>	<u>(86,819)</u>	<u>100,000</u>	<u>60,650</u>	<u>(39,350)</u>	<u>168,278</u>	<u>149,404</u>	<u>(18,874)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,349,276	3,036,970	(312,306)	100,000	60,513	(39,487)	-	-	-
-	-	-	-	-	-	191,185	191,180	(5)
246,792	246,792	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,596,068</u>	<u>3,283,762</u>	<u>(312,306)</u>	<u>100,000</u>	<u>60,513</u>	<u>(39,487)</u>	<u>191,185</u>	<u>191,180</u>	<u>(5)</u>
19,404	244,891	225,487	-	137	137	(22,907)	(41,776)	(18,869)
-	-	-	-	-	-	-	-	-
(651,650)	(651,650)	-	-	-	-	-	-	-
(651,650)	(651,650)	-	-	-	-	-	-	-
(632,246)	(406,759)	225,487	-	137	137	(22,907)	(41,776)	(18,869)
1,508,154	1,508,154	-	1,024	1,024	-	152,714	152,714	-
<u>\$ 875,908</u>	<u>\$ 1,101,395</u>	<u>\$ 225,487</u>	<u>\$ 1,024</u>	<u>\$ 1,161</u>	<u>\$ 137</u>	<u>\$ 129,807</u>	<u>\$ 110,938</u>	<u>\$ (18,869)</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Construction Code Enforcement			Remonumentation Grant		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	386,000	501,328	115,328	-	-	-
Intergovernmental - Federal/state	-	-	-	85,000	69,562	(15,438)
Charges for services	4,800	7,711	2,911	17,000	17,609	609
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	1,871	1,871	-	-	-
Total revenues	390,800	510,910	120,110	102,000	87,171	(14,829)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	102,000	93,239	(8,761)
Public safety	380,167	351,255	(28,912)	-	-	-
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	380,167	351,255	(28,912)	102,000	93,239	(8,761)
Revenues over (under) expenditures	10,633	159,655	149,022	-	(6,068)	(6,068)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	10,633	159,655	149,022	-	(6,068)	(6,068)
Fund balances, beginning of year	484,772	484,772	-	6,068	6,068	-
Fund balances, end of year	\$ 495,405	\$ 644,427	\$ 149,022	\$ 6,068	\$ -	\$ (6,068)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2017

Register of Deeds Technology			Drug Law Enforcement - Sheriff			Medical Marijuana		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	43,028	43,028	-
90,000	90,145	145	-	-	-	-	-	-
-	-	-	11,000	7,255	(3,745)	-	-	-
20	747	727	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>90,020</u>	<u>90,892</u>	<u>872</u>	<u>11,000</u>	<u>7,255</u>	<u>(3,745)</u>	<u>43,028</u>	<u>43,028</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
98,317	96,643	(1,674)	-	-	-	-	-	-
-	-	-	11,000	-	(11,000)	43,028	43,028	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>98,317</u>	<u>96,643</u>	<u>(1,674)</u>	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>	<u>43,028</u>	<u>43,028</u>	<u>-</u>
<u>(8,297)</u>	<u>(5,751)</u>	<u>2,546</u>	<u>-</u>	<u>7,255</u>	<u>7,255</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>(64,793)</u>	<u>(64,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(64,793)</u>	<u>(64,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(73,090)</u>	<u>(70,544)</u>	<u>2,546</u>	<u>-</u>	<u>7,255</u>	<u>7,255</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>117,821</u>	<u>117,821</u>	<u>-</u>	<u>7,892</u>	<u>7,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 44,731</u>	<u>\$ 47,277</u>	<u>\$ 2,546</u>	<u>\$ 7,892</u>	<u>\$ 15,147</u>	<u>\$ 7,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	S.T.O.P. Grant			Priority Court		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	50,700	50,652	(48)	95,000	95,661	661
Charges for services	-	-	-	17,551	12,704	(4,847)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	50,700	50,652	(48)	112,551	108,365	(4,186)
Expenditures						
Current:						
Judicial	-	-	-	112,551	108,365	(4,186)
General government	-	-	-	-	-	-
Public safety	94,136	94,073	(63)	-	-	-
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	94,136	94,073	(63)	112,551	108,365	(4,186)
Revenues over (under) expenditures	(43,436)	(43,421)	15	-	-	-
Other financing sources (uses)						
Transfers in	43,436	43,421	(15)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	43,436	43,421	(15)	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	24,228	24,228	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 24,228	\$ 24,228	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2017

Community Corrections			Homeland Security			Drug Law Enforcement - Prosecutor		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
149,430	94,913	(54,517)	122,500	83,624	(38,876)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,000	2,267	(733)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>149,430</u>	<u>94,913</u>	<u>(54,517)</u>	<u>122,500</u>	<u>83,624</u>	<u>(38,876)</u>	<u>3,000</u>	<u>2,267</u>	<u>(733)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
149,430	94,912	(54,518)	122,500	84,834	(37,666)	8,000	653	(7,347)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>149,430</u>	<u>94,912</u>	<u>(54,518)</u>	<u>122,500</u>	<u>84,834</u>	<u>(37,666)</u>	<u>8,000</u>	<u>653</u>	<u>(7,347)</u>
-	1	1	-	(1,210)	(1,210)	(5,000)	1,614	6,614
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1	1	-	(1,210)	(1,210)	(5,000)	1,614	6,614
<u>4,470</u>	<u>4,470</u>	<u>-</u>	<u>52,537</u>	<u>52,537</u>	<u>-</u>	<u>22,644</u>	<u>22,644</u>	<u>-</u>
<u>\$ 4,470</u>	<u>\$ 4,471</u>	<u>\$ 1</u>	<u>\$ 52,537</u>	<u>\$ 51,327</u>	<u>\$ (1,210)</u>	<u>\$ 17,644</u>	<u>\$ 24,258</u>	<u>\$ 6,614</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	OHSP Traffic Enforcement			Body Camera Grant		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	20,800	20,794	(6)	74,400	74,400	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	20,800	20,794	(6)	74,400	74,400	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	20,800	20,794	(6)	170,982	170,982	-
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	20,800	20,794	(6)	170,982	170,982	-
Revenues over (under) expenditures	-	-	-	(96,582)	(96,582)	-
Other financing sources (uses)						
Transfers in	-	-	-	96,582	96,582	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	96,582	96,582	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2017

