

Eaton County,
Michigan



Year Ended
September 30,
2018

Financial
Statements and
Single Audit Act
Compliance

EATON COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Introductory Section	1
Letter of Transmittal	3
Organizational Chart	5
Principal Officials	6
Financial Section	7
Independent Auditors' Report	9
Management's Discussion and Analysis	13
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	33
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	34
Child Care Special Revenue Fund	35
Central Dispatch 911 Surcharge Special Revenue Fund	36
Statement of Net Position - Proprietary Funds	37
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	39
Statement of Fiduciary Net Position - Fiduciary Funds	41
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	42
Combining Statement of Net Position - Discretely Presented Component Units	43
Combining Statement of Activities - Discretely Presented Component Units	44
Notes to Financial Statements	45
Required Supplementary Information	97
MERS Agent Multiple-Employer Defined Benefit Pension Plan - County:	
Schedule of Changes in the County's Net Pension Liability and Related Ratios	98
Schedule of the Net Pension Liability	99
Schedule of Contributions	100
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	101
Schedule of the Net Pension Liability	102
Schedule of Contributions	103

EATON COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information (concluded)	
MERS Agent Multiple-Employer Defined Benefit Pension Plan - District Health:	
Schedule of Changes in the District's Net Pension Liability and Related Ratios	104
Schedule of the Net Pension Liability	105
Schedule of Contributions	106
Postemployment Healthcare Plan - County:	
Schedule of Changes in the County's Net OPEB Liability and Related Ratios	107
Schedule of Net OPEB Liability	108
Schedule of Contributions	109
Schedule of Investment Returns	110
Postemployment Healthcare Plan - Health and Rehabilitation Services Facility:	
Schedule of Changes in the Facility's Total OPEB Liability and Related Ratios	111
Schedule of Total OPEB Liability	112
Combining and Individual Fund Financial Statements and Schedules	113
General Fund:	
Detailed Schedule of Revenues and Other	
Financing Sources - Budget and Actual	114
Detailed Schedule of Expenditures and Other	
Financing Uses - Budget and Actual	117
Nonmajor Governmental Funds:	
Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances	126
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Budget and Actual - Nonmajor Special Revenue Funds	132
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	145
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position	146
Combining Statement of Cash Flows	147
Internal Service Funds:	
Combining Statement of Net Position	148
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position	150
Combining Statement of Cash Flows	152
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	154

EATON COUNTY, MICHIGAN

Table of Contents

Page

Combining and Individual Fund Financial Statements and Schedules (concluded)

Discretely Presented Component Units:

Board of Public Works:

Statement of Net Position and Governmental Funds Balance Sheet 156

Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities 159

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance 160

Reconciliation of Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities 163

Drainage Districts:

Statement of Net Position and Governmental Funds Balance Sheet 164

Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities 167

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance 168

Reconciliation of Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities 171

District Health Department:

Statement of Net Position and Governmental Funds Balance Sheet 172

Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities 173

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance 174

Reconciliation of Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities 175

Single Audit Act Compliance 177

Independent Auditors' Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance 179

Schedule of Expenditures of Federal Awards 180

Notes to Schedule of Expenditures of Federal Awards 183

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* 185

Independent Auditors' Report on Compliance for
Each Major Federal Program and on Internal Control over
Compliance Required by the Uniform Guidance 187

Schedule of Findings and Questioned Costs 189

Summary Schedule of Prior Audit Findings 192

INTRODUCTORY SECTION

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EATON COUNTY CONTROLLER/PERSONNEL

March 18, 2019

1045 Independence
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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, 2018, 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 auditors' 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

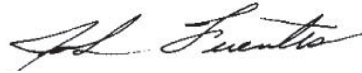
Financial Reporting and Auditing

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.

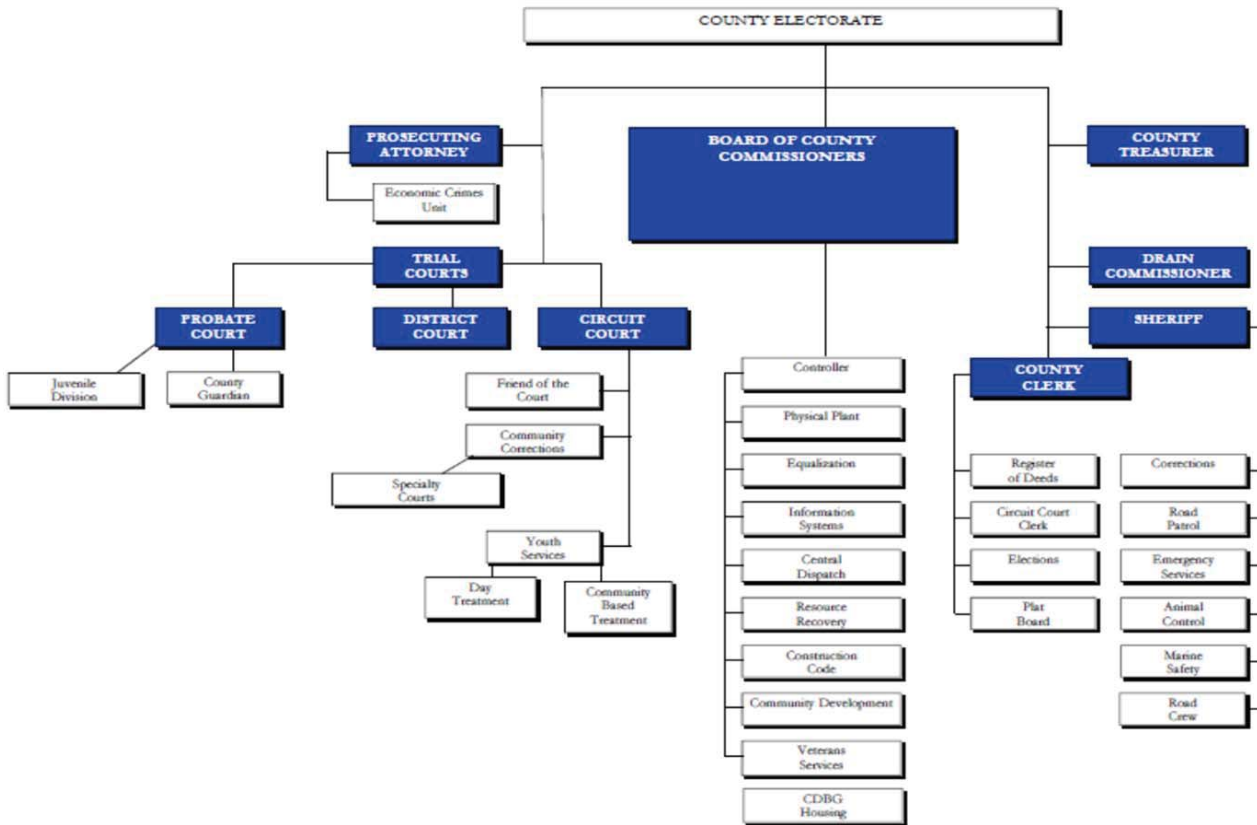
Respectfully submitted,



John Fuentes
Controller

EATON COUNTY, MICHIGAN

Organizational Chart



EATON COUNTY, MICHIGAN

PRINCIPAL OFFICIALS

For the Year Ended September 30, 2018

Board of Commissioners

Christine Barnes	District 1
Blake Mulder, Chairman	District 2
Terrance Augustine	District 3
Howard 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 Eakin	District 10
Wayne Ridge	District 11
Brian Lautzenheiser	District 12
Kent Austin	District 13
Heather Wood	District 14
Barbara A. 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 18, 2019

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, 2018, 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 Facility Enterprise fund, which is a major fund and therefore a separate opinion unit that represents 56 percent, 42 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 48 percent, 57 percent and 64 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 Facility 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 Facility and the Eaton County Road Commission 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 75

As described in Note 19, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. Accordingly, beginning net position of the governmental activities, the business-type activities and the Eaton County Health and Rehabilitation Services Facility enterprise fund were 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 18, 2019, on our consideration of *Eaton County, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. 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 increased by \$1,912,311 during 2018, which consisted of an increase of \$1,634,551 for governmental activities and an increase of \$277,760 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 \$11,776,832, an increase of \$1,824,403 in comparison with the prior year. Of the fund balance amount, \$6,389,096 is available for spending at the government's discretion (unassigned fund balance).
- The general fund had an increase in fund balance of \$932,683 for 2018 as a result of increased intergovernmental revenues net other financing sources and uses of \$655,135, including the transfer of \$500,000 from the delinquent tax revolving fund. At the end of the year, unassigned fund balance for the general fund was \$6,389,096 or approximately 19.6 percent of total general fund expenditures. Total fund balance for the general fund was \$7,570,566.
- The County's total governmental activities bonded debt decreased by \$910,000 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 2018, the net position of the County increased by \$1,912,311 compared to a decrease of \$1,320,289 in 2017. The primary source of the differences in changes in net position relate to changes in the net pension and other postemployment benefit liabilities and related deferred amounts.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

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, child care, and central dispatch 911 surcharge 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.

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.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

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 and other postemployment benefit liabilities of \$57,177,586 and \$45,306,626, respectively, at September 30, 2018.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 19,477,177	\$ 17,435,915	\$ 19,605,949	\$ 19,345,399	\$ 39,083,126	\$ 36,781,314
Capital assets, net	35,877,709	30,568,716	13,883,198	14,429,230	49,760,907	44,997,946
Total assets	55,354,886	48,004,631	33,489,147	33,774,629	88,844,033	81,779,260
Deferred outflows	7,075,577	15,342,856	650,098	1,067,580	7,725,675	16,410,436
Liabilities						
Long-term debt outstanding	19,262,271	13,556,208	8,173,736	8,730,187	27,436,007	22,286,395
Other liabilities	104,162,299	88,432,825	3,281,477	3,926,981	107,443,776	92,359,806
Total liabilities	123,424,570	101,989,033	11,455,213	12,657,168	134,879,783	114,646,201
Deferred inflows	3,592,479	1,371,551	579,160	108,347	4,171,639	1,479,898
Net position						
Net investment in capital assets	19,187,083	19,911,208	8,221,477	7,933,121	27,408,560	27,844,329
Restricted	3,627,767	2,822,739	-	-	3,627,767	2,822,739
Unrestricted (deficit)	(87,401,436)	(62,747,044)	13,883,395	14,143,573	(73,518,041)	(48,603,471)
Total net position	\$ (64,586,586)	\$ (40,013,097)	\$ 22,104,872	\$ 22,076,694	\$ (42,481,714)	\$ (17,936,403)

A portion of the County's net position, \$27,408,560, 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, \$3,627,767, represents resources that are subject to external restrictions on how they may be used.

Governmental activities. Governmental activities increased the County's net position by \$1,634,551. The cost of all governmental activities this year was \$44,584,431 compared to \$52,905,136 from the prior year. Key elements of the overall increase in net position, in addition to those matters discussed previously, are as follows:

- Capital grants decreased from the prior year, as the County received a significant property donation in 2017 that was not repeated in the current year.
- Property tax revenue increased by \$582,746. 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.
- Operating grants increases by \$580,116. The County received a contract to house inmates through the Westside Residential Alternative to Prison (WRAP) program and received approximately \$340,000. Additionally, the Parole Violators grant program exceeded budgeted revenues by approximately \$100,000.
- Total expenses decreased from the prior year, primarily related to pension costs. The prior year also had a special item related to a settlement with MERS that offsets a significant portion of the change in expenses between years.

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	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 5,457,238	\$ 5,157,523	\$ 20,037,041	\$ 18,636,306	\$ 25,494,279	\$ 23,793,829
Operating grants	10,656,946	10,076,830	22,983	10,497	10,679,929	10,087,327
Capital grants	-	3,639,795	-	-	-	3,639,795
General revenues:						
Property taxes	26,230,728	25,647,982	430,289	429,758	26,661,017	26,077,740
Grants and contributions not restricted to specific programs	2,968,969	2,665,347	-	-	2,968,969	2,665,347
Unrestricted investment earnings	514,875	116,251	-	-	514,875	116,251
Total revenues	45,828,756	47,303,728	20,490,313	19,076,561	66,319,069	66,380,289
Expenses						
Legislative	334,922	328,639	-	-	334,922	328,639
Judicial	5,841,004	6,860,954	-	-	5,841,004	6,860,954
General government	9,193,277	11,038,591	-	-	9,193,277	11,038,591
Public safety	20,371,026	24,827,573	-	-	20,371,026	24,827,573
Public works	351,527	322,274	-	-	351,527	322,274
Health and social services	6,929,525	7,740,542	-	-	6,929,525	7,740,542
Parks, recreation, and culture	605,857	993,807	-	-	605,857	993,807
Other	615,851	403,168	-	-	615,851	403,168
Interest on long-term debt	341,442	389,588	-	-	341,442	389,588
Health and rehabilitation services	-	-	19,397,021	18,742,958	19,397,021	18,742,958
Jail commissary	-	-	63,388	42,312	63,388	42,312
Delinquent tax collections	-	-	161,961	85,464	161,961	85,464
Foreclosing government unit	-	-	199,957	174,708	199,957	174,708
Total expenses	44,584,431	52,905,136	19,822,327	19,045,442	64,406,758	71,950,578
Change in net position, before transfers and special item	1,244,325	(5,601,408)	667,986	31,119	1,912,311	(5,570,289)
Transfers	390,226	353,753	(390,226)	(353,753)	-	-
Special item	-	4,250,000	-	-	-	4,250,000
Change in net position	1,634,551	(997,655)	277,760	(322,634)	1,912,311	(1,320,289)
Net position, beginning of year	(40,013,097)	(39,015,442)	22,076,694	22,399,328	(17,936,403)	(16,616,114)
Restatement for the implementation of GASB 75	(26,208,040)	-	(249,582)	-	(26,457,622)	-
Net position, end of year	\$ (64,586,586)	\$ (40,013,097)	\$ 22,104,872	\$ 22,076,694	\$ (42,481,714)	\$ (17,936,403)

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

Business-type activities. Business-type activities increased the County's net position by \$277,760 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 \$32,013. 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 \$120,716 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 \$11,776,832, an increase of \$1,824,403 in comparison with the prior year. Of the fund balance amount, \$6,389,096 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 \$6,389,096, while total fund balance was \$7,570,566. 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 19.6 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$932,683 during the current fiscal year. An increase in intergovernmental funding, net of an overall increase of expenditures and net increase in other financing sources, contributed to the current year increase in fund balance.

The child care fund experienced a minor increase in fund balance of \$83,271 for the year and reported total fund balance of \$151,314 at September 30, 2018.

The central dispatch 911 surcharge fund accounts for the 911 surcharges collected of \$425,214 and the capital outlay and related long-term debt for the expansion of the communications system. Capital outlay and related issuance of long-term debt totaled \$7,035,000 during the current and is expected to accumulate another \$5,762,861 by the end of the project.

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 \$958,629 and \$11,452,493, respectively. The health and rehabilitation services facility fund had a decrease in net position for the year of \$32,013 while the delinquent tax revolving fund had an increase of \$120,716. Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the County's business-type activities.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

Revenues in the general fund increased by \$478,787 from the original budget to the final budget based on an increase in intergovernmental grants for inmate housing programs and State P.A. 390 emergency disaster funding.

Expenditures in the general fund increased by \$1,347,366 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).

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, 2018 amounted to \$49,760,907 (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 \$5,308,993. This increase was primarily the result of certain 911 radio project equipment acquired through a lease-purchase agreement with Motorola. The County's business-type activities' capital assets decreased by \$564,032. This was due to annual depreciation exceeding current year additions.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,018,034	\$ 4,018,034	\$ -	\$ -	\$ 4,018,034	\$ 4,018,034
Buildings and improvements	20,648,876	21,384,515	13,339,856	13,773,031	33,988,732	35,157,546
Vehicles and equipment	4,165,799	5,058,750	543,342	656,199	4,709,141	5,714,949
Construction in progress	7,045,000	107,417	-	-	7,045,000	107,417
Total capital assets, net	\$ 35,877,709	\$ 30,568,716	\$ 13,883,198	\$ 14,429,230	\$ 49,760,907	\$ 44,997,946

Long-term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$15,157,462; this entire amount comprises debt backed by the full faith and credit of the County. During 2018, the County entered into a significant lease-purchase agreement for 911 radio project equipment, as noted in the installment contracts line below.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 9,355,000	\$ 10,265,000	\$ 5,802,462	\$ 6,655,857	\$ 15,157,462	\$ 16,920,857
Installment contracts	7,758,547	862,860	-	-	7,758,547	862,860
Lease payable	-	-	-	-	-	-
Delinquent tax notes	-	-	2,131,932	1,844,000	2,131,932	1,844,000
Compensated absences	2,148,724	2,428,348	239,342	230,330	2,388,066	2,658,678
Total long-term debt	\$ 19,262,271	\$ 13,556,208	\$ 8,173,736	\$ 8,730,187	\$ 27,436,007	\$ 22,286,395

The County's total general obligation debt decreased by \$1,763,395 (10.4 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 \$429,340,230, 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 2019 fiscal year:

- Increases in property tax revenue of approximately \$545,000.
- Increases in intergovernmental revenues for inmate housing programs of approximately \$830,000.
- Total pension contributions were increased by approximately \$550,000 due to increases in the employer contributions required by the pension administrator (MERS).
- Total contributions for other postemployment benefits were increase by approximately \$450,000.