Michigan Justice Training			Concealed Pistol Licenses			Sobriety Court		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	57,480	57,096	(384)	-	-	-
15,000	13,450	(1,550)	-	-	-	105,000	71,961	(33,039)
-	-	-	-	-	-	20,944	19,454	(1,490)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>15,000</u>	<u>13,450</u>	<u>(1,550)</u>	<u>57,480</u>	<u>57,096</u>	<u>(384)</u>	<u>125,944</u>	<u>91,415</u>	<u>(34,529)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,000	10,536	(4,464)	13,480	10,644	(2,836)	125,944	91,415	(34,529)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>15,000</u>	<u>10,536</u>	<u>(4,464)</u>	<u>13,480</u>	<u>10,644</u>	<u>(2,836)</u>	<u>125,944</u>	<u>91,415</u>	<u>(34,529)</u>
-	2,914	2,914	44,000	46,452	2,452	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(35,000)	(35,000)	-	-	-	-
-	-	-	(35,000)	(35,000)	-	-	-	-
-	2,914	2,914	9,000	11,452	2,452	-	-	-
<u>19,751</u>	<u>19,751</u>	<u>-</u>	<u>31,017</u>	<u>31,017</u>	<u>-</u>	<u>96</u>	<u>96</u>	<u>-</u>
<u>\$ 19,751</u>	<u>\$ 22,665</u>	<u>\$ 2,914</u>	<u>\$ 40,017</u>	<u>\$ 42,469</u>	<u>\$ 2,452</u>	<u>\$ 96</u>	<u>\$ 96</u>	<u>\$ -</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Department of Human Services			Veterans Trust		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	-	-	-	50,000	8,214	(41,786)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	50,000	8,214	(41,786)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	25,000	7,362	(17,638)	48,303	8,483	(39,820)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	25,000	7,362	(17,638)	48,303	8,483	(39,820)
Revenues over (under) expenditures	(25,000)	(7,362)	17,638	1,697	(269)	(1,966)
Other financing sources (uses)						
Transfers in	14,000	14,000	-	-	-	-
Transfers out	-	-	-	(1,697)	(1,697)	-
Total other financing sources (uses)	14,000	14,000	-	(1,697)	(1,697)	-
Net change in fund balances	(11,000)	6,638	17,638	-	(1,966)	(1,966)
Fund balances, beginning of year	99,334	99,334	-	1,966	1,966	-
Fund balances, end of year	\$ 88,334	\$ 105,972	\$ 17,638	\$ 1,966	\$ -	\$ (1,966)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2017

Home Tax Exemption Audit			Local Corrections Officer Training			LEAD Drug Testing		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	35,000	21,654	(13,346)	-	43	43
-	-	-	-	-	-	-	-	-
8,500	20,129	11,629	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>8,500</u>	<u>20,129</u>	<u>11,629</u>	<u>35,000</u>	<u>21,654</u>	<u>(13,346)</u>	<u>-</u>	<u>43</u>	<u>43</u>
-	-	-	-	-	-	-	-	-
3,500	-	(3,500)	-	-	-	-	-	-
-	-	-	35,000	18,142	(16,858)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,500</u>	<u>-</u>	<u>(3,500)</u>	<u>35,000</u>	<u>18,142</u>	<u>(16,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,000	20,129	15,129	-	3,512	3,512	-	43	43
-	-	-	-	-	-	-	-	-
(5,000)	(3,200)	(1,800)	-	-	-	-	-	-
<u>(5,000)</u>	<u>(3,200)</u>	<u>(1,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	16,929	16,929	-	3,512	3,512	-	43	43
<u>23,811</u>	<u>23,811</u>	<u>-</u>	<u>216,955</u>	<u>216,955</u>	<u>-</u>	<u>1,889</u>	<u>1,889</u>	<u>-</u>
<u>\$ 23,811</u>	<u>\$ 40,740</u>	<u>\$ 16,929</u>	<u>\$ 216,955</u>	<u>\$ 220,467</u>	<u>\$ 3,512</u>	<u>\$ 1,889</u>	<u>\$ 1,932</u>	<u>\$ 43</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Juvenile Millage			Jail Millage II		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ 1,193,416	\$ 1,176,868	\$ (16,548)	\$ 2,385,032	\$ 2,353,638	\$ (31,394)
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	-	-	-	2,000	-	(2,000)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	1,193,416	1,176,868	(16,548)	2,387,032	2,353,638	(33,394)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	7,000	1,300	(5,700)	1,131,287	1,113,432	(17,855)
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	59,675	59,675	-
Interest and fiscal charges	-	-	-	11,027	11,027	-
Total expenditures	7,000	1,300	(5,700)	1,201,989	1,184,134	(17,855)
Revenues over (under) expenditures	1,186,416	1,175,568	(10,848)	1,185,043	1,169,504	(15,539)
Other financing sources (uses)						
Transfers in						
Transfers out	(1,292,682)	(1,078,682)	(214,000)	(1,104,585)	(1,104,585)	-
Total other financing sources (uses)	(1,292,682)	(1,078,682)	(214,000)	(1,104,585)	(1,104,585)	-
Net change in fund balances	(106,266)	96,886	203,152	80,458	64,919	(15,539)
Fund balances, beginning of year	201,500	201,500	-	67,042	67,042	-
Fund balances, end of year	\$ 95,234	\$ 298,386	\$ 203,152	\$ 147,500	\$ 131,961	\$ (15,539)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2017

Veterans' Court Grant			Juvenile Court Donations			Youth Facility Donations		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
55,000	37,167	(17,833)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	108	108	-	-	-
-	-	-	-	800	800	-	4,228	4,228
55,000	37,167	(17,833)	-	908	908	-	4,228	4,228
-	-	-	-	922	922	-	-	-
-	-	-	-	-	-	-	-	-
55,000	37,167	(17,833)	-	-	-	-	5,762	5,762
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
55,000	37,167	(17,833)	-	922	922	-	5,762	5,762
-	-	-	-	(14)	(14)	-	(1,534)	(1,534)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	(14)	(14)	-	(1,534)	(1,534)
-	-	-	10,120	10,120	-	3,120	3,120	-
\$ -	\$ -	\$ -	\$ 10,120	\$ 10,106	\$ (14)	\$ 3,120	\$ 1,586	\$ (1,534)

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Sheriff Donations			Animal Control Donations		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	2,213	2,213	-	2,103	2,103
Total revenues	-	2,213	2,213	-	2,103	2,103
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	1,000	1,000	-	-	-
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	1,000	1,000	-	-	-
Revenues over (under) expenditures	-	1,213	1,213	-	2,103	2,103
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	1,213	1,213	-	2,103	2,103
Fund balances, beginning of year	6,582	6,582	-	4,735	4,735	-
Fund balances, end of year	\$ 6,582	\$ 7,795	\$ 1,213	\$ 4,735	\$ 6,838	\$ 2,103

concluded

EATON COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

September 30, 2017

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 263,196	\$ 941,615	\$ 1,204,811
Accounts receivable	5,704	89,801	95,505
Inventories	19,238	-	19,238
Total assets	<u>288,138</u>	<u>1,031,416</u>	<u>1,319,554</u>
Liabilities			
Current liabilities:			
Accounts payable	-	26,088	26,088
Accrued liabilities	802	1,307	2,109
Due to other funds	115	374	489
Due to other governments	7,652	-	7,652
Total liabilities	<u>8,569</u>	<u>27,769</u>	<u>36,338</u>
Net position			
Unrestricted	<u>\$ 279,569</u>	<u>\$ 1,003,647</u>	<u>\$ 1,283,216</u>

EATON COUNTY, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Operating revenues			
Sales	\$ 72,680	\$ 141,300	\$ 213,980
Administrative fees/penalties	-	185,615	185,615
Total operating revenues	<u>72,680</u>	<u>326,915</u>	<u>399,595</u>
Operating expenses			
Personal services and benefits	23,144	45,954	69,098
Contractual services	19,168	128,754	147,922
Total operating expenses	<u>42,312</u>	<u>174,708</u>	<u>217,020</u>
Income before transfers	30,368	152,207	182,575
Transfers out	-	(930)	(930)
Change in net position	30,368	151,277	181,645
Net position, beginning of year	<u>249,201</u>	<u>852,370</u>	<u>1,101,571</u>
Net position, end of year	<u>\$ 279,569</u>	<u>\$ 1,003,647</u>	<u>\$ 1,283,216</u>

EATON COUNTY, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Cash flows from operating activities			
Cash received from customers	\$ 76,801	\$ 874,902	\$ 951,703
Cash paid to/for employees	(23,098)	(45,883)	(68,981)
Cash paid to suppliers	(12,312)	(113,731)	(126,043)
Net cash provided by operating activities	41,391	715,288	756,679
Cash flows from noncapital financing activities			
Transfers out	-	(930)	(930)
Net change in cash and cash equivalents	41,391	714,358	755,749
Cash and cash equivalents, beginning of year	221,805	227,257	449,062
Cash and cash equivalents, end of year	\$ 263,196	\$ 941,615	\$ 1,204,811
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 30,368	\$ 152,207	\$ 182,575
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in operating assets and liabilities that provided (used) cash:			
Taxes receivable	-	637,788	637,788
Accounts receivable	4,121	(89,801)	(85,680)
Accounts payable	-	14,960	14,960
Accrued liabilities	46	71	117
Due to other funds	13	63	76
Due to other governments	6,843	-	6,843
Net cash provided by operating activities	\$ 41,391	\$ 715,288	\$ 756,679

EATON COUNTY, MICHIGAN

Combining Statement of Net Position Internal Service Funds September 30, 2017

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Assets				
Current assets:				
Cash and cash equivalents	\$ 333,711	\$ 618,101	\$ 1,260,129	\$ 1,889,486
Accounts receivable	-	53	-	-
Due from other funds	62,145	1,189	-	-
Prepaid items	-	18,684	684,644	-
Total assets	395,856	638,027	1,944,773	1,889,486
Liabilities				
Current liabilities:				
Accounts payable	8,890	20,207	3,753	-
Accrued liabilities	-	150,612	940,487	230,896
Total liabilities	8,890	170,819	944,240	230,896
Net position				
Unrestricted	\$ 386,966	\$ 467,208	\$ 1,000,533	\$ 1,658,590