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 9,129,930	\$ 11,962,602	\$ 21,092,532	\$ 17,031,940
Investments	508,127	-	508,127	-
Receivables, net	9,628,408	7,371,992	17,000,400	29,537,800
Internal balances	875	(875)	-	-
Other assets	209,837	272,230	482,067	765,603
Net other postemployment benefit asset	-	-	-	1,018,541
Capital assets not being depreciated	11,063,034	-	11,063,034	28,810,980
Capital assets being depreciated, net	24,814,675	13,883,198	38,697,873	132,002,824
Total assets	55,354,886	33,489,147	88,844,033	209,167,688
Deferred outflows of resources				
Deferred charge on refunding	422,921	140,741	563,662	283,369
Deferred pension amounts	6,570,858	509,357	7,080,215	352,370
Deferred other postemployment benefit amounts	81,798	-	81,798	-
Total deferred outflows of resources	7,075,577	650,098	7,725,675	635,739
Liabilities				
Accounts payable and accrued liabilities	3,521,386	1,371,096	4,892,482	1,951,212
Interest payable	29,604	37,478	67,082	278,150
Unearned revenue	-	-	-	105,997
Long-term debt:				
Due within one year	1,431,454	3,274,669	4,706,123	3,677,438
Due in more than one year	17,830,817	4,899,067	22,729,884	26,511,723
Net pension liability (due in more than one year)	56,275,580	902,006	57,177,586	5,027,461
Net other postemployment benefit liability (due in more than one year)	44,335,729	970,897	45,306,626	-
Total liabilities	123,424,570	11,455,213	134,879,783	37,551,981
Deferred inflows of resources				
Deferred pension amounts	3,508,934	579,160	4,088,094	605,160
Deferred other postemployment benefit amounts	83,545	-	83,545	1,003,418
Total deferred inflows of resources	3,592,479	579,160	4,171,639	1,608,578
Net position				
Net investment in capital assets	19,187,083	8,221,477	27,408,560	136,274,295
Restricted for:				
Judicial	10,878	-	10,878	-
Public safety	2,992,724	-	2,992,724	-
Health and social services	241,700	-	241,700	-
Debt service	36,036	-	36,036	-
Endowments	56,483	-	56,483	-
Other state mandated	289,946	-	289,946	-
Other postemployment benefits	-	-	-	15,123
Drainage districts	-	-	-	29,416,712
Unrestricted (deficit)	(87,401,436)	13,883,395	(73,518,041)	4,936,738
Total net position	\$ (64,586,586)	\$ 22,104,872	\$ (42,481,714)	\$ 170,642,868

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

EATON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 334,922	\$ -	\$ -	\$ -	\$ (334,922)
Judicial	5,841,004	1,926,479	859,428	-	(3,055,097)
General government	9,193,277	1,442,170	1,656,958	-	(6,094,149)
Public safety	20,371,026	1,633,135	5,455,446	-	(13,282,445)
Public works	351,527	-	-	-	(351,527)
Health and social services	6,929,525	335,983	2,685,114	-	(3,908,428)
Parks, recreation and culture	605,857	119,471	-	-	(486,386)
Other	615,851	-	-	-	(615,851)
Interest on long-term debt	341,442	-	-	-	(341,442)
Total governmental activities	44,584,431	5,457,238	10,656,946	-	(28,470,247)
Business-type activities:					
Health and rehabilitation services	19,397,021	18,784,719	-	-	(612,302)
Jail commissary	63,388	89,682	-	-	26,294
Delinquent tax collections	161,961	782,557	22,983	-	643,579
Foreclosing government unit	199,957	380,083	-	-	180,126
Total business-type activities	19,822,327	20,037,041	22,983	-	237,697
Total primary government	\$ 64,406,758	\$ 25,494,279	\$ 10,679,929	\$ -	\$ (28,232,550)
Component units					
Road Commission	\$ 11,916,880	\$ 382,722	\$ 12,626,531	\$ 607,761	\$ 1,700,134
Board of Public Works	109,459	-	99,574	-	(9,885)
Drainage Districts	4,372,332	57,567	24,398	3,116,723	(1,173,644)
District Health	6,843,522	1,634,161	5,120,583	-	(88,778)
Total component units	\$ 23,242,193	\$ 2,074,450	\$ 17,871,086	\$ 3,724,484	\$ 427,827

continued...

EATON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net position				
Net (expense) revenues	\$ (28,470,247)	\$ 237,697	\$ (28,232,550)	\$ 427,827
General revenues:				
Property taxes	26,230,728	430,289	26,661,017	4,088,338
Grants and contributions not restricted to specific programs	2,968,969	-	2,968,969	-
Unrestricted investment earnings	514,875	-	514,875	249,682
Other	-	-	-	2,436
Transfers - internal activities	390,226	(390,226)	-	-
Total general revenues and transfers	30,104,798	40,063	30,144,861	4,340,456
Change in net position	1,634,551	277,760	1,912,311	4,768,283
Net position, beginning of year, as restated	(66,221,137)	21,827,112	(44,394,025)	165,874,585
Net position, end of year	\$ (64,586,586)	\$ 22,104,872	\$ (42,481,714)	\$ 170,642,868

concluded

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

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Balance Sheet Governmental Funds September 30, 2018

	General Fund	Child Care Fund	Central Dispatch 911 Surcharge	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,060,422	\$ -	\$ -	\$ 3,788,360	\$ 6,848,782
Investments	508,127	-	-	-	508,127
Receivables:					
Property taxes, net	6,626,475	-	-	3,750	6,630,225
Accounts	425,623	34,090	420,366	28,050	908,129
Due from other governments	967,869	709,902	-	352,008	2,029,779
Prepays	52,303	-	-	-	52,303
Advances to component unit	60,000	-	-	-	60,000
Total assets	\$ 11,700,819	\$ 743,992	\$ 420,366	\$ 4,172,168	\$ 17,037,345
Liabilities					
Negative equity in pooled cash	\$ 2,641,887	\$ 374,395	\$ 7,657	\$ 244,449	\$ 3,268,388
Accounts payable	753,884	114,861	900	131,505	1,001,150
Accrued liabilities	542,372	75,906	-	115,401	733,679
Due to other governments	-	14,234	-	-	14,234
Due to other funds	192,110	13,282	-	37,670	243,062
Total liabilities	4,130,253	592,678	8,557	529,025	5,260,513
Fund balances					
Nonspendable	112,303	-	-	-	112,303
Restricted	-	-	411,809	3,245,562	3,657,371
Committed	-	151,314	-	397,581	548,895
Assigned	1,069,167	-	-	-	1,069,167
Unassigned	6,389,096	-	-	-	6,389,096
Total fund balances	7,570,566	151,314	411,809	3,643,143	11,776,832
Total liabilities and fund balances	\$ 11,700,819	\$ 743,992	\$ 420,366	\$ 4,172,168	\$ 17,037,345

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, 2018

Total fund balances for governmental funds	\$ 11,776,832
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	11,063,034
Capital assets being depreciated, net	24,814,675
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	(17,113,547)
Deferred charge on refunding	422,921
Interest payable	(29,604)
Compensated absences	(2,148,724)
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.	
	4,178,959
Certain pension and OPEB-related amounts, such as the net pension liability, net other postemployment benefit 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	(56,275,580)
Deferred outflows related to the net pension liability	6,570,858
Deferred inflows related to the net pension liability	(3,508,934)
Net other postemployment benefit liability	(44,335,729)
Deferred outflows related to the net other postemployment benefit liability	81,798
Deferred inflows related to the net other postemployment benefit liability	(83,545)
Net position of governmental activities	<u>\$ (64,586,586)</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, 2018

	General Fund	Child Care Fund	Central Dispatch 911 Surcharge	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 19,227,372	\$ -	\$ -	\$ 6,895,310	\$ 26,122,682
Licenses and permits	194,157	-	-	546,790	740,947
Intergovernmental:					
Federal/State	5,995,422	2,381,855	-	1,298,004	9,675,281
Local	3,276,080	-	-	-	3,276,080
Charges for services	3,209,347	-	425,214	508,026	4,142,587
Fines and forfeitures	302,374	-	-	8,831	311,205
Interest and rents	344,156	-	-	16,285	360,441
Other	398,357	195,963	-	193,082	787,402
Total revenues	32,947,265	2,577,818	425,214	9,466,328	45,416,625
Expenditures					
Current:					
Legislative	328,448	-	-	-	328,448
Judicial	5,539,077	-	-	126,733	5,665,810
General government	8,415,193	-	-	105,288	8,520,481
Public safety	13,831,736	-	3,405	5,401,904	19,237,045
Public works	351,527	-	-	-	351,527
Health and social services	1,844,972	4,342,680	-	441,311	6,628,963
Parks, recreation and culture	553,619	-	-	-	553,619
Other	236,940	-	-	-	236,940
Capital outlay	1,116,400	-	7,045,000	-	8,161,400
Debt service:					
Principal	425,584	8,757	-	976,930	1,411,271
Interest and fiscal charges	26,221	1,855	-	272,306	300,382
Total expenditures	32,669,717	4,353,292	7,048,405	7,324,472	51,395,886
Revenues over (under) expenditures	277,548	(1,775,474)	(6,623,191)	2,141,856	(5,979,261)
Other financing sources (uses)					
Transfers in	1,426,658	1,858,997	-	1,183,689	4,469,344
Transfers out	(1,114,344)	(252)	-	(2,964,522)	(4,079,118)
Proceeds from sale of capital assets	16,480	-	-	-	16,480
Issuance of long-term debt	326,341	-	7,035,000	35,617	7,396,958
Total other financing sources (uses)	655,135	1,858,745	7,035,000	(1,745,216)	7,803,664
Net change in fund balances	932,683	83,271	411,809	396,640	1,824,403
Fund balances, beginning of year	6,637,883	68,043	-	3,246,503	9,952,429
Fund balances, end of year	\$ 7,570,566	\$ 151,314	\$ 411,809	\$ 3,643,143	\$ 11,776,832

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, 2018

Net change in fund balance - total governmental funds \$ 1,824,403

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	7,769,412
Depreciation expense	(2,385,314)
Proceeds from sale of capital assets	(16,480)
Loss on disposal of capital assets	(58,625)

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	1,411,271
Issuance of long-term installment contracts	(7,396,958)

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	279,624
Amortization of deferred charge on refunding	(47,431)
Change in the net pension liability and related deferred amounts	1,569,997
Change in the net other postemployment benefit liability and related deferred amounts	(1,575,368)
Change in accrued interest payable	6,371

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.

253,649

Change in net position of governmental activities \$ 1,634,551

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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 19,198,709	\$ 19,198,709	\$ 19,227,372	\$ 28,663
Licenses and permits	195,700	195,700	194,157	(1,543)
Intergovernmental:				
Federal/State	5,875,430	6,326,773	5,995,422	(331,351)
Local	3,341,220	3,341,220	3,276,080	(65,140)
Charges for services	3,183,655	3,183,655	3,209,347	25,692
Fines and forfeitures	239,700	239,700	302,374	62,674
Interest and rents	260,771	275,771	344,156	68,385
Other	140,810	153,254	398,357	245,103
Total revenues	32,435,995	32,914,782	32,947,265	32,483
Expenditures				
Current:				
Legislative	325,304	330,304	328,448	(1,856)
Judicial	5,792,974	5,785,778	5,539,077	(246,701)
General government	9,019,865	9,039,142	8,415,193	(623,949)
Public safety	14,442,236	14,860,146	13,831,736	(1,028,410)
Public works	410,000	410,000	351,527	(58,473)
Health and social services	1,874,547	1,897,239	1,844,972	(52,267)
Parks, recreation and culture	626,088	648,088	553,619	(94,469)
Other	576,800	337,827	236,940	(100,887)
Capital outlay	590,781	1,696,531	1,116,400	(580,131)
Debt service:				
Principal	487,448	479,285	425,584	(53,701)
Interest and fiscal charges	34,357	43,426	26,221	(17,205)
Total expenditures	34,180,400	35,527,766	32,669,717	(2,858,049)
Revenues over (under) expenditures	(1,744,405)	(2,612,984)	277,548	2,890,532
Other financing sources (uses)				
Transfers in	1,325,018	1,427,962	1,426,658	(1,304)
Transfers out	(1,349,573)	(1,387,221)	(1,114,344)	(272,877)
Proceeds from sale of capital assets	10,000	10,000	16,480	6,480
Issuance of long-term debt	-	510,769	326,341	(184,428)
Total other financing sources (uses)	(14,555)	561,510	655,135	93,625
Net change in fund balance	(1,758,960)	(2,051,474)	932,683	2,984,157
Fund balance, beginning of year	6,637,883	6,637,883	6,637,883	-
Fund balance, end of year	<u>\$ 4,878,923</u>	<u>\$ 4,586,409</u>	<u>\$ 7,570,566</u>	<u>\$ 2,984,157</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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal/State	\$ 2,917,712	\$ 2,917,712	\$ 2,381,855	\$ (535,857)
Other	190,100	190,100	195,963	5,863
Total revenues	<u>3,107,812</u>	<u>3,107,812</u>	<u>2,577,818</u>	<u>(529,994)</u>
Expenditures				
Current:				
Health and social services	5,479,364	5,479,112	4,342,680	(1,136,432)
Debt service:				
Principal	10,143	10,143	8,757	(1,386)
Interest and fiscal charges	3,302	3,302	1,855	(1,447)
Total expenditures	<u>5,492,809</u>	<u>5,492,557</u>	<u>4,353,292</u>	<u>(1,139,265)</u>
Revenues over (under) expenditures	<u>(2,384,997)</u>	<u>(2,384,745)</u>	<u>(1,775,474)</u>	<u>609,271</u>
Other financing sources (uses)				
Transfers in	2,384,997	2,384,997	1,858,997	(526,000)
Transfers out	-	(252)	(252)	-
Total other financing sources (uses)	<u>2,384,997</u>	<u>2,384,745</u>	<u>1,858,745</u>	<u>(526,000)</u>
Net change in fund balance	-	-	83,271	83,271
Fund balance, beginning of year	<u>68,043</u>	<u>68,043</u>	<u>68,043</u>	-
Fund balance, end of year	<u>\$ 68,043</u>	<u>\$ 68,043</u>	<u>\$ 151,314</u>	<u>\$ 83,271</u>

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

EATON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Central Dispatch 911 Surcharge Special Revenue Fund For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ 404,000	\$ 425,214	\$ 21,214
Expenditures				
Current:				
Public safety	-	4,000	3,405	(595)
Capital outlay	-	7,435,000	7,045,000	(390,000)
Total expenditures	-	7,439,000	7,048,405	(390,595)
Revenues over (under) expenditures	-	(7,035,000)	(6,623,191)	411,809
Other financing sources				
Issuance of long-term debt	-	7,035,000	7,035,000	-
Net change in fund balance	-	-	411,809	411,809
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 411,809	\$ 411,809

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

EATON COUNTY, MICHIGAN

Statement of Net Position Proprietary Funds September 30, 2018

	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	\$ 1,500,644	\$ 8,991,679	\$ 1,470,279	\$ 11,962,602	\$ 5,549,536
Receivables:					
Property taxes	-	4,051,808	-	4,051,808	-
Accounts, net	2,764,956	541,551	13,677	3,320,184	275
Due from other funds	-	-	-	-	243,937
Inventories	71,008	-	19,238	90,246	-
Prepaid items	181,984	-	-	181,984	157,534
Total current assets	<u>4,518,592</u>	<u>13,585,038</u>	<u>1,503,194</u>	<u>19,606,824</u>	<u>5,951,282</u>
Noncurrent assets:					
Buildings	18,878,020	-	-	18,878,020	-
Equipment	2,580,309	-	-	2,580,309	-
Accumulated depreciation	(7,575,131)	-	-	(7,575,131)	-
Total noncurrent assets	<u>13,883,198</u>	<u>-</u>	<u>-</u>	<u>13,883,198</u>	<u>-</u>
Total assets	<u>18,401,790</u>	<u>13,585,038</u>	<u>1,503,194</u>	<u>33,490,022</u>	<u>5,951,282</u>
Deferred outflows of resources					
Deferred charge on refunding	140,741	-	-	140,741	-
Deferred pension amounts	509,357	-	-	509,357	-
Total deferred outflows of resources	<u>650,098</u>	<u>-</u>	<u>-</u>	<u>650,098</u>	<u>-</u>
Liabilities					
Current liabilities:					
Accounts payable	343,403	613	26,527	370,543	27,003
Accrued liabilities	997,034	-	3,519	1,000,553	1,745,320
Due to other funds	-	-	875	875	-
Interest payable	37,478	-	-	37,478	-
Current portion of:					
Bonds and notes payable	903,395	2,131,932	-	3,035,327	-
Accrued compensated absences	239,342	-	-	239,342	-
Total current liabilities	<u>2,520,652</u>	<u>2,132,545</u>	<u>30,921</u>	<u>4,684,118</u>	<u>1,772,323</u>
Noncurrent liabilities:					
Bonds and notes payable	4,899,067	-	-	4,899,067	-
Net pension liability	902,006	-	-	902,006	-
Total other postemployment benefit liability	970,897	-	-	970,897	-
Total noncurrent liabilities	<u>6,771,970</u>	<u>-</u>	<u>-</u>	<u>6,771,970</u>	<u>-</u>
Total liabilities	<u>9,292,622</u>	<u>2,132,545</u>	<u>30,921</u>	<u>11,456,088</u>	<u>1,772,323</u>
Deferred inflows of resources					
Deferred pension amounts	579,160	-	-	579,160	-
Net position					
Net investment in capital assets	8,221,477	-	-	8,221,477	-
Unrestricted	958,629	11,452,493	1,472,273	13,883,395	4,178,959
Total net position	<u>\$ 9,180,106</u>	<u>\$ 11,452,493</u>	<u>\$ 1,472,273</u>	<u>\$ 22,104,872</u>	<u>\$ 4,178,959</u>