Combining Statement of Net Position

Internal Service Funds

September 30, 2017

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 212,236	\$ 17,396	\$ 228,853	\$ 30,193	\$ 4,590,105
11	-	-	-	64
723	4,482	160,182	-	228,721
-	-	-	-	703,328
<u>212,970</u>	<u>21,878</u>	<u>389,035</u>	<u>30,193</u>	<u>5,522,218</u>
724	-	1,413	8,933	43,920
-	1,926	229,067	-	1,552,988
<u>724</u>	<u>1,926</u>	<u>230,480</u>	<u>8,933</u>	<u>1,596,908</u>
<u>\$ 212,246</u>	<u>\$ 19,952</u>	<u>\$ 158,555</u>	<u>\$ 21,260</u>	<u>\$ 3,925,310</u>

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and

Changes in Fund Net Position

Internal Service Funds

For the Year Ended September 30, 2017

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Operating revenues				
Charges for services	\$ 1,807,359	\$ 62,581	\$ 6,276,061	\$ 855,899
Other revenues	77,688	-	-	-
Total operating revenues	1,885,047	62,581	6,276,061	855,899
Operating expenses				
Personal services and benefits	368	-	-	-
Contractual services	13,500	18,262	2,000	4,572
Insurance and claims	1,839,637	133,106	5,716,621	350,135
Total operating expenses	1,853,505	151,368	5,718,621	354,707
Operating income (loss)	31,542	(88,787)	557,440	501,192
Nonoperating revenues				
Interest income	534	2,248	-	57,260
Income (loss) before transfers	32,076	(86,539)	557,440	558,452
Transfers				
Transfers in	-	-	-	913
Transfers out	-	-	(600,000)	(400,000)
Total transfers	-	-	(600,000)	(399,087)
Income (loss) before special item	32,076	(86,539)	(42,560)	159,365
Special item				
MERS settlement contribution	-	-	-	-
Change in net position	32,076	(86,539)	(42,560)	159,365
Net position, beginning of year	354,890	553,747	1,043,093	1,499,225
Net position, end of year	\$ 386,966	\$ 467,208	\$ 1,000,533	\$ 1,658,590

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2017

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 12,731	\$ 112,418	\$ 3,029,344	\$ 121,887	\$ 12,278,280
-	-	-	-	77,688
<u>12,731</u>	<u>112,418</u>	<u>3,029,344</u>	<u>121,887</u>	<u>12,355,968</u>
-	-	7,219,287	195,176	7,414,831
-	1,722	136,718	17,997	194,771
<u>13,802</u>	<u>94,633</u>	<u>-</u>	<u>-</u>	<u>8,147,934</u>
<u>13,802</u>	<u>96,355</u>	<u>7,356,005</u>	<u>213,173</u>	<u>15,757,536</u>
(1,071)	16,063	(4,326,661)	(91,286)	(3,401,568)
-	-	-	-	60,042
<u>(1,071)</u>	<u>16,063</u>	<u>(4,326,661)</u>	<u>(91,286)</u>	<u>(3,341,526)</u>
-	-	100,000	-	100,913
-	-	-	-	(1,000,000)
-	-	100,000	-	(899,087)
(1,071)	16,063	(4,226,661)	(91,286)	(4,240,613)
-	-	4,250,000	-	4,250,000
(1,071)	16,063	23,339	(91,286)	9,387
<u>213,317</u>	<u>3,889</u>	<u>135,216</u>	<u>112,546</u>	<u>3,915,923</u>
<u>\$ 212,246</u>	<u>\$ 19,952</u>	<u>\$ 158,555</u>	<u>\$ 21,260</u>	<u>\$ 3,925,310</u>

EATON COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2017

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Cash flows from operating activities				
Cash received from interfund services	\$ 1,878,754	\$ 62,912	\$ 6,275,952	\$ 855,899
Cash paid to/for employees	(1,840,005)	(174,530)	-	-
Cash paid to suppliers	(4,610)	(36,964)	(5,770,526)	(392,162)
	<u>34,139</u>	<u>(148,582)</u>	<u>505,426</u>	<u>463,737</u>
Net cash provided by (used in) operating activities				
Cash flows from noncapital financing activities				
Transfers in	-	-	-	913
Transfers out	-	-	(600,000)	(400,000)
	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>(399,087)</u>
Net cash provided by (used in) noncapital financing activities				
Cash flows from investing activities				
Interest received	534	2,248	-	57,260
	<u>534</u>	<u>2,248</u>	<u>-</u>	<u>57,260</u>
Net change in cash and cash equivalents				
	34,673	(146,334)	(94,574)	121,910
Cash and cash equivalents, beginning of year				
	<u>299,038</u>	<u>764,435</u>	<u>1,354,703</u>	<u>1,767,576</u>
Cash and cash equivalents, end of year				
	<u>\$ 333,711</u>	<u>\$ 618,101</u>	<u>\$ 1,260,129</u>	<u>\$ 1,889,486</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 31,542	\$ (88,787)	\$ 557,440	\$ 501,192
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
MERS settlement contribution	-	-	-	-
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	(53)	-	-
Due from other funds	(6,293)	331	-	-
Prepaid items	-	(1,324)	(664)	(5)
Accounts payable	8,890	(14,451)	3,068	-
Accrued liabilities	-	(44,298)	(54,309)	(37,450)
Due to other funds	-	-	(109)	-
	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>-</u>
Net cash provided by (used in) operating activities				
	<u>\$ 34,139</u>	<u>\$ (148,582)</u>	<u>\$ 505,426</u>	<u>\$ 463,737</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2017

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 12,695	\$ 110,501	\$ 2,974,470	\$ 121,887	\$ 12,293,070
(13,439)	(94,847)	(2,950,661)	(195,176)	(5,268,658)
-	(1,722)	(136,718)	(18,326)	(6,361,028)
(744)	13,932	(112,909)	(91,615)	663,384
-	-	100,000	-	100,913
-	-	-	-	(1,000,000)
-	-	100,000	-	(899,087)
-	-	-	-	60,042
(744)	13,932	(12,909)	(91,615)	(175,661)
212,980	3,464	241,762	121,808	4,765,766
<u>\$ 212,236</u>	<u>\$ 17,396</u>	<u>\$ 228,853</u>	<u>\$ 30,193</u>	<u>\$ 4,590,105</u>
\$ (1,071)	\$ 16,063	\$ (4,326,661)	\$ (91,286)	\$ (3,401,568)
-	-	4,250,000	-	4,250,000
(11)	-	-	-	(64)
(24)	(1,917)	(54,874)	-	(62,777)
-	-	-	-	(1,993)
362	-	1,066	(329)	(1,394)
-	(214)	17,560	-	(118,711)
-	-	-	-	(109)
<u>\$ (744)</u>	<u>\$ 13,932</u>	<u>\$ (112,909)</u>	<u>\$ (91,615)</u>	<u>\$ 663,384</u>

EATON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2017

	Trust and Agency	Library	District Court Bond	Inmate Trust Account
Assets				
Cash and cash equivalents	\$ 5,996,578	\$ 92,531	\$ 144,814	\$ -
Due from other governments	-	-	-	-
Total assets	<u>\$ 5,996,578</u>	<u>\$ 92,531</u>	<u>\$ 144,814</u>	<u>\$ -</u>
Liabilities				
Undistributed receipts	<u>\$ 5,996,578</u>	<u>\$ 92,531</u>	<u>\$ 144,814</u>	<u>\$ -</u>

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2017

Payroll	Property Forfeiture Trust	Total
\$ 154,414	\$ 8,208	\$ 6,396,545
209,917	-	209,917
<u>\$ 364,331</u>	<u>\$ 8,208</u>	<u>\$ 6,606,462</u>
<u>\$ 364,331</u>	<u>\$ 8,208</u>	<u>\$ 6,606,462</u>

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Board of Public Works Component Unit

September 30, 2017

	Debt Service Funds		Total
	Grand Ledge Water System	Brookfield Water/Sewer Systems	
Assets			
Prepaid items	\$ 42,803	\$ -	\$ 42,803
Leases receivable	4,144,515	1,405,000	5,549,515
Total assets	4,187,318	1,405,000	5,592,318
Deferred outflows of resources			
Deferred charge on refunding	-	-	-
Total assets and deferred outflows of resources	\$ 4,187,318	\$ 1,405,000	\$ 5,592,318
Liabilities			
Unearned revenue	\$ 42,803	\$ -	\$ 42,803
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	42,803	-	42,803
Deferred inflows of resources			
Unavailable revenue - leases receivable	4,144,515	1,405,000	5,549,515
Fund balances			
Unassigned	-	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 4,187,318	\$ 1,405,000	\$ 5,592,318
Net position - unrestricted			

Statement of Net Position and Governmental Funds Balance Sheet

Board of Public Works Component Unit

September 30, 2017

GASB 34 Adjustments	Statement of Net Position
\$ -	\$ 42,803
-	5,549,515
-	5,592,318
<u>74,137</u>	<u>74,137</u>
<u>74,137</u>	<u>5,666,455</u>
-	42,803
632,935	632,935
<u>4,916,580</u>	<u>4,916,580</u>
5,549,515	5,592,318
(5,549,515)	-
<u>-</u>	<u>-</u>
<u>\$ 74,137</u>	<u>\$ 74,137</u>

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EATON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
Board of Public Works Component Unit
September 30, 2017

Total fund balances for governmental funds \$ -

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

The focus of governmental funds is on short-term financing. Accordingly, some assets will
not be available to pay for current period expenditures. Those assets (such as certain
receivables) are offset by deferred inflows in the governmental funds, and
thus are not included in fund balance.

Deferred leases receivable 5,549,515

Certain liabilities, such as bonds payable, are not due and payable in the current
period, and therefore are not reported in the funds.

Bonds payable (5,490,000)
Unamortized bond premium (59,515)
Unamortized deferred charge on refunding 74,137

Net position of governmental activities \$ 74,137

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, 2017

	Debt Service Funds		Total
	Grand Ledge Water System	Brookfield Water/Sewer Systems	
Revenues			
Intergovernmental - local	\$ 565,381	\$ 169,009	\$ 734,390
Expenditures / expenses			
Debt service:			
Principal	470,000	145,000	615,000
Interest and fiscal charges	95,381	24,009	119,390
Total expenditures/expenses	565,381	169,009	734,390
Net changes in fund balances	-	-	-
Change in net position	-	-	-
Fund balances / net position, beginning of year	-	-	-
Fund balances / net position, end of year	\$ -	\$ -	\$ -

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, 2017

GASB 34 Adjustments	Statement of Net Position
\$ (622,935)	\$ 111,455
(615,000)	-
1,950	121,340
<u>(613,050)</u>	<u>121,340</u>
-	-
(9,885)	(9,885)
<u>84,022</u>	<u>84,022</u>
<u>\$ 74,137</u>	<u>\$ 74,137</u>

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EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Board of Public Works Component Unit
For the Year Ended September 30, 2017

Net change in fund balance - total governmental funds	\$	-
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:		
Amounts received from local governments for the payment of bond principal is recorded in the funds as revenue, but eliminated for the Statement of Activities.		
Collections attributable to bond principal and accrued interest		(622,935)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of debt principal		615,000
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Amortization of bond premium		7,935
Amortization of deferred charge on refunding		(9,885)
Change in net position of governmental activities	\$	<u><u>(9,885)</u></u>