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, 2018

	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	\$ 18,784,719	\$ -	\$ -	\$ 18,784,719	\$ 13,050,626
Interest on taxes	-	575,762	-	575,762	-
Sales	-	-	252,030	252,030	-
Administrative fees/penalties	-	206,795	217,735	424,530	-
Other revenues	-	-	-	-	77,688
Total operating revenues	18,784,719	782,557	469,765	20,037,041	13,128,314
Operating expenses					
Personal services and benefits	13,979,034	-	124,995	14,104,029	4,435,698
Operating supplies	1,615,014	10,907	-	1,625,921	-
Contractual services	662,044	83,029	138,350	883,423	36,977
Insurance and claims	-	-	-	-	8,814,121
Tax tribunal refunds	-	13,311	-	13,311	-
Depreciation	610,034	-	-	610,034	-
Other expenses	2,364,486	10,294	-	2,374,780	-
Total operating expenses	19,230,612	117,541	263,345	19,611,498	13,286,796
Operating income (loss)	(445,893)	665,016	206,420	425,543	(158,482)
Nonoperating revenues (expenses)					
Interest income	-	22,983	-	22,983	412,131
Interest expense	(166,409)	(44,420)	-	(210,829)	-
Property tax revenue	430,289	-	-	430,289	-
Total nonoperating revenues (expenses)	263,880	(21,437)	-	242,443	412,131
Income (loss) before transfers	(182,013)	643,579	206,420	667,986	253,649
Transfers					
Transfers in	150,000	799,565	-	949,565	-
Transfers out	-	(1,322,428)	(17,363)	(1,339,791)	-
Transfers, net	150,000	(522,863)	(17,363)	(390,226)	-
Change in net position	(32,013)	120,716	189,057	277,760	253,649
Net position, beginning of year, as restated	9,212,119	11,331,777	1,283,216	21,827,112	3,925,310
Net position, end of year	\$ 9,180,106	\$ 11,452,493	\$ 1,472,273	\$ 22,104,872	\$ 4,178,959

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, 2018

	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	\$ 16,299,010	\$ 5,622,630	\$ 551,593	\$ 22,473,233	\$ -
Cash received from interfund services	-	-	-	-	13,112,857
Delinquent taxes purchased	-	(5,175,572)	-	(5,175,572)	-
Cash paid to/for employees	(17,501,796)	-	(123,585)	(17,625,381)	(6,525,581)
Cash paid to suppliers	-	-	(145,177)	(145,177)	(6,039,976)
Other receipts	610,922	-	-	610,922	-
Net cash provided by (used in) operating activities	(591,864)	447,058	282,831	138,025	547,300
Cash flows from noncapital financing activities					
Transfers in	-	799,565	-	799,565	-
Transfers out	-	(1,322,428)	(17,363)	(1,339,791)	-
Tax notes issued	-	2,900,000	-	2,900,000	-
Tax notes redeemed	-	(2,612,068)	-	(2,612,068)	-
Property tax receipts	430,289	-	-	430,289	-
Interest paid on tax notes / advances	-	(44,420)	-	(44,420)	-
Net cash provided by (used in) noncapital financing activities	430,289	(279,351)	(17,363)	133,575	-
Cash flows from capital and related financing activities					
Transfers in	150,000	-	-	150,000	-
Interest paid on long-term debt	(167,687)	-	-	(167,687)	-
Principal paid on long-term debt	(853,395)	-	-	(853,395)	-
Purchases of capital assets	(64,002)	-	-	(64,002)	-
Net cash used in capital and related financing activities	(935,084)	-	-	(935,084)	-
Cash flows from investing activities					
Interest received	-	22,983	-	22,983	412,131
Net change in cash and cash equivalents	(1,096,659)	190,690	265,468	(640,501)	959,431
Cash and cash equivalents, beginning of year	2,597,303	8,800,989	1,204,811	12,603,103	4,590,105
Cash and cash equivalents, end of year	\$ 1,500,644	\$ 8,991,679	\$ 1,470,279	\$ 11,962,602	\$ 5,549,536

continued...

EATON COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2018

	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)	\$ (445,893)	\$ 665,016	\$ 206,420	\$ 425,543	\$ (158,482)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	610,034	-	-	610,034	-
Change in operating assets and liabilities that provided (used) cash:					
Taxes receivable	-	(205,580)	89,801	(115,779)	-
Accounts receivable	(913,801)	103,865	(7,973)	(817,909)	(211)
Due from other funds	-	-	-	-	(15,216)
Due from other governments	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	(976)	-	-	(976)	545,794
Accounts payable	(3,858)	(115,794)	439	(119,213)	(16,917)
Accrued liabilities	46,570	-	1,410	47,980	192,332
Net pension liability	(774,775)	-	-	(774,775)	-
Deferred outflows of resources - pension	398,475	-	-	398,475	-
Deferred inflows of resources - pension	470,813	-	-	470,813	-
Total other postemployment benefit liability	21,547	-	-	21,547	-
Due to other funds	-	-	386	386	-
Due to other governments	-	(449)	(7,652)	(8,101)	-
Net cash provided by (used in) operating activities	<u>\$ (591,864)</u>	<u>\$ 447,058</u>	<u>\$ 282,831</u>	<u>\$ 138,025</u>	<u>\$ 547,300</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, 2018

	Retiree Healthcare Trust	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 7,819,820
Investments:		
Money market funds	69,758	-
Common stocks	2,608,114	-
Exchange traded	890,568	-
Corporate bonds	118,894	-
U.S. agencies	257,002	-
Sovereign securities	13,125	-
Mutual funds	788,598	-
MERS total market portfolio	8,004,482	-
Due from other governments	-	3,236
Total assets	12,750,541	<u><u>\$ 7,823,056</u></u>
Liabilities		
Undistributed receipts	-	<u><u>\$ 7,823,056</u></u>
Net position restricted for		
Other postemployment benefits	<u><u>\$ 12,750,541</u></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, 2018

	Retiree Healthcare Trust
Additions	
Investment income:	
Net appreciation in fair value of investments	\$ 549,789
Interest and dividend income	120,003
Investment expenses	<u>(46,095)</u>
Net investment income	623,697
Contributions:	
Plan sponsor	<u>1,622,831</u>
Total additions	<u>2,246,528</u>
Deductions	
Participant benefits	1,548,406
Administrative expense	<u>18,884</u>
Total deductions	<u>1,567,290</u>
Change in net position	679,238
Net position restricted for other postemployment benefits	
Beginning of year	<u>12,071,303</u>
End of year	<u>\$ 12,750,541</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, 2018

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
Assets					
Cash and cash equivalents	\$ 7,664,904	\$ -	\$ 12,685,576	\$ 1,526,346	\$ 21,876,826
Receivables:					
Accounts, net	4,496	-	1,890	405,823	412,209
Special assessments	-	-	22,236,432	-	22,236,432
Due from other governmental units:					
Federal/State	1,916,119	-	-	-	1,916,119
Local	56,460	-	-	-	56,460
Leases receivable	-	4,916,580	-	-	4,916,580
Inventories	495,102	-	25,848	-	520,950
Prepaid items	191,364	37,878	-	15,411	244,653
Net other postemployment benefits asset	1,018,541	-	-	-	1,018,541
Capital assets not being depreciated	24,416,649	-	4,394,331	-	28,810,980
Capital assets being depreciated, net	63,948,718	-	68,015,550	38,556	132,002,824
Total assets	99,712,353	4,954,458	107,359,627	1,986,136	214,012,574
Deferred outflows of resources					
Deferred charge on refunding	-	64,252	219,117	-	283,369
Deferred pension amounts	-	-	-	352,370	352,370
Total deferred outflows of resources	-	64,252	219,117	352,370	635,739
Liabilities					
Negative equity in pooled cash	-	-	4,844,886	-	4,844,886
Accounts payable	1,202,812	-	349,998	56,465	1,609,275
Accrued liabilities	162,878	-	-	119,059	281,937
Interest payable	-	-	278,150	-	278,150
Unearned revenue	-	37,878	-	68,119	105,997
Advances from primary government	-	-	60,000	-	60,000
Long-term debt:					
Due within one year	29,517	642,935	2,972,221	32,765	3,677,438
Due in more than one year	265,652	4,273,645	21,786,405	186,021	26,511,723
Net pension liability (due in more than one year)	-	-	-	5,027,461	5,027,461
Total liabilities	1,660,859	4,954,458	30,291,660	5,489,890	42,396,867
Deferred inflows of resources					
Deferred pension amounts	-	-	-	605,160	605,160
Deferred OPEB amounts	1,003,418	-	-	-	1,003,418
Total deferred inflows of resources	1,003,418	-	-	605,160	1,608,578
Net position					
Net investment in capital assets	88,365,367	-	47,870,372	38,556	136,274,295
Restricted for OPEB	15,123	-	-	-	15,123
Restricted for drainage districts	-	-	29,416,712	-	29,416,712
Unrestricted (deficit)	8,667,586	64,252	-	(3,795,100)	4,936,738
Total net position	\$ 97,048,076	\$ 64,252	\$ 77,287,084	\$ (3,756,544)	\$ 170,642,868

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, 2018

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
Expenses					
Public works	\$ -	\$ 109,459	\$ 4,372,332	\$ -	\$ 4,481,791
Health and social services	-	-	-	6,843,522	6,843,522
Highways and streets	11,916,880	-	-	-	11,916,880
Total expenses	11,916,880	109,459	4,372,332	6,843,522	23,242,193
Program revenues					
Charges for services	382,722	-	57,567	1,634,161	2,074,450
Operating grants and contributions	12,626,531	99,574	24,398	5,120,583	17,871,086
Capital grants and contributions	607,761	-	3,116,723	-	3,724,484
Total program revenues	13,617,014	99,574	3,198,688	6,754,744	23,670,020
Net program revenues (expenses)	1,700,134	(9,885)	(1,173,644)	(88,778)	427,827
General revenues					
Property taxes	4,088,338	-	-	-	4,088,338
Unrestricted investment earnings	174,555	-	75,127	-	249,682
Other	2,436	-	-	-	2,436
Total general revenues	4,265,329	-	75,127	-	4,340,456
Change in net position	5,965,463	(9,885)	(1,098,517)	(88,778)	4,768,283
Net position, beginning of year	91,082,613	74,137	78,385,601	(3,667,766)	165,874,585
Net position, end of year	\$ 97,048,076	\$ 64,252	\$ 77,287,084	\$ (3,756,544)	\$ 170,642,868

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

NOTES TO FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

The 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.

The 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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The 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.

The 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.

The 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.

The 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

The 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, 2018.

The 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 \$66,029 for the year ended September 30, 2018.

The 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 \$233,077 for the year ended September 30, 2018.

The 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 \$767,715 for the year ended September 30, 2018.

The 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.

The *central dispatch 911 surcharge fund* accounts for technology and maintenance requirements (including emergency communication infrastructure, towers, radios, facility requirements, mobile computers, wireless redundancy) and funding received 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 or amortized cost, as described in more detail in Note 4.

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 over the estimated useful lives of the assets, using the sum-of-years digits methods for road equipment and the straight-line method for all other capital assets and infrastructure as follows:

	Years
Buildings and improvements	50
Equipment	4-10
Infrastructure:	
Roads	8-30
Bridges	25-50
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. The County also reports deferred outflows of resources for changes in expected and actual investments returns, assumptions, and benefits provided, related to the net pension and other postemployment benefit liabilities. A portion of these costs also represent contributions to the pension 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 Drainage Districts discretely presented component unit reports unavailable revenues, which arise only under a modified accrual basis of accounting, that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources for changes in expected and actual investments returns, assumptions, and benefits provided, related to the net pension and other postemployment benefit liabilities.

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 reports *assigned fund balance* for amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County Commissioners have delegated the authority to assign fund balance to the Controller/Administrator or his designee. *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, 2018, the County incurred a expenditures in excess of the amounts appropriated as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
Home tax exemption audit:			
Transfers out	\$ -	\$ 2,001	\$ 2,001
Juvenile court donations:			
Judicial	-	1,004	1,004
Youth facility donations:			
Public safety	-	6,220	6,220
Sheriff donations:			
Public safety	-	2,201	2,201
Animal control donations:			
Public safety	-	2,007	2,007

4. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

Following is a reconciliation of deposit and investment balances as of September 30, 2018:

	Primary Government	Component Units	Totals
Financial statements			
Statement of net position:			
Cash and cash equivalents	\$ 21,092,532	\$ 17,031,940	\$ 38,124,472
Investments	508,127	-	508,127
Statement of fiduciary net position:			
Cash and cash equivalents	7,819,820	-	7,819,820
Investments	12,750,541	-	12,750,541
Total	<u>\$ 42,171,020</u>	<u>\$ 17,031,940</u>	<u>\$ 59,202,960</u>
Deposits and investments			
Bank deposits (checking and savings accounts)			\$ 28,184,561
Certificates of deposit (matures in less than 1 year)			1,066,052
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			15,412,971
Retiree healthcare trust fund			12,750,541
Cash on deposit with third party			1,783,625
Cash on hand			<u>5,210</u>
Total			<u>\$ 59,202,960</u>

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, 2018, \$29,611,463 of the County's total bank balance of \$30,967,610 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, 2018:

Money market funds	\$ 7,409,503
Michigan Cooperative Liquid Assets Securities System (Michigan CLASS)	<u>8,003,468</u>
Total	<u><u>\$ 15,412,971</u></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, 2018, investments in the Treasurer's pool were not subject to custodial credit risk since the securities are held in the County's name by the counterparty.

Credit Risk. As of September 30, 2018, the County's pooled investments were rated as follows:

Not rated	\$ 7,409,503
S&P AAAM	<u>8,003,468</u>
Total	<u><u>\$ 15,412,971</u></u>

Interest Rate Risk. As of September 30, 2018, maturities of the County'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	\$ 7,409,503	\$ 7,409,503	\$ -	\$ -	\$ -
Michigan CLASS	8,003,468	8,003,468	-	-	-
Total	<u><u>\$ 15,412,971</u></u>	<u><u>\$ 15,412,971</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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, 2018:

Money market funds	\$ 69,758
Common stocks	2,608,114
Exchange traded	890,568
Corporate bonds	118,894
U.S. agencies	257,002
Sovereign securities	13,125
Mutual funds	788,598
MERS total market portfolio	<u>8,004,482</u>
Total	<u>\$ 12,750,541</u>

Credit Risk. As of September 30, 2018, the Fund's investments were rated as follows:

Moody AAA	\$ 70,885
Moody A3	13,125
S&P AAA	13,733
S&P A-	57,775
S&P BBB+	47,386
Not Rated	<u>12,547,637</u>
Total	<u>\$ 12,750,541</u>

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

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

Concentration of Credit Risk. At September 30, 2018, the Fund investment portfolio holdings were not concentrated (i.e., no more than 5% of the portfolio in issues of any one entity other than the federal government). The County's policy is to comply with Public Act 314 as referenced above.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of September 30, 2018, 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	\$ 69,758	\$ 69,758	\$ -	\$ -	\$ -
Common stocks	2,608,114	2,608,114	-	-	-
Exchange traded	890,568	890,568	-	-	-
Corporate bonds	118,894	-	-	41,339	77,555
U.S. agencies	257,002	-	8,953	20,541	227,508
Sovereign securities	13,125	-	-	13,125	-
Mutual funds	788,598	788,598	-	-	-
MERS total market portfolio	8,004,482	8,004,482	-	-	-
Total	\$ 12,750,541	\$ 12,361,520	\$ 8,953	\$ 75,005	\$ 305,063

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.

The County had the following recurring fair value measurements as of September 30, 2018:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,901,376	\$ 577,885	\$ -	\$ 7,479,261
U.S. agencies	-	257,002	-	257,002
Common stocks	2,608,114	-	-	2,608,114
Exchange traded	890,568	-	-	890,568
Corporate bonds	-	118,894	-	118,894
Sovereign securities	-	13,125	-	13,125
Mutual funds	-	788,598	-	788,598
MERS total market portfolio	8,004,482	-	-	8,004,482
Total	\$ 18,404,540	\$ 1,755,504	\$ -	20,160,044
Investments at amortized cost - Michigan CLASS				8,003,468
				<u>\$ 28,163,512</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables as of September 30, 2018 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units	Amount Not Expected To Be Collected Within One Year
Property taxes	\$ 7,103,062	\$ 4,051,808	\$ -	\$ -
Accounts receivable	908,404	3,597,998	424,787	-
Special assessments	-	-	22,236,432	18,780,711
Leases receivable	-	-	4,916,580	4,273,645
Due from other governments	2,029,779	-	1,972,579	-
Advances to component unit	60,000	-	-	60,000
Less: allowance for doubtful accounts	(472,837)	(277,814)	(12,578)	-
	<u>\$ 9,628,408</u>	<u>\$ 7,371,992</u>	<u>\$ 29,537,800</u>	<u>\$ 23,114,356</u>

Leases receivable in the Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for those governments using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of September 30, 2018. 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, 2018 is as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ -	\$ 192,110
Child care fund	-	13,282
Nonmajor governmental funds	-	37,670
Nonmajor enterprise funds	-	875
Internal service funds	243,937	-
	<u>\$ 243,937</u>	<u>\$ 243,937</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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 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, 2018, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 1,426,658	\$ 1,114,344
Child care fund	1,858,997	252
Nonmajor governmental funds	1,183,689	2,964,522
Health and rehabilitation services fund	150,000	-
Delinquent tax revolving fund	799,565	1,322,428
Nonmajor enterprise funds	-	17,363
	<u>\$ 5,418,909</u>	<u>\$ 5,418,909</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, 2018 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 4,018,034	\$ -	\$ -	\$ -	\$ 4,018,034
Construction in progress	107,417	7,045,000	-	(107,417)	7,045,000
	<u>4,125,451</u>	<u>7,045,000</u>	<u>-</u>	<u>(107,417)</u>	<u>11,063,034</u>
Capital assets being depreciated:					
Buildings & improvements	44,354,450	322,205	-	-	44,676,655
Vehicles & equipment	13,296,678	402,207	(433,566)	107,417	13,372,736
	<u>57,651,128</u>	<u>724,412</u>	<u>(433,566)</u>	<u>107,417</u>	<u>58,049,391</u>
Less accumulated depreciation for:					
Buildings & improvements	(22,969,935)	(1,057,844)	-	-	(24,027,779)
Vehicles & equipment	(8,237,928)	(1,327,470)	358,461	-	(9,206,937)
	<u>(31,207,863)</u>	<u>(2,385,314)</u>	<u>358,461</u>	<u>-</u>	<u>(33,234,716)</u>
Total capital assets being depreciated, net	<u>26,443,265</u>	<u>(1,660,902)</u>	<u>(75,105)</u>	<u>107,417</u>	<u>24,814,675</u>
Governmental activities capital assets, net	<u>\$ 30,568,716</u>	<u>\$ 5,384,098</u>	<u>\$ (75,105)</u>	<u>\$ -</u>	<u>\$ 35,877,709</u>
Business-type activities					
Capital assets being depreciated:					
Buildings & improvements	\$ 18,831,174	\$ 46,846	\$ -	\$ -	\$ 18,878,020
Vehicles & equipment	2,563,153	17,156	-	-	2,580,309
	<u>21,394,327</u>	<u>64,002</u>	<u>-</u>	<u>-</u>	<u>21,458,329</u>
Less accumulated depreciation for:					
Buildings & improvements	(5,058,143)	(480,021)	-	-	(5,538,164)
Vehicles & equipment	(1,906,954)	(130,013)	-	-	(2,036,967)
	<u>(6,965,097)</u>	<u>(610,034)</u>	<u>-</u>	<u>-</u>	<u>(7,575,131)</u>
Business-type activities capital assets, net	<u>\$ 14,429,230</u>	<u>\$ (546,032)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,883,198</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	\$ 547,047
Public safety	1,479,005
Health and welfare	254,824
Cultural and recreation	53,135
Judicial	51,303

Total governmental activities \$ 2,385,314

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	6,535,819	144,148	-	-	6,679,967
Equipment	7,844,906	385,120	(266,635)	-	7,963,391
Infrastructure	110,203,434	8,520,382	(3,263,742)	-	115,460,074
Depletable assets	50,559	-	-	-	50,559
	<u>124,634,718</u>	<u>9,049,650</u>	<u>(3,530,377)</u>	<u>-</u>	<u>130,153,991</u>
Less accumulated depreciation for:					
Buildings & improvements	(2,401,016)	(131,325)	-	-	(2,532,341)
Equipment	(6,728,448)	(487,876)	265,772	-	(6,950,552)
Infrastructure	(54,707,648)	(5,227,915)	3,263,742	-	(56,671,821)
Depletable assets	(50,559)	-	-	-	(50,559)
	<u>(63,887,671)</u>	<u>(5,847,116)</u>	<u>3,529,514</u>	<u>-</u>	<u>(66,205,273)</u>
Total capital assets being depreciated, net	<u>60,747,047</u>	<u>3,202,534</u>	<u>(863)</u>	<u>-</u>	<u>63,948,718</u>
Road Commission capital assets, net	<u>\$ 85,163,696</u>	<u>\$ 3,202,534</u>	<u>\$ (863)</u>	<u>\$ -</u>	<u>\$ 88,365,367</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	\$ 1,828,938	\$ 2,950,376	\$ -	\$ (384,983)	\$ 4,394,331
Capital assets being depreciated:					
Infrastructure	105,413,863	448,626	-	384,983	106,247,472
Less accumulated depreciation for:					
Infrastructure	(35,601,680)	(2,630,242)	-	-	(38,231,922)
Total capital assets being depreciated, net	69,812,183	(2,181,616)	-	384,983	68,015,550
Drainage District capital assets, net	\$ 71,641,121	\$ 768,760	\$ -	\$ -	\$ 72,409,881
Component Unit - District Health					
Capital assets being depreciated:					
Equipment	\$ 361,568	\$ -	\$ -	\$ -	\$ 361,568
Less accumulated depreciation for:					
Equipment	(294,879)	(28,133)	-	-	(323,012)
District Health capital assets, net	\$ 66,689	\$ (28,133)	\$ -	\$ -	\$ 38,556

8. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2018 are summarized as follows:

	Governmental Activities	Business-type Activities	Components Units
Accounts payable	\$ 1,028,153	\$ 370,543	\$ 1,609,275
Accrued liabilities	2,478,999	1,000,553	281,937
Due to other governments	14,234	-	-
Advances from primary government	-	-	60,000
	<u>\$ 3,521,386</u>	<u>\$ 1,371,096</u>	<u>\$ 1,951,212</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				
2008 Dental Clinic	4.00%-4.50%	2028	\$ 900,000	\$ 590,000
2016 Building Authority Refunding Bond	2.282%	2027	8,975,000	8,765,000
				<u>\$ 9,355,000</u>
Business-type activities				
2011 Health and Rehabilitation Services	2.00%-3.00%	2027	\$ 5,545,000	\$ 2,277,462
2017 Health and Rehabilitation Services	2.19%	2027	3,555,000	3,525,000
				<u>\$ 5,802,462</u>
Component Unit - Public Works				
Grand Ledge Water/Sewer Refunding	2.00%-2.375%	2025	\$ 4,960,000	\$ 3,605,000
Brookfield Water	1.625%	2026	2,860,000	1,260,000
				<u>\$ 4,865,000</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
2019	\$ 940,000	\$ 224,618	\$ 903,395	\$ 181,145	\$ 635,000	\$ 95,914
2020	965,000	202,506	923,395	141,227	645,000	83,776
2021	985,000	179,750	953,395	120,100	660,000	71,438
2022	1,010,000	156,538	968,885	95,764	670,000	58,820
2023	1,025,000	132,684	403,392	70,609	685,000	46,002
2024-2028	4,430,000	141,199	1,650,000	135,765	1,570,000	52,232
	<u>\$ 9,355,000</u>	<u>\$ 1,037,295</u>	<u>\$ 5,802,462</u>	<u>\$ 744,610</u>	<u>\$ 4,865,000</u>	<u>\$ 408,182</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, 2018, the County's legal debt limit was \$429,340,230.

Installment obligations and capital leases. 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				
2015 Jail Security System	3.32%	01/01/2022	\$ 427,062	\$ 220,137
2015 Vehicles	4.50%	10/01/2018	61,933	16,129
2017 Vehicles	4.95%	07/28/2022	224,882	166,593
Lease purchase - Motorola	3.28%	11/15/2027	7,035,000	7,035,000
2018 Vehicles	5.51%	08/01/2023	361,958	320,688
				\$ 7,758,547

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2019	\$ 197,396	\$ 33,545
2020	1,795,740	30,646
2021	1,431,071	395,314
2022	1,412,435	349,143
2023	1,359,446	291,117
2024-2028	1,562,459	240,271
	\$ 7,758,547	\$ 1,340,036

The governmental activities original purchase costs of the assets was \$8,126,863 with accumulated depreciation of \$382,444 at September 30, 2018.

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, 2018, drain bonds and notes totaling \$24,372,267 were outstanding. Drain bonds and notes carry interest at rates ranging from 0.75 percent to 5.25 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
2019	\$ 2,914,267	\$ 840,592
2020	2,822,000	745,289
2021	2,737,000	650,541
2022	2,682,000	558,518
2023	2,622,000	466,978
2024-2028	7,615,000	1,179,933
2029-2033	2,015,000	337,160
2034-2037	965,000	79,797
	<u>\$ 24,372,267</u>	<u>\$ 4,858,808</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 \$2,131,932 from the 2018 Series were outstanding at September 30, 2018, which is expected to be paid in the year ending September 30, 2019. The delinquent tax note carries an interest rate of 2.43 percent.

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 10,265,000	\$ -	\$ (910,000)	\$ 9,355,000	\$ 940,000
Installment contracts	862,860	7,396,958	(501,271)	7,758,547	197,396
Compensated absences	2,428,348	1,857,322	(2,136,946)	2,148,724	294,058
	<u>\$ 13,556,208</u>	<u>\$ 9,254,280</u>	<u>\$ (3,548,217)</u>	<u>\$ 19,262,271</u>	<u>\$ 1,431,454</u>
Business-type activities					
General obligation bonds	\$ 6,655,857	\$ -	\$ (853,395)	\$ 5,802,462	\$ 903,395
Delinquent tax notes	1,844,000	2,900,000	(2,612,068)	2,131,932	2,131,932
Compensated absences	230,330	236,088	(227,076)	239,342	239,342
	<u>\$ 8,730,187</u>	<u>\$ 3,136,088</u>	<u>\$ (3,692,539)</u>	<u>\$ 8,173,736</u>	<u>\$ 3,274,669</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Component Units					
Road Commission					
Transportation bonds	\$ 510,000	\$ -	\$ (510,000)	\$ -	\$ -
Compensated absences	298,638	177,786	(181,255)	295,169	29,517
	<u>\$ 808,638</u>	<u>\$ 177,786</u>	<u>\$ (691,255)</u>	<u>\$ 295,169</u>	<u>\$ 29,517</u>
Board of Public Works					
General obligation bonds	\$ 5,490,000	\$ -	\$ (625,000)	\$ 4,865,000	\$ 635,000
Deferred amounts for:					
Issuance premiums	59,515	-	(7,935)	51,580	7,935
	<u>\$ 5,549,515</u>	<u>\$ -</u>	<u>\$ (632,935)</u>	<u>\$ 4,916,580</u>	<u>\$ 642,935</u>
Drainage Districts					
Drain bonds and notes	\$ 27,048,559	\$ 269,000	\$ (2,945,292)	\$ 24,372,267	\$ 2,914,267
Deferred amounts for:					
Issuance premiums	444,313	-	(57,954)	386,359	57,954
	<u>\$ 27,492,872</u>	<u>\$ 269,000</u>	<u>\$ (3,003,246)</u>	<u>\$ 24,758,626</u>	<u>\$ 2,972,221</u>
District Health					
Compensated absences	\$ 210,765	\$ 216,034	\$ (208,013)	\$ 218,786	\$ 32,765

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.

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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:

	2018	2017
Workers compensation		
Estimated liability, October 1	\$ 150,612	\$ 194,910
Estimated claims incurred, including changes in estimates	(46,259)	(22,574)
Claim payments	(26,374)	(21,724)
	<u>77,979</u>	<u>150,612</u>
Estimated liability, September 30	<u>\$ 77,979</u>	<u>\$ 150,612</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:

	2018	2017
Health insurance		
Estimated liability, October 1	\$ 940,487	\$ 994,796
Estimated claims incurred, including changes in estimates	4,192,305	3,599,059
Claim payments	(4,140,092)	(3,653,368)
	<u>992,700</u>	<u>940,487</u>
Estimated liability, September 30	<u>\$ 992,700</u>	<u>\$ 940,487</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, 2018, the balance of the County's member retention fund was \$1,762,925.

	2018	2017
General liability		
Estimated liability, October 1	\$ 230,896	\$ 268,346
Estimated claims incurred, including changes in estimates	180,888	10,348
Claim payments	<u>(72,867)</u>	<u>(47,798)</u>
Estimated liability, September 30	<u>\$ 338,917</u>	<u>\$ 230,896</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:

	2018	2017
Unemployment compensation		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	33,770	13,802
Claim payments	<u>(33,770)</u>	<u>(13,802)</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:

	2018	2017
Life and disability		
Estimated liability, October 1	\$ 1,926	\$ 2,140
Estimated claims incurred, including changes in estimates	90,863	94,418
Claim payments	<u>(91,729)</u>	<u>(94,632)</u>
Estimated liability, September 30	<u>\$ 1,060</u>	<u>\$ 1,926</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:

	2018	2017
Dental		
Estimated liability, October 1	\$ 8,933	\$ 9,262
Estimated claims incurred, including changes in estimates	203,687	212,844
Claim payments	<u>(201,166)</u>	<u>(213,173)</u>
Estimated liability, September 30	<u>\$ 11,454</u>	<u>\$ 8,933</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 2018 levy was \$3,602,014,447. The general operating tax rate for the 2018 levy was 5.2149 mills. The jail debt, central dispatch and juvenile services levies were based on a 2017 taxable value of \$3,377,014,654 with .7000, .9500 and .3500 mills, respectively, assessed for the year ended September 30, 2018.

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

County

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 policy. The County pays the entire cost of health insurance premiums for the retiree and for his/her spouse as prescribed in the personnel policy. 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. County contributions to the plan for the year ended September 30, 2018 were \$243,370.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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
Terminated employees entitled to but not yet receiving benefits	-
Vested and non-vested active participants	<u>152</u>
Total membership	<u><u>296</u></u>

Net OPEB Liability of the County. The components of the net OPEB liability of the County at September 30, 2018, were as follows:

Total OPEB liability	\$ 57,086,270
Plan fiduciary net position	<u>12,750,541</u>
County's net OPEB liability	<u><u>\$ 44,335,729</u></u>
Plan fiduciary net position as percentage of total OPEB liability	22.34%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to September 30, 2018, 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 the 2013 Society of Actuaries study "Healthcare Costs - From Birth to Death"

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the September 30, 2018 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, 2018 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, 2018, 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 the County will continue their current contribution history for a period of years. Namely, it was assumed that the County is willing and able to contribute the project benefit payments as they come due, plus an additional contribution towards the recommended contribution at a level approximately equal to the 5-year average of excess contributions over actual benefit payments. In years where no unfunded actuarial accrued liability exists, it is assumed the County will make contributions equal to the projected service cost. 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.

Rate of Return. For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

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, 2017	\$ 54,833,411	\$ 12,071,303	\$ 42,762,108
Changes for the year:			
Service cost	645,482	-	645,482
Interest on total OPEB liability	3,262,917	-	3,262,917
Differences between expected and actual experience	(107,134)	-	(107,134)
Employer contributions	-	1,622,831	(1,622,831)
Net investment income	-	623,697	(623,697)
Benefit payments	(1,548,406)	(1,548,406)	-
Administrative expense	-	(18,884)	18,884
Net changes	2,252,859	679,238	1,573,621
Balances at September 30, 2018	\$ 57,086,270	\$ 12,750,541	\$ 44,335,729

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	\$ 52,911,567	\$ 44,335,729	\$ 37,337,991

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	\$ 36,740,797	\$ 44,335,729	\$ 53,424,009

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

For the year ended September 30, 2018, the County recognized OPEB expense of \$3,198,199. The County reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 83,545	\$ (83,545)
Net difference between projected and actual earnings on OPEB plan investments	81,798	-	81,798
Total	\$ 81,798	\$ 83,545	\$ (1,747)

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

Year Ended September 30,	Amount
2019	\$ (3,140)
2020	(3,140)
2021	(3,140)
2022	7,673
Total	\$ (1,747)

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.

For governmental activities, the net OPEB liability is generally liquidated by the general fund.

Health and Rehabilitation Services Facility

Plan Description. The Facility participates in a defined benefit postemployment plan (the "Plan") that provides retiree 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. Benefit provisions were established by facility management. As of October 1, 2016, the Plan was closed to new entrants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided. The Plan provides vision and healthcare benefits for retirees and their spouses. Benefits are provided through a third-party insurer and the cost of the benefits is covered by the plan at a rate of 100 percent for the retiree and 50 percent of the spouse.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. As of the September 30, 2018 measurement date, there were five active plan members and four inactive plan members or beneficiaries currently receiving benefits covered by the benefit terms.

Total OPEB Liability. The Facility's total OPEB liability of \$970,897 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability during the measurement year were as follows:

	Total OPEB Liability
Balances at September 30, 2017	\$ 949,350
Changes for the year:	
Service cost	131,414
Interest on total OPEB liability	45,073
Effect of economic/demographic gains or losses	(118,070)
Changes in assumptions	3,987
Benefit payments	(40,857)
Net changes	21,547
Balances at September 30, 2018	\$ 970,897

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

For the year ended September 30, 2018, the Facility recognized OPEB expense of \$21,547. At September 30, 2018, the Facility reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

Actuarial Assumptions

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using an inflation assumption of 4.22 percent; assumed salary increases (including inflation) of 2.80 percent; a healthcare cost trend rate of 4.60 percent for 2019, with an ultimate rate of 4.70 percent and using the RP-2000 mortality tables. These assumptions were applied to all periods included in the measurement.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total OPEB liability was 4.22 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Facility, calculated using the discount rate of 4.22%, as well as what the Facility's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.22%) or 1% higher (5.22%) than the current rate:

	1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Facility's total OPEB liability	\$ 1,118,271	\$ 970,897	\$ 849,674

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the total OPEB liability of the Facility, as well as what the Facility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.60% increasing to 3.70%) or 1% higher (5.60% increasing to 5.70%) than the current healthcare cost trend rates:

	1% Decrease (3.60%, Ultimate Rate of 3.70%)	Healthcare Cost Trend Rates (4.60%, Ultimate Rate of 4.70%)	1% Increase (5.60%, Ultimate Rate of 5.70%)
Facility's total OPEB liability	\$ 841,871	\$ 970,897	\$ 1,128,042

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
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	33
Total	66

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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, 2018, 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.

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, 2018, the Road Commission contributed \$587,798 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, 2018:

Asset Class	Target Allocation
Global equity	57.5%
Global fixed income	36.2%
Diversifying strategies	4.1%
Cash	2.2%
	<hr/>
	100.0%

Rate of Return. For the year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The Road Commission's net OPEB liability (asset) was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of September 30, 2017 and rolled forward to the measurement date of September 30, 2018.