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drainage Districts Component Unit
September 30, 2017

	Debt	Capital Projects Funds			
	Service Fund	Regular Drain	Drain Revolving	Narrow Lake Level	Lacey Lake Level
Assets					
Cash and cash equivalents	\$ 5,330,651	\$ 10,955,685	\$ -	\$ 10,999	\$ 351
Special assessments receivable	23,895,073	-	-	-	-
Due from other funds	6,139	34,000	49,045	-	-
Inventories	-	-	31,008	-	-
Capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated, net	-	-	-	-	-
Total assets	29,231,863	10,989,685	80,053	10,999	351
Deferred outflows of resources					
Deferred charge on refunding	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 29,231,863	\$ 10,989,685	\$ 80,053	\$ 10,999	\$ 351
Liabilities					
Negative equity in pooled cash	\$ 4,428,161	\$ -	\$ 20,053	\$ -	\$ -
Accounts payable	-	1,435,284	-	-	-
Interest payable	-	-	-	-	-
Due to other funds	37,115	52,069	-	-	-
Advances from primary government	-	-	60,000	-	-
Long-term debt:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total liabilities	4,465,276	1,487,353	80,053	-	-
Deferred inflows of resources					
Unavailable revenue - special assessments	23,895,073	-	-	-	-
Fund balances					
Restricted	871,514	9,502,332	-	10,999	351
Total liabilities, deferred inflows of resources and fund balances	\$ 29,231,863	\$ 10,989,685	\$ 80,053	\$ 10,999	\$ 351
Net position					
Net investment in capital assets					
Restricted					
Total net position					

Statement of Net Position and Governmental Funds Balance Sheet

Drainage Districts Component Unit
September 30, 2017

Total	GASB 34 Adjustments	Statement of Net Position
\$ 16,297,686	\$ -	\$ 16,297,686
23,895,073	-	23,895,073
89,184	(89,184)	-
31,008	-	31,008
-	1,828,938	1,828,938
-	69,812,183	69,812,183
<hr/>		
40,312,951	71,551,937	111,864,888
<hr/>		
-	251,984	251,984
<hr/>		
<u>\$ 40,312,951</u>	<u>71,803,921</u>	<u>112,116,872</u>
\$ 4,448,214	-	4,448,214
1,435,284	-	1,435,284
-	294,901	294,901
89,184	(89,184)	-
60,000	-	60,000
-	3,003,246	3,003,246
-	24,489,626	24,489,626
<hr/>		
6,032,682	27,698,589	33,731,271
23,895,073	(23,895,073)	-
10,385,196	(10,385,196)	-
<hr/>		
<u>\$ 40,312,951</u>		
	44,400,233	44,400,233
	33,985,368	33,985,368
	<hr/>	<hr/>
	<u>\$ 78,385,601</u>	<u>\$ 78,385,601</u>

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EATON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
Drainage Districts Component Unit
September 30, 2017

Total fund balances for governmental funds \$ 10,385,196

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

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

Capital assets not being depreciated	1,828,938
Capital assets being depreciated, net	69,812,183

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

Deferred special assessments	23,895,073
------------------------------	------------

Certain liabilities, such as bonds payable, are not due and payable in the current period,
and therefore are not reported in the funds.

Long-term debt	(27,048,559)
Unamortized premiums	(444,313)
Unamortized deferred charge on refunding	251,984
Interest payable	(294,901)

Net position of governmental activities \$ 78,385,601

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, 2017

	Debt Service Fund	Capital Projects Funds			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level	Lacey Lake Level
Revenues					
Charges for services	\$ -	\$ 308,964	\$ -	\$ -	\$ -
Special assessments	3,433,392	1,248,019	-	-	-
Interest revenue	27,885	-	-	-	-
Miscellaneous	138,313	43,302	-	-	-
Total revenues	3,599,590	1,600,285	-	-	-
Expenditures / expenses					
Public works	-	-	-	-	-
Capital outlay - construction and maintenance	-	4,086,749	-	-	-
Debt service:					
Principal	2,883,540	-	-	-	-
Interest and fiscal charges	897,048	-	-	-	-
Total expenditures / expenses	3,780,588	4,086,749	-	-	-
Revenues over (under) expenditures/expenses	(180,998)	(2,486,464)	-	-	-
Other financing sources (uses) Issuance of long-term debt	-	4,500,000	-	-	-
Net changes in fund balances	(180,998)	2,013,536	-	-	-
Change in net position	-	-	-	-	-
Fund balances / net position, beginning of year	1,052,512	7,488,796	-	10,999	351
Fund balances / net position, end of year	\$ 871,514	\$ 9,502,332	\$ -	\$ 10,999	\$ 351

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Drainage Districts Component Unit

For the Year Ended September 30, 2017

Total	GASB 34 Adjustments	Statement of Net Position
\$ 308,964	\$ -	\$ 308,964
4,681,411	999,504	5,680,915
27,885	-	27,885
181,615	-	181,615
<u>5,199,875</u>	<u>999,504</u>	<u>6,199,379</u>
-	4,749,020	4,749,020
4,086,749	(4,092,709)	(5,960)
2,883,540	(2,883,540)	-
897,048	(28,486)	868,562
<u>7,867,337</u>	<u>(2,255,715)</u>	<u>5,611,622</u>
(2,667,462)	3,255,219	587,757
<u>4,500,000</u>	<u>(4,500,000)</u>	<u>-</u>
1,832,538	(1,244,781)	-
-	(1,244,781)	587,757
<u>8,552,658</u>	<u>69,245,186</u>	<u>77,797,844</u>
<u>\$ 10,385,196</u>	<u>\$ 66,755,624</u>	<u>\$ 78,385,601</u>

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EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Drainage Districts Component Unit
For the Year Ended September 30, 2017

Net change in fund balance - total governmental funds \$ 1,832,538

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

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

Change in deferred special assessments 999,504

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.