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	6.73% 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, 2018 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	8.00%
Global fixed income	5.50%
Real assets	6.20%
Diversifying strategies	2.75%
Cash	1.00%

Discount Rate. The discount rate used to measure the total OPEB liability was 6.73 percent (a change from 4.56 percent in the prior year). The projection of cash flows used to determine the discount rate assumed that Road Commission advance funding contributions will be \$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 (Asset) (a) - (b)
Balances at September, 30, 2017	\$ 4,782,631	\$ 4,334,285	\$ 448,346
Changes for the year:			
Service cost	42,239	-	42,239
Interest	213,452	-	213,452
Contributions to OPEB Trust - employer	-	300,000	(300,000)
Contributions/benefits paid from general operating funds	-	287,798	(287,798)
Differences between expected and actual experience	(3,768)	-	(3,768)
Changes of assumptions	(843,460)	-	(843,460)
Net investment income	-	330,941	(330,941)
Benefit payments, including refunds	(287,798)	(287,798)	-
Administrative expense	-	(43,389)	43,389
Net changes	(879,335)	587,552	(1,466,887)
Balances at September 30, 2018	\$ 3,903,296	\$ 4,921,837	\$ (1,018,541)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the net OPEB liability (asset) of the Road Commission, as well as what the Road Commission's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.73 percent) and 1-percentage point higher (7.73 percent) than the current discount rate:

	1% Decrease (5.73%)	Current Discount Rate (6.73%)	1% Increase (7.73%)
Net OPEB liability (asset)	\$ (642,537)	\$ (1,018,541)	\$ (1,321,192)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability (asset) of the Road Commission, as well as what the Road Commission's net OPEB liability (asset) 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 (asset)	\$ (1,069,674)	\$ (1,018,541)	\$ (966,120)

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

For the year ended September 30, 2018, the Road Commission recognized OPEB expense of \$(145,125). As of September 30, 2018, 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 Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 3,110	\$ (3,110)
Changes in assumptions	-	696,259	(696,259)
Net difference between projected and actual earnings on OPEB plan investments	-	304,049	(304,049)
Total	\$ -	\$ 1,003,418	\$ (1,003,418)

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
2019	\$ (240,711)
2020	(240,711)
2021	(240,713)
2022	(173,350)
2023	(107,933)
Total	\$ (1,003,418)

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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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.

Employees Covered by Benefit Terms. At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	298
Inactive employees entitled to but not yet receiving benefits	69
Active employees	341
 Total membership	 708

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, 2018:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - NonUnion	12.50%	7.30%
02 - Sheriff Superv.	67.92%	16.50%
10 - Admin Staff	34.10%	9.00%
11 - General Maint	14.18%	5.94%
12 - NonSupervisors	19.30%	13.46%
13 - Dispatch Superv.	48.54%	15.20%
15 - Gen Youth Services	5.12%	1.00%
16 - Animal Control	27.34%	8.22%
20 - Sheriff Non-Superv	21.95%	13.70%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2017, 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, 2017 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	7.75%, net of investment and administrative expense including inflation

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Although no explicit price inflation assumption is used in this valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.50%.

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 8.0%. 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, 2016	\$ 152,754,300	\$ 84,469,694	\$ 68,284,606
Changes for the year:			
Service cost	2,814,290	-	2,814,290
Interest	11,993,167	-	11,993,167
Changes in benefits	(5,257,822)	-	(5,257,822)
Differences between expected and actual experience	(942,832)	-	(942,832)
Employer contributions	-	7,584,715	(7,584,715)
Employee contributions	-	1,943,867	(1,943,867)
Net investment income	-	11,264,941	(11,264,941)
Benefit payments, including refunds of employee contributions	(8,493,723)	(8,493,723)	-
Administrative expense	-	(177,694)	177,694
Net changes	<u>113,080</u>	<u>12,122,106</u>	<u>(12,009,026)</u>
Balances at December 31, 2017	<u>\$ 152,867,380</u>	<u>\$ 96,591,800</u>	<u>\$ 56,275,580</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>\$ 74,278,237</u>	<u>\$ 56,275,580</u>	<u>\$ 41,302,797</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, 2018, the County recognized pension expense of \$2,661,396. 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	\$ 1,037,818	\$ 1,782,929	\$ (745,111)
Changes in assumptions	2,477,474	-	2,477,474
Net difference between projected and actual earnings on pension plan investments	-	1,726,005	(1,726,005)
	<u>3,515,292</u>	<u>3,508,934</u>	<u>6,358</u>
Contributions subsequent to the measurement date	3,055,566	-	3,055,566
	<u>6,570,858</u>	<u>3,508,934</u>	<u>3,061,924</u>
Total	\$ 6,570,858	\$ 3,508,934	\$ 3,061,924

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, 2019. 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
2019	\$ 1,669,797
2020	1,376,949
2021	(1,957,206)
2022	<u>(1,083,182)</u>
Total	\$ <u>6,358</u>

Payable to the Pension Plan. At September 30, 2018, the County reported a payable of \$476,832 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

For governmental activities, the net pension liability is generally liquidated by the general fund.

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 2018. The County employees made contributions of \$269,499 to the plan for the year ended September 30, 2018.

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 55 with 15 years of service or age 50 with 25 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2017 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	13
Active employees	<u>204</u>
Total membership	<u><u>266</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, 2018, the average active employee contribution rate was 3.0 percent of annual pay and the Facility's average contribution rate was approximately 4.2 percent of annual payroll.

Net Pension Liability. The Facility's net pension liability was measured as of December 31, 2017, 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, 2017 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	7.75%, net of investment and administrative expense including inflation

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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 8.0%. 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, 2016	\$ 11,267,232	\$ 9,590,451	\$ 1,676,781
Changes for the year:			
Service cost	612,378	-	612,378
Interest	907,203	-	907,203
Differences between expected and actual experience	(302,372)	-	(302,372)
Changes in assumptions	-	-	-
Employer contributions	-	451,825	(451,825)
Employee contributions	-	268,181	(268,181)
Net investment income	-	1,292,379	(1,292,379)
Benefit payments, including refunds of employee contributions	(466,787)	(466,787)	-
Administrative expense	-	(20,401)	20,401
Net changes	<u>750,422</u>	<u>1,525,197</u>	<u>(774,775)</u>
Balances at December 31, 2017	<u>\$ 12,017,654</u>	<u>\$ 11,115,648</u>	<u>\$ 902,006</u>

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	<u>\$ 2,562,053</u>	<u>\$ 902,006</u>	<u>\$ 463,039</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, 2018, the Facility recognized pension expense of \$553,916. 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	\$ -	\$ 350,198	\$ (350,198)
Changes in assumptions	172,422	-	172,422
Net difference between projected and actual earnings on pension plan investments	-	228,962	(228,962)
	<u>172,422</u>	<u>579,160</u>	<u>(406,738)</u>
Contributions subsequent to the measurement date	336,935	-	336,935
	<u>509,357</u>	<u>579,160</u>	<u>(69,803)</u>
Total	\$ 509,357	\$ 579,160	\$ (69,803)

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, 2019. 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
2019	\$ 58,663
2020	28,829
2021	(209,749)
2022	(151,005)
2023	(47,839)
Thereafter	<u>(85,637)</u>
Total	<u>\$ (406,738)</u>

Payable to the Pension Plan. At September 30, 2018, the Facility reported a payable of \$57,064 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

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, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>57</u>
 Total membership	 <u><u>191</u></u>

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, 2018:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - PERA Unit II	12.44%	15.90%
10 - Non Un Mgmt	32.99%	2.00%
11 - PERA	12.44%	11.03%

Net Pension Liability. The Department's net pension liability was measured as of December 31, 2017, 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, 2017 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	7.75%, net of investment and administrative expense including inflation

Although no explicit price inflation assumption is used in this valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.50%.

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 8.0%. 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, 2016	\$ 20,478,126	\$ 14,381,735	\$ 6,096,391
Changes for the year:			
Service cost	347,436	-	347,436
Interest	1,600,100	-	1,600,100
Changes in benefits	5,121	-	5,121
Differences between expected and actual experience	(368,056)	-	(368,056)
Changes in assumptions	-	-	-
Employer contributions	-	510,469	(510,469)
Employee contributions	-	288,604	(288,604)
Net investment income	-	1,884,313	(1,884,313)
Benefit payments, including refunds of employee contributions	(1,301,200)	(1,301,200)	-
Administrative expense	-	(29,855)	29,855
Net changes	<u>283,401</u>	<u>1,352,331</u>	<u>(1,068,930)</u>
Balances at December 31, 2017	<u>\$ 20,761,527</u>	<u>\$ 15,734,066</u>	<u>\$ 5,027,461</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>\$ 7,222,137</u>	<u>\$ 5,027,461</u>	<u>\$ 3,166,710</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, 2018, the Department recognized pension expense of \$856,589. 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	\$ -	\$ 318,728	\$ (318,728)
Net difference between projected and actual earnings on pension plan investments	-	286,432	(286,432)
	-	605,160	(605,160)
Contributions subsequent to the measurement date	352,370	-	352,370
Total	\$ 352,370	\$ 605,160	\$ (252,790)

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, 2019. 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
2019	\$ (118,036)
2020	(96,470)
2021	(239,645)
2022	(151,009)
Total	\$ (605,160)

Payable to the Pension Plan. At September 30, 2018, the Department reported a payable of \$46,298 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

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, 2018 were \$214,858.

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, 2018, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 11,063,034	\$ -	\$ 28,810,980
Capital assets being depreciated, net	24,814,675	13,883,198	132,002,824
	<u>35,877,709</u>	<u>13,883,198</u>	<u>160,813,804</u>
Related debt:			
Capital related bonds	(9,355,000)	(5,802,462)	(29,237,267)
Bonds payable related to capital lease receivables	-	-	4,865,000
Installment contracts	(7,758,547)	-	-
Deferred charge on refunding	422,921	140,741	283,369
Deferred charge on refunding from bonds payable related to capital lease receivables	-	-	(64,252)
Unamortized premium on capital related bonds	-	-	(386,359)
	<u>(16,690,626)</u>	<u>(5,661,721)</u>	<u>(24,539,509)</u>
Total net investment in capital assets	<u>\$ 19,187,083</u>	<u>\$ 8,221,477</u>	<u>\$ 136,274,295</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, 2018 is as follows:

	General Fund	Child Care Fund	Central Dispatch 911 Surcharge	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$ 52,303	\$ -	\$ -	\$ -	\$ 52,303
Advances to component units	60,000	-	-	-	60,000
Total nonspendable	112,303	-	-	-	112,303
Restricted for:					
Central dispatch	-	-	-	957,567	957,567
Judicial	-	-	-	10,878	10,878
Debt service	-	-	411,809	65,640	477,449
Permanent trusts	-	-	-	56,483	56,483
CDBG housing	-	-	-	241,700	241,700
ROD technology	-	-	-	32,389	32,389
Public safety	-	-	-	1,623,348	1,623,348
Officer training	-	-	-	249,296	249,296
Remonumentation	-	-	-	1,195	1,195
Animal control	-	-	-	7,066	7,066
Total restricted	-	-	411,809	3,245,562	3,657,371
Committed for:					
Public safety	-	-	-	2,883	2,883
Child care	-	151,314	-	-	151,314
Solid waste	-	-	-	172,476	172,476
Health and social services	-	-	-	164,268	164,268
Sheriff road crew	-	-	-	1,472	1,472
Concealed pistol licenses	-	-	-	56,482	56,482
Total committed	-	151,314	-	397,581	548,895
Assigned for:					
Public improvement	922,111	-	-	-	922,111
Technology	147,056	-	-	-	147,056
Total assigned	1,069,167	-	-	-	1,069,167
Unassigned	6,389,096	-	-	-	6,389,096
Total fund balances	\$ 7,570,566	\$ 151,314	\$ 411,809	\$ 3,643,143	\$ 11,776,832

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 2018 amounted to \$283,200.

19. RESTATEMENT

The County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. This OPEB standard requires the County 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. In connection with the implementation of this standard, the prior reported net other postemployment benefit obligation was eliminated. As a result of implementing this statement, the beginning net position of the governmental activities and business-type activities (comprised of the Health and Rehabilitation Services Facility fund) was decreased by \$26,208,040, and \$249,582, respectively.

20. SUBSEQUENT EVENT

During December 2018, the County entered into a installment purchase agreement to purchase technology equipment in the amount of \$874,040. The installment purchase agreement requires annual installments of \$174,808, including interest at 5.4%, maturing in October 2023.



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			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 2,814,290	\$ 2,952,935	\$ 2,994,010	\$ 2,744,783
Interest	11,993,167	11,628,359	10,779,046	10,297,354
Changes in benefit terms	(5,257,822)	-	-	-
Differences between expected and actual experience	(942,832)	(1,714,439)	2,594,548	-
Changes of assumptions	-	-	6,193,688	-
Benefit payments, including refunds of employee contributions	(8,493,723)	(7,981,138)	(7,701,609)	(6,954,516)
Net change in total pension liability	<u>113,080</u>	<u>4,885,717</u>	<u>14,859,683</u>	<u>6,087,621</u>
Total pension liability, beginning of year	<u>152,754,300</u>	<u>147,868,583</u>	<u>133,008,900</u>	<u>126,921,279</u>
Total pension liability, end of year	<u>152,867,380</u>	<u>152,754,300</u>	<u>147,868,583</u>	<u>133,008,900</u>
Plan fiduciary net position				
Employer contributions	7,584,715	2,840,110	4,232,444	2,295,134
Employee contributions	1,943,867	1,969,542	2,009,187	1,900,799
Net investment income (loss)	11,264,941	8,839,904	(1,200,470)	4,994,651
Benefit payments, including refunds of employee contributions	(8,493,723)	(7,981,138)	(7,701,609)	(6,954,516)
Administrative expense	(177,694)	(174,598)	(176,990)	(183,040)
Net change in plan fiduciary net position	<u>12,122,106</u>	<u>5,493,820</u>	<u>(2,837,438)</u>	<u>2,053,028</u>
Plan fiduciary net position, beginning of year	<u>84,469,694</u>	<u>78,975,874</u>	<u>81,813,312</u>	<u>79,760,284</u>
Plan fiduciary net position, end of year	<u>96,591,800</u>	<u>84,469,694</u>	<u>78,975,874</u>	<u>81,813,312</u>
County's net pension liability	<u>\$ 56,275,580</u>	<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	63.2%	55.3%	53.4%	61.5%
Covered payroll	<u>\$ 17,610,631</u>	<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	319.6%	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.

Assumption changes for 2016: Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75% (3) asset smoothing period was changed from 10 years to 5 years (4) the amortization period was moved to a fixed period amortization for the December 31, 2015 annual valuations.

Changes in benefit terms for 2018: Effective October 1, 2017 the defined benefit pension multiplier was decreased from 2.5% to 2.0% for future service credit for a portion of the employee population.

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
2018	\$ 152,867,380	\$ 96,591,800	\$ 56,275,580	63.2%	\$ 17,610,631
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
2018	\$ 4,229,217	\$ 4,229,217	\$ -	\$ 17,535,135	24.1%
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 (2018, based on the 12/31/2015 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	20-23 years, depending on division/bargaining unit
Asset valuation method	10-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, 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, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

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			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 612,378	\$ 642,065	\$ 589,206	\$ 555,375
Interest	907,203	834,018	754,946	686,617
Differences between expected and actual experience	(302,372)	(80,340)	(63,415)	-
Changes of assumptions	-	-	431,055	-
Benefit payments, including refunds of employee contributions	(466,787)	(465,386)	(462,355)	(398,998)
Net change in total pension liability	750,422	930,357	1,249,437	842,994
Total pension liability, beginning of year	11,267,232	10,336,875	9,087,438	8,244,444
Total pension liability, end of year	12,017,654	11,267,232	10,336,875	9,087,438
Plan fiduciary net position				
Employer contributions	451,825	442,343	396,548	356,907
Employee contributions	268,181	278,730	245,016	241,066
Net investment income (loss)	1,292,379	973,602	(129,789)	491,649
Benefit payments, including refunds of employee contributions	(466,787)	(465,386)	(462,355)	(398,998)
Administrative expense	(20,401)	(19,191)	(18,619)	(18,165)
Net change in plan fiduciary net position	1,525,197	1,210,098	30,801	672,459
Plan fiduciary net position, beginning of year	9,590,451	8,380,353	8,349,552	7,677,093
Plan fiduciary net position, end of year	11,115,648	9,590,451	8,380,353	8,349,552
Facility's net pension liability	\$ 902,006	\$ 1,676,781	\$ 1,956,522	\$ 737,886
Plan fiduciary net position as a percentage of total pension liability	92.5%	85.1%	81.1%	91.9%
Covered payroll	\$ 8,771,631	\$ 9,299,528	\$ 8,198,547	\$ 7,719,600
Facility's net pension liability as a percentage of covered payroll	10.3%	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
2018	\$ 12,017,654	\$ 11,115,648	\$ 902,006	92.5%	\$ 8,771,631
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
2018	\$ 459,402	\$ 459,402	\$ -	\$ 9,094,878	5.1%
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 (2018, based on the 12/31/2015 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	23 years
Asset valuation method	10-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, 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, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

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			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 347,436	\$ 386,614	\$ 345,262	\$ 352,453
Interest	1,600,100	1,560,837	1,462,130	1,408,014
Changes in benefit terms	5,121	50,081	(69,189)	-
Differences between expected and actual experience	(368,056)	(220,069)	284,641	-
Changes of assumptions	-	-	945,293	-
Benefit payments, including refunds of employee contributions	(1,301,200)	(1,232,976)	(1,169,315)	(1,032,516)
Net change in total pension liability	283,401	544,487	1,798,822	727,951
Total pension liability, beginning of year	20,478,126	19,933,639	18,134,817	17,406,866
Total pension liability, end of year	20,761,527	20,478,126	19,933,639	18,134,817
Plan fiduciary net position				
Employer contributions	510,469	784,021	561,235	1,092,352
Employee contributions	288,604	190,901	187,030	175,161
Net investment income (loss)	1,884,313	1,486,296	(206,101)	807,772
Benefit payments, including refunds of employee contributions	(1,301,200)	(1,232,976)	(1,169,315)	(1,032,516)
Administrative expense	(29,855)	(29,416)	(30,066)	(29,793)
Net change in plan fiduciary net position	1,352,331	1,198,826	(657,217)	1,012,976
Plan fiduciary net position, beginning of year	14,381,735	13,182,909	13,840,126	12,827,150
Plan fiduciary net position, end of year	15,734,066	14,381,735	13,182,909	13,840,126
District's net pension liability	\$ 5,027,461	\$ 6,096,391	\$ 6,750,730	\$ 4,294,691
Plan fiduciary net position as a percentage of total pension liability	75.8%	70.2%	66.1%	76.3%
Covered payroll	\$ 2,603,480	\$ 2,660,328	\$ 2,700,051	\$ 2,769,717
District's net pension liability as a percentage of covered payroll	193.1%	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
2018	\$ 20,761,527	\$ 15,734,066	\$ 5,027,461	75.8%	\$ 2,603,480
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
2018	\$ 459,728	\$ 459,728	\$ -	\$ 2,710,798	17.0%
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 (2018, based on the 12/31/2015 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	23 years
Asset valuation method	10-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, 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, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

EATON COUNTY, MICHIGAN

Required Supplementary Information Postemployment Healthcare Plan - County

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

	Year Ended September 30	
	2018	2017
Total OPEB liability		
Service cost	\$ 645,482	\$ 650,485
Interest	3,262,917	3,130,680
Differences between expected and actual experience	(107,134)	(45,536)
Benefit payments, including refunds of employee contributions	(1,548,406)	(1,509,962)
Net change in total OPEB liability	2,252,859	2,225,667
Total OPEB liability, beginning of year	54,833,411	52,607,744
Total OPEB liability, end of year	57,086,270	54,833,411
Plan fiduciary net position		
Employer contributions	1,622,831	1,545,700
Net investment income	623,697	1,267,932
Benefit payments, including refunds of employee contributions	(1,548,406)	(1,509,962)
Administrative expense	(18,884)	(17,114)
Net change in plan fiduciary net position	679,238	1,286,556
Plan fiduciary net position, beginning of year	12,071,303	10,784,747
Plan fiduciary net position, end of year	12,750,541	12,071,303
County's net OPEB liability	\$ 44,335,729	\$ 42,762,108
Plan fiduciary net position as a percentage of total OPEB liability	22.34%	22.01%
Covered payroll	\$ 8,200,982	\$ 10,405,947
County's net OPEB liability as a percentage of covered payroll	540.61%	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 - County

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
2018	\$ 57,086,270	\$ 12,750,541	\$ 44,335,729	22.34%	\$ 8,200,982	540.61%
2017	54,833,411	12,071,303	42,762,108	22.01%	10,405,947	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 - 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
2018	\$ 4,319,553	\$ 1,622,831	\$ (2,696,722)	\$ 8,200,982	19.8%
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, 2018)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years, closed
Asset valuation method	Market value of assets
Price inflation	2.0% to 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	Experience-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 the 2013 SOA Study "Healthcare Costs - From Birth to Death"

EATON COUNTY, MICHIGAN

Required Supplementary Information Postemployment Healthcare Plan - County

Schedule of Investment Returns

Fiscal Year Ended September 30,	Annual Return ⁽¹⁾
2018	9.63%
2017	5.06%

⁽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.

EATON COUNTY, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Health and Rehabilitation Services Facility

Schedule of Changes in the Facility's Total OPEB Liability and Related Ratios

	Year Ended September 30 2018
Total OPEB liability	
Service cost	\$ 131,414
Interest	45,073
Effect of economic/demographic gains or losses	(118,070)
Changes of assumptions	3,987
Benefit payments	(40,857)
Net change in total OPEB liability	<u>21,547</u>
Total OPEB liability, beginning of year	<u>949,350</u>
Total OPEB liability, end of year	<u><u>\$ 970,897</u></u>
Covered payroll	<u><u>\$ 502,484</u></u>
Facility's total OPEB liability as a percentage of covered payroll	193.22%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

EATON COUNTY, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Health and Rehabilitation Services Facility

Schedule of the Total OPEB Liability

Fiscal Year Ended September 30,	Total OPEB Liability	Covered Payroll	Total OPEB Liability as Percentage of Covered Payroll
2018	\$ 970,897	\$ 502,484	193.22%

Note: GASB 75 was implemented in fiscal year 2018. 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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Real and personal property taxes	\$ 18,453,575	\$ 18,453,575	\$ 18,519,037	\$ 65,462
Industrial facilities tax	293,134	293,134	180,085	(113,049)
Payments in lieu	10,000	10,000	5,482	(4,518)
Delinquent taxes	12,000	12,000	19,507	7,507
Trailer park taxes	10,000	10,000	9,256	(744)
Real estate transfer tax	365,000	365,000	444,250	79,250
Interest and penalties	55,000	55,000	49,755	(5,245)
Total taxes	19,198,709	19,198,709	19,227,372	28,663
Licenses and permits:				
Dog licenses	93,000	93,000	88,357	(4,643)
Pistol permits	-	-	630	630
Marriage licenses	15,200	15,200	13,950	(1,250)
Soil erosion	87,500	87,500	91,220	3,720
Total licenses and permits	195,700	195,700	194,157	(1,543)
Intergovernmental - federal/state:				
ADC incentive	160,000	160,000	155,791	(4,209)
Cooperative reimbursement - Friend of the Court	1,089,501	1,089,501	678,480	(411,021)
Personal property tax reimbursement	219,000	219,000	108,046	(110,954)
Probate judge's salary	145,578	145,578	145,558	(20)
Judicial salary standardization	182,896	182,896	182,896	-
Sheriff road patrol program	101,370	101,370	90,470	(10,900)
Marine safety program	2,500	2,500	5,400	2,900
Drug case incentive	500	500	380	(120)
Victims Rights Act	122,800	122,800	130,970	8,170
Parole violation grant	380,000	410,000	510,818	100,818
Diverted felon program	145,000	175,000	200,033	25,033
Assistant juvenile officer grant	53,832	53,832	65,970	12,138
Convention and tourism	476,536	476,536	466,154	(10,382)
Liquor license fees	32,000	32,000	34,761	2,761
State income tax	2,260,742	2,260,742	2,260,205	(537)
State aid-case flow assistance	23,900	23,900	23,662	(238)
State court equity funding	430,000	430,000	447,257	17,257
Title IV-E	23,000	23,000	31,470	8,470
WRAP housing	-	302,812	343,751	40,939
Disaster reimbursement	-	88,531	88,530	(1)
Miscellaneous	26,275	26,275	24,820	(1,455)
Total intergovernmental - federal/state	5,875,430	6,326,773	5,995,422	(331,351)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (continued)				
Intergovernmental - local:				
Township - planning	\$ 175,921	\$ 175,921	\$ 175,921	\$ -
Township - Sheriff	3,115,299	3,115,299	3,065,304	(49,995)
Prosecuting attorney services	50,000	50,000	34,855	(15,145)
Total intergovernmental - local	3,341,220	3,341,220	3,276,080	(65,140)
Charges for services:				
Court:				
District Court costs	786,355	786,355	773,240	(13,115)
Circuit Court probation	79,500	79,500	103,605	24,105
Court filing fees	38,000	38,000	34,159	(3,841)
Bond costs	900	900	-	(900)
Jury demand	5,000	5,000	3,020	(1,980)
Writ of garnishment	86,000	86,000	96,060	10,060
Attorney fee reimbursement	48,200	48,200	56,299	8,099
SOS reinstatement fee	26,000	26,000	26,610	610
Probation oversight	190,000	190,000	174,372	(15,628)
Alcohol assessment	30,000	30,000	28,625	(1,375)
Friend of the Court service fees	166,500	166,500	168,607	2,107
Probate court services	38,000	38,000	42,223	4,223
Juvenile court services	6,100	6,100	10,237	4,137
Prosecuting attorney services	33,100	33,100	40,025	6,925
Juvenile court attorney fees	22,000	22,000	53,337	31,337
Crime victim assessment	150	150	223	73
Inmate medical	5,000	5,000	9,766	4,766
General government:				
County clerk services	177,350	177,350	176,491	(859)
County treasurer services	11,000	11,000	19,868	8,868
Register of deed services	400,000	400,000	464,492	64,492
Drain commission services	107,000	107,000	144,522	37,522
Child care collection fees	41,000	41,000	35,671	(5,329)
Property description services	23,000	23,000	26,843	3,843
Food stamp fraud	3,000	3,000	425	(2,575)
Sheriff Department:				
Sheriff services	107,000	107,000	79,180	(27,820)
Economic crimes unit	448,000	448,000	394,150	(53,850)
OUIL/Impaired	14,000	14,000	28,191	14,191
False alarms	4,000	4,000	5,380	1,380
Abandoned vehicles	5,500	5,500	2,989	(2,511)
Tether program	-	-	14,842	14,842
Inmate medical	3,000	3,000	1,501	(1,499)
Sentenced inmate boarding	45,000	45,000	33,689	(11,311)
Boarding of dogs and cats	5,000	5,000	5,728	728
Medical Examiner - cremation fees	74,000	74,000	14,525	(59,475)
Parks and recreation	103,500	103,500	94,377	(9,123)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Charges for services - concluded:				
Planning aerial photos	\$ -	\$ -	\$ 367	\$ 367
Computer	17,500	17,500	7,333	(10,167)
Miscellaneous	34,000	34,000	38,375	4,375
Total charges for services	<u>3,183,655</u>	<u>3,183,655</u>	<u>3,209,347</u>	<u>25,692</u>
Fines and forfeitures:				
Ordinance fines and costs	210,200	210,200	252,317	42,117
Handicap parking	1,000	1,000	13	(987)
Bond forfeitures	19,000	19,000	40,896	21,896
Dog fines	2,000	2,000	2,398	398
Law library	6,500	6,500	6,500	-
Miscellaneous	1,000	1,000	250	(750)
Total fines and forfeitures	<u>239,700</u>	<u>239,700</u>	<u>302,374</u>	<u>62,674</u>
Interest and rents:				
Interest on investments	7,000	7,000	86,459	79,459
Rental fees	253,771	268,771	257,697	(11,074)
Total interest and rents	<u>260,771</u>	<u>275,771</u>	<u>344,156</u>	<u>68,385</u>
Other:				
Reimbursements and refunds	77,500	86,500	282,302	195,802
Restitution	2,500	2,500	13,432	10,932
Parks and recreation	5,600	5,600	370	(5,230)
Miscellaneous	55,210	58,654	102,253	43,599
Total other	<u>140,810</u>	<u>153,254</u>	<u>398,357</u>	<u>245,103</u>
Total revenues	<u>32,435,995</u>	<u>32,914,782</u>	<u>32,947,265</u>	<u>32,483</u>
Other financing sources				
Transfers in	1,325,018	1,427,962	1,426,658	(1,304)
Proceeds from sale of capital assets	10,000	10,000	16,480	6,480
Issuance of long-term debt	-	510,769	326,341	(184,428)
Total other financing sources	<u>1,335,018</u>	<u>1,948,731</u>	<u>1,769,479</u>	<u>(179,252)</u>
Total revenues and other financing sources	<u>\$ 33,771,013</u>	<u>\$ 34,863,513</u>	<u>\$ 34,716,744</u>	<u>\$ (146,769)</u>

concluded

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Legislative:				
Board of Commissioners	\$ 325,304	\$ 330,304	\$ 328,448	\$ (1,856)
Judicial:				
Circuit Court	1,391,339	1,391,873	1,312,008	(79,865)
District Court	1,619,374	1,612,121	1,553,369	(58,752)
Friend of the Court	1,337,230	1,318,951	1,256,199	(62,752)
County Guardian	61,000	61,000	60,000	(1,000)
Probate Court	569,430	568,960	550,532	(18,428)
Juvenile Division	800,676	818,948	800,582	(18,366)
Probation	7,425	7,425	6,387	(1,038)
Law library	6,500	6,500	-	(6,500)
Total judicial	5,792,974	5,785,778	5,539,077	(246,701)
General government:				
Elections	132,150	180,087	137,022	(43,065)
County Clerk	721,963	721,127	627,577	(93,550)
Plat Board	323	323	-	(323)
Controller	951,114	948,944	898,118	(50,826)
Child Support	125,058	123,088	111,268	(11,820)
Information Systems	1,049,893	1,049,893	953,033	(96,860)
Equalization	661,308	660,750	633,627	(27,123)
Prosecuting Attorney	1,679,256	1,676,105	1,600,388	(75,717)
Economic Crimes Unit	366,800	367,800	346,420	(21,380)
Register of Deeds	259,875	259,875	247,651	(12,224)
Treasurer	476,314	476,666	449,303	(27,363)
Crime victims	176,356	176,356	146,598	(29,758)
Cooperative Extension	146,883	150,827	149,647	(1,180)
Building and Grounds	1,707,640	1,682,675	1,562,086	(120,589)
Drain Commissioner	564,932	564,626	552,455	(12,171)
Total general government	9,019,865	9,039,142	8,415,193	(623,949)
Public safety:				
Sheriff Department	5,325,868	5,289,181	4,963,086	(326,095)
Sheriff - Corrections	4,279,462	4,697,372	4,379,805	(317,567)
Sheriff - Delta office	4,022,971	4,028,136	3,736,213	(291,923)
Tri-County Metro	20,000	22,277	22,277	-
Sheriff Road Patrol	195,417	221,852	183,658	(38,194)
Marine Safety	3,482	6,292	4,902	(1,390)
Community Development	211,782	211,782	202,261	(9,521)
Tri-County Planning	106,533	106,533	106,533	-
Animal Control	276,721	276,721	233,001	(43,720)
Total public safety	14,442,236	14,860,146	13,831,736	(1,028,410)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public works:				
Drains at large	\$ 410,000	\$ 410,000	\$ 351,527	\$ (58,473)
Health and social services:				
Substance abuse	238,268	238,268	233,077	(5,191)
Medical examiner	240,000	262,692	246,851	(15,841)
Community Mental Health	441,382	441,382	441,382	-
Tri-County Aging	66,769	66,769	66,029	(740)
Veterans	107,328	107,328	96,250	(11,078)
Landfill	35,000	35,000	30,518	(4,482)
Soldiers and Sailors	30,000	30,000	15,065	(14,935)
District health - appropriation	715,800	715,800	715,800	-
Total health and social services	1,874,547	1,897,239	1,844,972	(52,267)
Parks, recreation and culture:				
Courthouse Square Association	15,000	15,000	15,000	-
Parks and recreation	609,588	631,588	538,619	(92,969)
Parks special projects	1,500	1,500	-	(1,500)
Total parks, recreation and culture	626,088	648,088	553,619	(94,469)
Other:				
Computer	156,800	222,724	222,722	(2)
Insurance, bonds & contingency	420,000	115,103	14,218	(100,885)
Total other	576,800	337,827	236,940	(100,887)
Capital outlay:				
General	243,781	1,298,504	737,489	(561,015)
Computer	347,000	398,027	378,911	(19,116)
Total capital outlay	590,781	1,696,531	1,116,400	(580,131)
Debt service:				
Principal	487,448	479,285	425,584	(53,701)
Interest	34,357	43,426	26,221	(17,205)
Total debt service	521,805	522,711	451,805	(70,906)
Total expenditures	34,180,400	35,527,766	32,669,717	(2,858,049)
Other financing uses				
Transfers out	1,349,573	1,387,221	1,114,344	(272,877)
Total expenditures and other financing uses	\$ 35,529,973	\$ 36,914,987	\$ 33,784,061	\$ (3,130,926)

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EATON COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Special Revenue Funds				
	Sheriff Road Crew	Solid Waste Ordinance	Central Dispatch Fund	Swift and Sure Sanctions	CDBG Housing Grant
Assets					
Cash and cash equivalents	\$ -	\$ 184,400	\$ 950,391	\$ -	\$ 241,700
Receivables:					
Property taxes, net	-	-	1,781	-	-
Accounts	22,050	6,000	-	-	-
Due from other governments	-	-	121,429	24,237	-
Total assets	<u>\$ 22,050</u>	<u>\$ 190,400</u>	<u>\$ 1,073,601</u>	<u>\$ 24,237</u>	<u>\$ 241,700</u>
Liabilities					
Negative equity in pooled cash	\$ 18,516	\$ -	\$ -	\$ 16,920	\$ -
Accounts payable	-	13,041	31,295	5,230	-
Accrued liabilities	1,625	3,735	61,898	504	-
Due to other funds	437	1,148	22,841	84	-
Total liabilities	<u>20,578</u>	<u>17,924</u>	<u>116,034</u>	<u>22,738</u>	<u>-</u>
Fund balances					
Restricted	-	-	957,567	1,499	241,700
Committed	1,472	172,476	-	-	-
Total fund balances	<u>1,472</u>	<u>172,476</u>	<u>957,567</u>	<u>1,499</u>	<u>241,700</u>
Total liabilities and fund balances	<u>\$ 22,050</u>	<u>\$ 190,400</u>	<u>\$ 1,073,601</u>	<u>\$ 24,237</u>	<u>\$ 241,700</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