Purchases of capital assets 1,958,227
Depreciation expense (2,614,538)

Bond proceeds provide current financial resources to the governmental funds
in the period issued, but issuing bonds increases long-term liabilities in the
Statement of Net Position. Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the Statement of Net Position.

Issuance of long-term debt (4,500,000)
Principal payments on long-term debt 2,883,540

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

Change in accrual for interest payable on long-term debt 3,399
Amortization of bond premium 57,954
Amortization of deferred charge on refunding (32,867)

Change in net position of governmental activities \$ 587,757

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

District Health Department Component Unit

September 30, 2017

	General Fund	GASB 34 Adjustments	Statement of Activities
Assets			
Cash and cash equivalents	\$ 1,565,512	\$ -	\$ 1,565,512
Accounts receivable, net	211,614	-	211,614
Prepaid items	37,275	-	37,275
Capital assets being depreciated, net	-	66,689	66,689
Total assets	1,814,401	66,689	1,881,090
Deferred outflows of resources			
Deferred pension amounts	-	1,355,657	1,355,657
Total assets and deferred outflows of resources	\$ 1,814,401	1,422,346	3,236,747
Liabilities			
Accounts payable	\$ 144,431	-	144,431
Accrued liabilities	144,012	-	144,012
Unearned revenue	162,201	-	162,201
Long-term debt:			
Due within one year	-	31,727	31,727
Due in more than one year	-	179,038	179,038
Net pension liability	-	6,096,391	6,096,391
Total liabilities	450,644	6,307,156	6,757,800
Deferred inflows of resources			
Deferred pension amounts	-	146,713	146,713
Fund balance			
Nonspendable for prepaids	37,275	(37,275)	-
Restricted for immunizations	211,756	(211,756)	-
Unassigned	1,114,726	(1,114,726)	-
Total fund balance	1,363,757	(1,363,757)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 1,814,401		
Net position			
Net investment in capital assets		66,689	66,689
Restricted for immunizations		211,756	211,756
Unrestricted deficit		(3,946,211)	(3,946,211)
Total net position		\$ (3,667,766)	\$ (3,667,766)

EATON COUNTY, MICHIGAN

■ Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
District Health Department Component Unit
September 30, 2017

Total fund balances for governmental funds \$ 1,363,757

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

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

Capital assets being depreciated, net 66,689

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

(210,765)

Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability (6,096,391)

Deferred outflows related to the net pension liability 1,355,657

Deferred inflows related to the net pension liability (146,713)

Net position of governmental activities

\$ (3,667,766)

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, 2017

	General Fund	GASB 34 Adjustments	Statement of Activities
Revenues			
Licenses and permits	\$ 203,962	\$ -	\$ 203,962
Intergovernmental:			
Federal/State	3,146,727	-	3,146,727
Local	2,003,487	-	2,003,487
Charges for services	1,135,526	-	1,135,526
Total revenues	6,489,702	-	6,489,702
Expenditures / expenses			
Health and social services	6,846,533	848,902	7,695,435
Net change in fund balance	(356,831)	356,831	-
Change in net position	-	(1,205,733)	(1,205,733)
Fund balance / net position, beginning of year	1,720,588	(4,182,621)	(2,462,033)
Fund balance / net position, end of year	\$ 1,363,757	\$ (5,031,523)	\$ (3,667,766)

EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
District Health Department Component Unit
For the Year Ended September 30, 2017

Net change in fund balance - total governmental funds \$ (356,831)

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

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

Change in accrual for accrued compensated absences

7,179

Change in the net pension liability and related deferred amounts

(856,081)

Change in net position of governmental activities

\$ (1,205,733)

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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

March 21, 2018

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County, Michigan (the "County") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 21, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
School Breakfast Program	10.553	MDE	230008001	\$ -	\$ 18,625
National School Lunch Program	10.555	MDE	230008001	-	30,451
Special Snack Program	10.555	MDE	230008001	-	5,878
Commodities (non-cash assistance)	10.555	MDE	230008001	-	3,730
				-	40,059
Total Child Nutrition Cluster				-	58,684
Women, Infants and Children	10.557	MDHHS	20170277	-	485,164
Women, Infants and Children Breastfeeding	10.557	MDHHS	20170277	-	8,206
Women, Infants and Children Breastfeeding	10.557	MDHHS	20170277	-	16,413
				-	509,783
Total U.S. Department of Agriculture				-	568,467
U.S. Department of Housing and Urban Development					
Community Development Block Grant	14.228	MSHDA	MSC-2014-0778-HOA	-	128,341
U.S. Department of Justice					
Federal Surplus Property Transfer Program (non-cash assistance)					
	16.578	Direct	n/a	-	5,925
Drug Court - Priority	16.738	SCAO	SCAO-2017-07270	-	95,661
Drug Court - Sobriety	16.738	SCAO	SCAO-2017-07268	-	72,755
				-	168,416
Body Worn Camera Program	16.835	Direct	2016-BC-BX-K099	-	74,400
Total U.S. Department of Justice				-	248,741
U.S. Department of Transportation					
Strategic Traffic Enforcement Program	20.614	MSP	PT-17-19 & 17-23	-	20,794
U.S. Environmental Protection Agency					
State Drinking Water Revolving Loan Fund Program:					
Operator Certification	66.468	MDEQ	FS975487-15	-	875
Source Water Assessment	66.468	MDEQ	FS975487-15	-	1,400
				-	2,275

continued...