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
\$ 742,290	\$ 15,951	\$ 32,389	\$ 20,949	\$ -	\$ 3,121	\$ -
-	-	-	-	-	-	-
-	-	-	-	38,361	-	19,945
<u>\$ 742,290</u>	<u>\$ 15,951</u>	<u>\$ 32,389</u>	<u>\$ 20,949</u>	<u>\$ 38,361</u>	<u>\$ 3,121</u>	<u>\$ 19,945</u>
\$ -	\$ -	\$ -	\$ -	\$ 36,641	\$ -	\$ 14,391
483	14,756	-	-	243	-	3,125
9,293	-	-	-	1,052	2,600	2,083
2,625	-	-	-	425	521	346
<u>12,401</u>	<u>14,756</u>	<u>-</u>	<u>-</u>	<u>38,361</u>	<u>3,121</u>	<u>19,945</u>
729,889	1,195	32,389	20,949	-	-	-
-	-	-	-	-	-	-
<u>729,889</u>	<u>1,195</u>	<u>32,389</u>	<u>20,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 742,290</u>	<u>\$ 15,951</u>	<u>\$ 32,389</u>	<u>\$ 20,949</u>	<u>\$ 38,361</u>	<u>\$ 3,121</u>	<u>\$ 19,945</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Special Revenue Funds				
	Community Corrections	Homeland Security	Drug Law Enforcement - Prosecutor	OHSP Traffic Enforcement	Michigan Justice Training
Assets					
Cash and cash equivalents	\$ -	\$ 29,072	\$ 26,542	\$ -	\$ 28,018
Receivables:					
Property taxes, net	-	-	-	-	-
Accounts	-	-	-	-	-
Due from other governments	13,891	25,013	-	19,116	-
Total assets	<u>\$ 13,891</u>	<u>\$ 54,085</u>	<u>\$ 26,542</u>	<u>\$ 19,116</u>	<u>\$ 28,018</u>
Liabilities					
Negative equity in pooled cash	\$ 5,622	\$ -	\$ -	\$ 19,116	\$ -
Accounts payable	2,970	5,491	-	-	1,420
Accrued liabilities	725	-	-	-	-
Due to other funds	103	-	-	-	-
Total liabilities	<u>9,420</u>	<u>5,491</u>	<u>-</u>	<u>19,116</u>	<u>1,420</u>
Fund balances					
Restricted	4,471	48,594	26,542	-	26,598
Committed	-	-	-	-	-
Total fund balances	<u>4,471</u>	<u>48,594</u>	<u>26,542</u>	<u>-</u>	<u>26,598</u>
Total liabilities and fund balances	<u>\$ 13,891</u>	<u>\$ 54,085</u>	<u>\$ 26,542</u>	<u>\$ 19,116</u>	<u>\$ 28,018</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

Special Revenue Funds						
Concealed Pistol Licenses	Sobriety Court	Department of Human Services	Veterans Trust	Home Tax Exemption Audit	Local Corrections Officer Training	LEAD Drug Testing
\$ 56,482	\$ -	\$ 120,621	\$ -	\$ 76,487	\$ 225,750	\$ -
-	-	-	-	-	-	-
-	23,181	-	-	-	-	-
<u>\$ 56,482</u>	<u>\$ 23,181</u>	<u>\$ 120,621</u>	<u>\$ -</u>	<u>\$ 76,487</u>	<u>\$ 225,750</u>	<u>\$ -</u>
\$ -	\$ 16,348	\$ 5,547	\$ -	\$ -	\$ -	\$ -
-	1,799	2,798	-	24,495	-	-
-	1,845	-	-	-	2,193	-
-	306	-	-	-	859	-
-	20,298	8,345	-	24,495	3,052	-
-	-	-	-	-	222,698	-
56,482	2,883	112,276	-	51,992	-	-
56,482	2,883	112,276	-	51,992	222,698	-
<u>\$ 56,482</u>	<u>\$ 23,181</u>	<u>\$ 120,621</u>	<u>\$ -</u>	<u>\$ 76,487</u>	<u>\$ 225,750</u>	<u>\$ -</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Special Revenue Funds				
	Juvenile Millage	Jail Millage II	Veterans' Court Grant	Juvenile Court Donations	Youth Facility Donations
Assets					
Cash and cash equivalents	\$ 480,091	\$ 331,908	\$ -	\$ 14,819	\$ 305
Receivables:					
Property taxes, net	656	1,313	-	-	-
Accounts	-	-	-	-	-
Due from other governments	-	4,098	20,498	-	-
Total assets	<u>\$ 480,747</u>	<u>\$ 337,319</u>	<u>\$ 20,498</u>	<u>\$ 14,819</u>	<u>\$ 305</u>
Liabilities					
Negative equity in pooled cash	\$ -	\$ -	\$ 16,986	\$ 3,941	\$ -
Accounts payable	199	75	2,126	-	47
Accrued liabilities	-	26,673	1,175	-	-
Due to other funds	-	7,779	196	-	-
Total liabilities	<u>199</u>	<u>34,527</u>	<u>20,483</u>	<u>3,941</u>	<u>47</u>
Fund balances					
Restricted	480,548	302,792	15	10,878	258
Committed	-	-	-	-	-
Total fund balances	<u>480,548</u>	<u>302,792</u>	<u>15</u>	<u>10,878</u>	<u>258</u>
Total liabilities and fund balances	<u>\$ 480,747</u>	<u>\$ 337,319</u>	<u>\$ 20,498</u>	<u>\$ 14,819</u>	<u>\$ 305</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

Special Revenue Funds			Debt Service Funds		Permanent Fund	Total
Sheriff Donations	Animal Control Donations	Residential Substance Abuse	Building Authority Jail	Dental Clinic	Lincoln Brick Trust	
\$ 7,791	\$ 7,066	\$ -	\$ 15,267	\$ 50,373	\$ 126,577	\$ 3,788,360
-	-	-	-	-	-	3,750
-	-	-	-	-	-	28,050
-	-	42,239	-	-	-	352,008
<u>\$ 7,791</u>	<u>\$ 7,066</u>	<u>\$ 42,239</u>	<u>\$ 15,267</u>	<u>\$ 50,373</u>	<u>\$ 126,577</u>	<u>\$ 4,172,168</u>
\$ -	\$ -	\$ 20,327	\$ -	\$ -	\$ 70,094	\$ 244,449
-	-	21,912	-	-	-	131,505
-	-	-	-	-	-	115,401
-	-	-	-	-	-	37,670
-	-	42,239	-	-	70,094	529,025
7,791	7,066	-	15,267	50,373	56,483	3,245,562
-	-	-	-	-	-	397,581
<u>7,791</u>	<u>7,066</u>	<u>-</u>	<u>15,267</u>	<u>50,373</u>	<u>56,483</u>	<u>3,643,143</u>
<u>\$ 7,791</u>	<u>\$ 7,066</u>	<u>\$ 42,239</u>	<u>\$ 15,267</u>	<u>\$ 50,373</u>	<u>\$ 126,577</u>	<u>\$ 4,172,168</u>

concluded

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2018

	Special Revenue Funds				
	Sheriff Road Crew	Solid Waste Ordinance	Central Dispatch Fund	Swift and Sure Sanctions	CDBG Housing Grant
Revenues					
Property taxes	\$ -	\$ -	\$ 3,278,059	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental - federal/state	-	-	349,278	59,923	194,662
Charges for services	48,750	319,710	-	-	1,748
Fines and forfeitures	-	-	-	-	-
Interest and rents	-	-	-	-	-
Other	-	6,000	-	-	-
Total revenues	48,750	325,710	3,627,337	59,923	196,410
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	48,997	-	3,108,655	59,585	-
Health and social services	-	367,967	-	-	65,648
Debt service:					
Principal	-	5,247	-	-	-
Interest and fiscal charges	-	955	-	-	-
Total expenditures	48,997	374,169	3,108,655	59,585	65,648
Revenues over (under) expenditures	(247)	(48,459)	518,682	338	130,762
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(9,543)	(662,510)	-	-
Issuance of long-term debt	-	35,617	-	-	-
Total other financing sources (uses)	-	26,074	(662,510)	-	-
Net change in fund balances	(247)	(22,385)	(143,828)	338	130,762
Fund balances, beginning of year	1,719	194,861	1,101,395	1,161	110,938
Fund balances, end of year	\$ 1,472	\$ 172,476	\$ 957,567	\$ 1,499	\$ 241,700

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Special Revenue Funds						
Construction Code Enforcement	Remuneration Grant	Register of Deeds Technology	Drug Law Enforcement - Sheriff	Medical Marijuana	S.T.O.P. Grant	Priority Court
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
486,240	-	-	-	-	-	-
-	53,749	-	-	38,118	50,700	95,393
3,056	17,080	85,420	-	-	-	6,108
-	-	-	6,547	-	-	-
-	-	767	-	-	-	-
-	-	-	-	-	-	-
<u>489,296</u>	<u>70,829</u>	<u>86,187</u>	<u>6,547</u>	<u>38,118</u>	<u>50,700</u>	<u>101,501</u>
-	-	-	-	-	-	125,729
-	69,634	35,654	-	-	-	-
374,174	-	-	745	38,118	94,946	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>374,174</u>	<u>69,634</u>	<u>35,654</u>	<u>745</u>	<u>38,118</u>	<u>94,946</u>	<u>125,729</u>
<u>115,122</u>	<u>1,195</u>	<u>50,533</u>	<u>5,802</u>	<u>-</u>	<u>(44,246)</u>	<u>(24,228)</u>
-	-	-	-	-	44,246	-
(29,660)	-	(65,421)	-	-	-	-
-	-	-	-	-	-	-
<u>(29,660)</u>	<u>-</u>	<u>(65,421)</u>	<u>-</u>	<u>-</u>	<u>44,246</u>	<u>-</u>
85,462	1,195	(14,888)	5,802	-	-	(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>\$ 729,889</u>	<u>\$ 1,195</u>	<u>\$ 32,389</u>	<u>\$ 20,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2018

	Special Revenue Funds				
	Community Corrections	Homeland Security	Drug Law Enforcement - Prosecutor	OHSP Traffic Enforcement	Michigan Justice Training
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental - federal/state	101,552	102,384	-	26,019	6,898
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	2,284	-	-
Interest and rents	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	101,552	102,384	2,284	26,019	6,898
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	101,552	105,117	-	26,019	2,965
Health and social services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	101,552	105,117	-	26,019	2,965
Revenues over (under) expenditures	-	(2,733)	2,284	-	3,933
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	(2,733)	2,284	-	3,933
Fund balances, beginning of year	4,471	51,327	24,258	-	22,665
Fund balances, end of year	\$ 4,471	\$ 48,594	\$ 26,542	\$ -	\$ 26,598

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Special Revenue Funds						
Concealed Pistol Licenses	Sobriety Court	Department of Human Services	Veterans Trust	Home Tax Exemption Audit	Local Corrections Officer Training	LEAD Drug Testing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60,550	-	-	-	-	-	-
-	84,708	-	-	-	-	-
-	9,933	-	-	-	16,181	-
-	-	-	-	-	-	-
-	-	-	-	13,253	-	-
-	-	-	-	-	-	-
<u>60,550</u>	<u>94,641</u>	<u>-</u>	<u>-</u>	<u>13,253</u>	<u>16,181</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,975	91,854	-	-	-	13,950	-
-	-	7,696	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,975</u>	<u>91,854</u>	<u>7,696</u>	<u>-</u>	<u>-</u>	<u>13,950</u>	<u>-</u>
<u>57,575</u>	<u>2,787</u>	<u>(7,696)</u>	<u>-</u>	<u>13,253</u>	<u>2,231</u>	<u>-</u>
-	-	14,000	-	-	-	-
(43,562)	-	-	-	(2,001)	-	(1,932)
-	-	-	-	-	-	-
<u>(43,562)</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>(2,001)</u>	<u>-</u>	<u>(1,932)</u>
14,013	2,787	6,304	-	11,252	2,231	(1,932)
42,469	96	105,972	-	40,740	220,467	1,932
<u>\$ 56,482</u>	<u>\$ 2,883</u>	<u>\$ 112,276</u>	<u>\$ -</u>	<u>\$ 51,992</u>	<u>\$ 222,698</u>	<u>\$ -</u>

continued...

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2018

	Special Revenue Funds				
	Juvenile Millage	Jail Millage II	Veterans' Court Grant	Juvenile Court Donations	Youth Facility Donations
Revenues					
Property taxes	\$ 1,205,744	\$ 2,411,507	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental - federal/state	-	4,098	57,684	-	-
Charges for services	-	-	40	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rents	-	-	-	258	-
Other	-	87,000	-	1,518	4,892
Total revenues	1,205,744	2,502,605	57,724	1,776	4,892
Expenditures					
Current:					
Judicial	-	-	-	1,004	-
General government	-	-	-	-	-
Public safety	7,090	1,159,908	57,709	-	6,220
Health and social services	-	-	-	-	-
Debt service:					
Principal	-	61,683	-	-	-
Interest and fiscal charges	-	9,019	-	-	-
Total expenditures	7,090	1,230,610	57,709	1,004	6,220
Revenues over (under) expenditures	1,198,654	1,271,995	15	772	(1,328)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(1,016,492)	(1,101,164)	-	-	-
Issuance of long-term debt	-	-	-	-	-
Total other financing sources (uses)	(1,016,492)	(1,101,164)	-	-	-
Net change in fund balances	182,162	170,831	15	772	(1,328)
Fund balances, beginning of year	298,386	131,961	-	10,106	1,586
Fund balances, end of year	\$ 480,548	\$ 302,792	\$ 15	\$ 10,878	\$ 258

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Special Revenue Funds			Debt Service Funds		Permanent Fund	Total
Sheriff Donations	Animal Control Donations	Residential Substance Abuse	Building Authority Jail	Dental Clinic	Lincoln Brick Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,895,310
-	-	-	-	-	-	546,790
-	-	72,838	-	-	-	1,298,004
-	-	-	-	-	-	508,026
-	-	-	-	-	-	8,831
-	-	-	-	-	2,007	16,285
2,197	2,235	-	-	70,320	18,920	193,082
<u>2,197</u>	<u>2,235</u>	<u>72,838</u>	<u>-</u>	<u>70,320</u>	<u>20,927</u>	<u>9,466,328</u>
-	-	-	-	-	-	126,733
-	-	-	-	-	-	105,288
2,201	2,007	97,117	-	-	-	5,401,904
-	-	-	-	-	-	441,311
-	-	-	865,000	45,000	-	976,930
-	-	-	235,657	26,675	-	272,306
<u>2,201</u>	<u>2,007</u>	<u>97,117</u>	<u>1,100,657</u>	<u>71,675</u>	<u>-</u>	<u>7,324,472</u>
(4)	228	(24,279)	(1,100,657)	(1,355)	20,927	2,141,856
-	-	24,279	1,101,164	-	-	1,183,689
-	-	-	-	-	(32,237)	(2,964,522)
-	-	-	-	-	-	35,617
-	-	24,279	1,101,164	-	(32,237)	(1,745,216)
(4)	228	-	507	(1,355)	(11,310)	396,640
<u>7,795</u>	<u>6,838</u>	<u>-</u>	<u>14,760</u>	<u>51,728</u>	<u>67,793</u>	<u>3,246,503</u>
<u>\$ 7,791</u>	<u>\$ 7,066</u>	<u>\$ -</u>	<u>\$ 15,267</u>	<u>\$ 50,373</u>	<u>\$ 56,483</u>	<u>\$ 3,643,143</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, 2018

	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	95,768	48,750	(47,018)	311,800	319,710	7,910
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	18,000	6,000	(12,000)
Total revenues	95,768	48,750	(47,018)	329,800	325,710	(4,090)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	95,768	48,997	(46,771)	-	-	-
Health and social services	-	-	-	406,466	367,967	(38,499)
Debt service:						
Principal	-	-	-	7,090	5,247	(1,843)
Interest and fiscal charges	-	-	-	2,301	955	(1,346)
Total expenditures	95,768	48,997	(46,771)	415,857	374,169	(41,688)
Revenues over (under) expenditures	-	(247)	(247)	(86,057)	(48,459)	37,598
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(9,543)	(9,543)	-
Issuance of long-term debt	-	-	-	40,296	35,617	(4,679)
Total other financing sources (uses)	-	-	-	30,753	26,074	(4,679)
Net change in fund balances	-	(247)	(247)	(55,304)	(22,385)	32,919
Fund balances, beginning of year	1,719	1,719	-	194,861	194,861	-
Fund balances, end of year	\$ 1,719	\$ 1,472	\$ (247)	\$ 139,557	\$ 172,476	\$ 32,919

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

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
\$ 3,304,650	\$ 3,278,059	\$ (26,591)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
370,000	349,278	(20,722)	85,000	59,923	(25,077)	286,400	194,662	(91,738)
-	-	-	-	-	-	440	1,748	1,308
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,674,650</u>	<u>3,627,337</u>	<u>(47,313)</u>	<u>85,000</u>	<u>59,923</u>	<u>(25,077)</u>	<u>286,840</u>	<u>196,410</u>	<u>(90,430)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,286,863	3,108,655	(178,208)	85,000	59,585	(25,415)	-	-	-
-	-	-	-	-	-	315,665	65,648	(250,017)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,286,863</u>	<u>3,108,655</u>	<u>(178,208)</u>	<u>85,000</u>	<u>59,585</u>	<u>(25,415)</u>	<u>315,665</u>	<u>65,648</u>	<u>(250,017)</u>
<u>387,787</u>	<u>518,682</u>	<u>130,895</u>	<u>-</u>	<u>338</u>	<u>338</u>	<u>(28,825)</u>	<u>130,762</u>	<u>159,587</u>
-	-	-	-	-	-	-	-	-
(662,795)	(662,510)	(285)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(662,795)</u>	<u>(662,510)</u>	<u>(285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(275,008)	(143,828)	130,610	-	338	338	(28,825)	130,762	159,587
<u>1,101,395</u>	<u>1,101,395</u>	<u>-</u>	<u>1,161</u>	<u>1,161</u>	<u>-</u>	<u>110,938</u>	<u>110,938</u>	<u>-</u>
<u>\$ 826,387</u>	<u>\$ 957,567</u>	<u>\$ 130,610</u>	<u>\$ 1,161</u>	<u>\$ 1,499</u>	<u>\$ 338</u>	<u>\$ 82,113</u>	<u>\$ 241,700</u>	<u>\$ 159,587</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, 2018

	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	400,000	486,240	86,240	-	-	-
Intergovernmental - Federal/state	-	-	-	85,000	53,749	(31,251)
Charges for services	6,700	3,056	(3,644)	17,000	17,080	80
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	406,700	489,296	82,596	102,000	70,829	(31,171)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	102,000	69,634	(32,366)
Public safety	422,639	374,174	(48,465)	-	-	-
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	422,639	374,174	(48,465)	102,000	69,634	(32,366)
Revenues over (under) expenditures	(15,939)	115,122	131,061	-	1,195	1,195
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(29,660)	(29,660)	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	(29,660)	(29,660)	-	-	-	-
Net change in fund balances	(45,599)	85,462	131,061	-	1,195	1,195
Fund balances, beginning of year	644,427	644,427	-	-	-	-
Fund balances, end of year	\$ 598,828	\$ 729,889	\$ 131,061	\$ -	\$ 1,195	\$ 1,195