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services Public Health Emergency Preparedness	93.069	MDHHS	20170277	\$ -	\$ 104,994
Capacity Building Assistance to Strengthen Public Health Infrastructure	93.074	MDHHS	20170277	-	30,498
Tuberculosis Control Program	93.116	MDHHS	20170277	-	100
Immunization and Vaccine Program	93.268	MDHHS	20170277	-	27,917
Immunization and Vaccine Program Fixed Fees	93.268	MDHHS	20170277	-	7,650
Vaccines (non-cash assistance)	93.268	MDHHS	n/a	-	285,592
				-	321,159
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.539	MDHHS	20170277	-	47,133
Child Support Enforcement:					
Incentive Payments	93.563	MDHHS	n/a	-	159,201
Friend of the Court	93.563	MDHHS	CSFOC17-23001	-	599,730
Prosecuting Attorney	93.563	MDHHS	CSPA17-23002	-	87,939
				-	846,870
Access and Visitation Programs	93.597	SCAO	n/a	-	1,200
Preventive Health and Health Services Block Grant	93.758	MDHHS	20170277	-	24,995
Medical Assistance Program:					
CSHC Medicaid Elevated Blood Lead Case	93.778	MDHHS	20170277	-	1,209
CSHC Medicaid Outreach	93.778	MDHHS	20170277	-	31,392
CSHC Outreach and Advocacy	93.778	MDHHS	20170277	-	40,000
Medicaid Outreach	93.778	MDHHS	20170277	-	89,322
				-	161,923
Cancer Prevention and Control Program:					
CCC Community Implementation Project	93.898	MDHHS	20170277	-	10,000
Comprehensive Breast and Cervical Cancer Early Detection Programs:					
CCC Community Implementation Project	93.919	MDHHS	20170277	-	30,000
Outpatient/Intensive Outpatient	93.959	MSHN	n/a	-	188,608
Maternal and Child Health Services Block Grant	93.994	MDHHS	20170277	-	82,824
Total U.S. Department of Health and Human Services				-	1,850,304

continued...

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Homeland Security Emergency Management Preparedness Grant	97.042	MSP	EMC-2017-EP-00001S01	\$ -	\$ 38,297
Homeland Security Grant Program	97.067	IC	n/a	-	83,624
Total U.S. Department of Homeland Security				-	121,921
Total Expenditures of Federal Awards				\$ -	\$ 2,940,843

concluded

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

EATON COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Eaton County, Michigan (the “County”) under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the financial statements. The County's financial statement includes the operations of the Eaton County Road Commission discretely-presented component unit, which received federal awards that are not included in the Schedule for the year ended September 30, 2017 as this entity was separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

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

Pass-through Agency Abbreviation	Pass-through Agency Name
IC	Ingham County
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDHHS	Michigan Department of Health and Human Services
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
MSHN	Mid State Health Network
SCAO	State Court Administrative Office



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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*

March 21, 2018

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Eaton County, Michigan* (the "County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 21, 2018. Our report includes a reference to other auditors who audited the financial statements of the Eaton County Health and Rehabilitation Services Facility enterprise fund and the Eaton County Road Commission discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Eaton County Health and Rehabilitation Services were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Eaton County's Response to Finding

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

Purpose of this Report

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

Rehmann Lobson LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 21, 2018

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Eaton County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Eaton County Road Commission, which received federal awards which are not included in the schedule. Our audit, described below, did not include the operations of the Eaton County Road Commission because that entity engaged other auditors to perform their financial statement audit and did not meet the threshold for a single audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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



EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

2017-001 - Material Audit Adjustments (Repeated from the Prior Year)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed material adjustments (which were approved and posted by management) to adjust the County's general ledger to the appropriate balances. These adjustments related to the drain fund capital outlay and drain construction in progress. We further identified and proposed several other audit entries (which were approved and posted by management) that were not individually material in amount.

Cause. This condition was the result of an oversight of the MERS settlement contribution and its impact on the County's internal service funds. In addition, this condition was the result of an oversight in properly classifying the capital outlay for drain projects in progress at year-end. Additional entries were the result of certain balance sheet accounts not being reconciled on a timely basis at year-end.

Effect. As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustments. We recommend that management reconcile all accounts to the underlying supporting detail on a timely basis at year-end.

View of Responsible Officials. Management agrees with the adjustments proposed by its auditors, and they have been posted in the County's records.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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EATON COUNTY, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2017

2016-001 - Material Audit Adjustments

During the audit, there were identified and proposed material adjustments (which were approved and posted by management) to adjust the County's general ledger to the appropriate balances. These adjustments related to current and delinquent tax receivables and revenue, forfeited property revenue, and special assessment receivables and revenue. This finding has been repeated as 2017-001 as it relates to material audit adjustments discovered during the audit.





EATON COUNTY CONTROLLER/ADMINISTRATOR

1045 Independence Blvd
Charlotte, MI 48813

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

John F. Fuentes, CPA
Controller/Administrator

Connie L. Sobie
*Deputy Controller/
Administrator*

March 21, 2018

A certain matter was brought to our attention as a result of the audit process. This is described at length in the Schedule of Findings and Questioned Costs. We evaluated this matter as described below, and have described our planned actions as a result.

2017-001 – Material Audit Adjustments

Planned Corrective Action. The County has posted the necessary adjustments to the general ledger to correct the errors.

Responsible Party. Chief Financial Officer

Date of Planned Corrective Action. September 30, 2018

Management Assessment. We concur with the audit assessment regarding this matter.