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	41,328	38,118	(3,210)
80,000	85,420	5,420	-	-	-	-	-	-
-	-	-	11,000	6,547	(4,453)	-	-	-
420	767	347	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>80,420</u>	<u>86,187</u>	<u>5,767</u>	<u>11,000</u>	<u>6,547</u>	<u>(4,453)</u>	<u>41,328</u>	<u>38,118</u>	<u>(3,210)</u>
-	-	-	-	-	-	-	-	-
36,200	35,654	(546)	-	-	-	-	-	-
-	-	-	11,000	745	(10,255)	41,328	38,118	(3,210)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>36,200</u>	<u>35,654</u>	<u>(546)</u>	<u>11,000</u>	<u>745</u>	<u>(10,255)</u>	<u>41,328</u>	<u>38,118</u>	<u>(3,210)</u>
44,220	50,533	6,313	-	5,802	5,802	-	-	-
-	-	-	-	-	-	-	-	-
(65,421)	(65,421)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(65,421)</u>	<u>(65,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(21,201)	(14,888)	6,313	-	5,802	5,802	-	-	-
47,277	47,277	-	15,147	15,147	-	-	-	-
<u>\$ 26,076</u>	<u>\$ 32,389</u>	<u>\$ 6,313</u>	<u>\$ 15,147</u>	<u>\$ 20,949</u>	<u>\$ 5,802</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, 2018

	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	50,700	-	103,000	95,393	(7,607)
Charges for services	-	-	-	19,160	6,108	(13,052)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	50,700	50,700	-	122,160	101,501	(20,659)
Expenditures						
Current:						
Judicial	-	-	-	130,946	125,729	(5,217)
General government	-	-	-	-	-	-
Public safety	95,768	94,946	(822)	-	-	-
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	95,768	94,946	(822)	130,946	125,729	(5,217)
Revenues over (under) expenditures	(45,068)	(44,246)	822	(8,786)	(24,228)	(15,442)
Other financing sources (uses)						
Transfers in	45,068	44,246	(822)	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	45,068	44,246	(822)	-	-	-
Net change in fund balances	-	-	-	(8,786)	(24,228)	(15,442)
Fund balances, beginning of year	-	-	-	24,228	24,228	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 15,442	\$ -	\$ (15,442)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
145,022	101,552	(43,470)	122,500	102,384	(20,116)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,000	2,284	(716)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>145,022</u>	<u>101,552</u>	<u>(43,470)</u>	<u>122,500</u>	<u>102,384</u>	<u>(20,116)</u>	<u>3,000</u>	<u>2,284</u>	<u>(716)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
145,022	101,552	(43,470)	122,500	105,117	(17,383)	8,000	-	(8,000)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>145,022</u>	<u>101,552</u>	<u>(43,470)</u>	<u>122,500</u>	<u>105,117</u>	<u>(17,383)</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
-	-	-	-	(2,733)	(2,733)	(5,000)	2,284	7,284
-	-	-	-	-	-	(1,000)	-	1,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(1,000)	-	1,000
-	-	-	-	(2,733)	(2,733)	(6,000)	2,284	8,284
4,471	4,471	-	51,327	51,327	-	24,258	24,258	-
<u>\$ 4,471</u>	<u>\$ 4,471</u>	<u>\$ -</u>	<u>\$ 51,327</u>	<u>\$ 48,594</u>	<u>\$ (2,733)</u>	<u>\$ 18,258</u>	<u>\$ 26,542</u>	<u>\$ 8,284</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, 2018

	OHSP Traffic Enforcement			Michigan Justice Training		
	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	26,024	26,019	(5)	15,000	6,898	(8,102)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	26,024	26,019	(5)	15,000	6,898	(8,102)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	26,024	26,019	(5)	15,000	2,965	(12,035)
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	26,024	26,019	(5)	15,000	2,965	(12,035)
Revenues over (under) expenditures	-	-	-	-	3,933	3,933
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	3,933	3,933
Fund balances, beginning of year	-	-	-	22,665	22,665	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 22,665	\$ 26,598	\$ 3,933

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

Concealed Pistol Licenses			Sobriety Court			Department of Human Services		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45,000	60,550	15,550	-	-	-	-	-	-
-	-	-	102,236	84,708	(17,528)	-	-	-
-	-	-	10,886	9,933	(953)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>45,000</u>	<u>60,550</u>	<u>15,550</u>	<u>113,122</u>	<u>94,641</u>	<u>(18,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,000	2,975	(3,025)	113,122	91,854	(21,268)	-	-	-
-	-	-	-	-	-	25,000	7,696	(17,304)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>6,000</u>	<u>2,975</u>	<u>(3,025)</u>	<u>113,122</u>	<u>91,854</u>	<u>(21,268)</u>	<u>25,000</u>	<u>7,696</u>	<u>(17,304)</u>
<u>39,000</u>	<u>57,575</u>	<u>18,575</u>	<u>-</u>	<u>2,787</u>	<u>2,787</u>	<u>(25,000)</u>	<u>(7,696)</u>	<u>17,304</u>
-	-	-	-	-	-	14,000	14,000	-
(43,562)	(43,562)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(43,562)</u>	<u>(43,562)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
(4,562)	14,013	18,575	-	2,787	2,787	(11,000)	6,304	17,304
42,469	42,469	-	96	96	-	105,972	105,972	-
<u>\$ 37,907</u>	<u>\$ 56,482</u>	<u>\$ 18,575</u>	<u>\$ 96</u>	<u>\$ 2,883</u>	<u>\$ 2,787</u>	<u>\$ 94,972</u>	<u>\$ 112,276</u>	<u>\$ 17,304</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, 2018

	Veterans Trust			Home Tax Exemption Audit		
	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	-	(50,000)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	13,253	13,253
Other	-	-	-	-	-	-
Total revenues	50,000	-	(50,000)	-	13,253	13,253
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	50,000	-	(50,000)	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	50,000	-	(50,000)	-	-	-
Revenues over (under) expenditures	-	-	-	-	13,253	13,253
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(2,001)	2,001
Issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(2,001)	2,001
Net change in fund balances	-	-	-	-	11,252	11,252
Fund balances, beginning of year	-	-	-	40,740	40,740	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 40,740	\$ 51,992	\$ 11,252

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

Local Corrections Officer Training			LEAD Drug Testing			Juvenile Millage		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,218,902	\$ 1,205,744	\$ (13,158)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
35,000	16,181	(18,819)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>35,000</u>	<u>16,181</u>	<u>(18,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,218,902</u>	<u>1,205,744</u>	<u>(13,158)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
35,000	13,950	(21,050)	-	-	-	8,650	7,090	(1,560)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>35,000</u>	<u>13,950</u>	<u>(21,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,650</u>	<u>7,090</u>	<u>(1,560)</u>
-	2,231	2,231	-	-	-	1,210,252	1,198,654	(11,598)
-	-	-	-	-	-	-	-	-
-	-	-	(1,932)	(1,932)	-	(1,274,842)	(1,016,492)	(258,350)
-	-	-	-	-	-	-	-	-
-	-	-	(1,932)	(1,932)	-	(1,274,842)	(1,016,492)	(258,350)
-	2,231	2,231	(1,932)	(1,932)	-	(64,590)	182,162	246,752
<u>220,467</u>	<u>220,467</u>	<u>-</u>	<u>1,932</u>	<u>1,932</u>	<u>-</u>	<u>298,386</u>	<u>298,386</u>	<u>-</u>
<u>\$ 220,467</u>	<u>\$ 222,698</u>	<u>\$ 2,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,796</u>	<u>\$ 480,548</u>	<u>\$ 246,752</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, 2018

	Jail Millage II			Veterans' Court Grant		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ 2,436,004	\$ 2,411,507	\$ (24,497)	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental - Federal/state	2,000	4,098	2,098	57,875	57,684	(191)
Charges for services	-	-	-	40	40	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	87,000	87,000	-	-	-
Total revenues	2,438,004	2,502,605	64,601	57,915	57,724	(191)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,245,977	1,159,908	(86,069)	57,915	57,709	(206)
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	61,684	61,683	(1)	-	-	-
Interest and fiscal charges	9,019	9,019	-	-	-	-
Total expenditures	1,316,680	1,230,610	(86,070)	57,915	57,709	(206)
Revenues over (under) expenditures	1,121,324	1,271,995	150,671	-	15	15
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(1,101,164)	(1,101,164)	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	(1,101,164)	(1,101,164)	-	-	-	-
Net change in fund balances	20,160	170,831	150,671	-	15	15
Fund balances, beginning of year	131,961	131,961	-	-	-	-
Fund balances, end of year	\$ 152,121	\$ 302,792	\$ 150,671	\$ -	\$ 15	\$ 15

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

Juvenile Court Donations			Youth Facility Donations			Sheriff 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	258	258	-	-	-	-	-	-
-	1,518	1,518	-	4,892	4,892	-	2,197	2,197
-	1,776	1,776	-	4,892	4,892	-	2,197	2,197
-	1,004	1,004	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	6,220	6,220	-	2,201	2,201
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,004	1,004	-	6,220	6,220	-	2,201	2,201
-	772	772	-	(1,328)	(1,328)	-	(4)	(4)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	772	772	-	(1,328)	(1,328)	-	(4)	(4)
10,106	10,106	-	1,586	1,586	-	7,795	7,795	-
\$ 10,106	\$ 10,878	\$ 772	\$ 1,586	\$ 258	\$ (1,328)	\$ 7,795	\$ 7,791	\$ (4)

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, 2018

	Animal Control Donations			Residential Substance Abuse		
	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	-	-	-	99,667	72,838	(26,829)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	2,235	2,235	-	-	-
Total revenues	-	2,235	2,235	99,667	72,838	(26,829)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	2,007	2,007	133,000	97,117	(35,883)
Health and social services	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	2,007	2,007	133,000	97,117	(35,883)
Revenues over (under) expenditures	-	228	228	(33,333)	(24,279)	9,054
Other financing sources (uses)						
Transfers in	-	-	-	33,333	24,279	(9,054)
Transfers out	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	33,333	24,279	(9,054)
Net change in fund balances	-	228	228	-	-	-
Fund balances, beginning of year	6,838	6,838	-	-	-	-
Fund balances, end of year	\$ 6,838	\$ 7,066	\$ 228	\$ -	\$ -	\$ -

concluded

EATON COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2018

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 257,569	\$ 1,212,710	\$ 1,470,279
Accounts receivable	13,677	-	13,677
Inventories	19,238	-	19,238
Total assets	<u>290,484</u>	<u>1,212,710</u>	<u>1,503,194</u>
Liabilities			
Current liabilities:			
Accounts payable	-	26,527	26,527
Accrued liabilities	1,705	1,814	3,519
Due to other funds	279	596	875
Total liabilities	<u>1,984</u>	<u>28,937</u>	<u>30,921</u>
Net position			
Unrestricted	<u>\$ 288,500</u>	<u>\$ 1,183,773</u>	<u>\$ 1,472,273</u>

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Operating revenues			
Sales	\$ 89,682	\$ 162,348	\$ 252,030
Administrative fees/penalties	-	217,735	217,735
Total operating revenues	89,682	380,083	469,765
Operating expenses			
Personal services and benefits	61,514	63,481	124,995
Contractual services	1,874	136,476	138,350
Total operating expenses	63,388	199,957	263,345
Operating income	26,294	180,126	206,420
Transfers out	(17,363)	-	(17,363)
Change in net position	8,931	180,126	189,057
Net position, beginning of year	279,569	1,003,647	1,283,216
Net position, end of year	\$ 288,500	\$ 1,183,773	\$ 1,472,273

EATON COUNTY, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Cash flows from operating activities			
Cash received from customers	\$ 81,709	\$ 469,884	\$ 551,593
Cash paid to/for employees	(60,611)	(62,974)	(123,585)
Cash paid to suppliers	(9,362)	(135,815)	(145,177)
Net cash provided by operating activities	11,736	271,095	282,831
Cash flows from noncapital financing activities			
Transfers out	(17,363)	-	(17,363)
Net change in cash and cash equivalents	(5,627)	271,095	265,468
Cash and cash equivalents, beginning of year	263,196	941,615	1,204,811
Cash and cash equivalents, end of year	\$ 257,569	\$ 1,212,710	\$ 1,470,279
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 26,294	\$ 180,126	\$ 206,420
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in operating assets and liabilities that provided (used) cash:			
Taxes receivable	-	89,801	89,801
Accounts receivable	(7,973)	-	(7,973)
Accounts payable	-	439	439
Accrued liabilities	903	507	1,410
Due to other funds	164	222	386
Due to other governments	(7,652)	-	(7,652)
Net cash provided by operating activities	\$ 11,736	\$ 271,095	\$ 282,831

EATON COUNTY, MICHIGAN

Combining Statement of Net Position Internal Service Funds September 30, 2018

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Assets				
Current assets:				
Cash and cash equivalents	\$ 297,492	\$ 446,919	\$ 1,682,231	\$ 2,528,109
Accounts receivable	-	24	246	-
Due from other funds	60,372	1,131	-	-
Prepaid items	-	16,310	141,224	-
Total assets	357,864	464,384	1,823,701	2,528,109
Liabilities				
Current liabilities:				
Accounts payable	-	3,270	10,286	-
Accrued liabilities	-	77,979	992,700	338,917
Total liabilities	-	81,249	1,002,986	338,917
Net position				
Unrestricted	<u>\$ 357,864</u>	<u>\$ 383,135</u>	<u>\$ 820,715</u>	<u>\$ 2,189,192</u>

Combining Statement of Net Position

Internal Service Funds

September 30, 2018

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 189,984	\$ 45,750	\$ 346,048	\$ 13,003	\$ 5,549,536
5	-	-	-	275
693	4,266	177,475	-	243,937
-	-	-	-	157,534
<u>190,682</u>	<u>50,016</u>	<u>523,523</u>	<u>13,003</u>	<u>5,951,282</u>
-	1,993	-	11,454	27,003
-	1,060	334,664	-	1,745,320
-	3,053	334,664	11,454	1,772,323
<u>\$ 190,682</u>	<u>\$ 46,963</u>	<u>\$ 188,859</u>	<u>\$ 1,549</u>	<u>\$ 4,178,959</u>

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and

Changes in Fund Net Position

Internal Service Funds

For the Year Ended September 30, 2018

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Operating revenues				
Charges for services	\$ 1,778,865	\$ 58,172	\$ 6,211,389	\$ 425,238
Other revenues	77,688	-	-	-
Total operating revenues	1,856,553	58,172	6,211,389	425,238
Operating expenses				
Personal services and benefits	459	-	-	-
Contractual services	4,000	24,392	2,000	5,535
Insurance and claims	1,882,472	121,214	6,389,207	296,595
Total operating expenses	1,886,931	145,606	6,391,207	302,130
Operating income (loss)	(30,378)	(87,434)	(179,818)	123,108
Nonoperating revenues				
Interest income	1,276	3,361	-	407,494
Change in net position	(29,102)	(84,073)	(179,818)	530,602
Net position, beginning of year	386,966	467,208	1,000,533	1,658,590
Net position, end of year	\$ 357,864	\$ 383,135	\$ 820,715	\$ 2,189,192

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2018

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 12,206	\$ 117,874	\$ 4,262,906	\$ 183,976	\$ 13,050,626
-	-	-	-	77,688
<u>12,206</u>	<u>117,874</u>	<u>4,262,906</u>	<u>183,976</u>	<u>13,128,314</u>
-	-	4,231,552	203,687	4,435,698
-	-	1,050	-	36,977
<u>33,770</u>	<u>90,863</u>	<u>-</u>	<u>-</u>	<u>8,814,121</u>
<u>33,770</u>	<u>90,863</u>	<u>4,232,602</u>	<u>203,687</u>	<u>13,286,796</u>
(21,564)	27,011	30,304	(19,711)	(158,482)
-	-	-	-	412,131
(21,564)	27,011	30,304	(19,711)	253,649
<u>212,246</u>	<u>19,952</u>	<u>158,555</u>	<u>21,260</u>	<u>3,925,310</u>
<u>\$ 190,682</u>	<u>\$ 46,963</u>	<u>\$ 188,859</u>	<u>\$ 1,549</u>	<u>\$ 4,178,959</u>

EATON COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2018

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Cash flows from operating activities				
Cash received from interfund services	\$ 1,858,326	\$ 58,230	\$ 6,211,143	\$ 425,238
Cash paid to/for employees	(1,882,931)	(190,973)	-	-
Cash paid to suppliers	(12,890)	(41,800)	(5,789,041)	(194,109)
Net cash provided by (used in) operating activities	(37,495)	(174,543)	422,102	231,129
Cash flows from investing activities				
Interest received	1,276	3,361	-	407,494
Net change in cash and cash equivalents	(36,219)	(171,182)	422,102	638,623
Cash and cash equivalents, beginning of year	333,711	618,101	1,260,129	1,889,486
Cash and cash equivalents, end of year	<u>\$ 297,492</u>	<u>\$ 446,919</u>	<u>\$ 1,682,231</u>	<u>\$ 2,528,109</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (30,378)	\$ (87,434)	\$ (179,818)	\$ 123,108
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	29	(246)	-
Due from other funds	1,773	58	-	-
Prepaid items	-	2,374	543,420	-
Accounts payable	(8,890)	(16,937)	6,533	-
Accrued liabilities	-	(72,633)	52,213	108,021
Net cash provided by (used in) operating activities	\$ (37,495)	\$ (174,543)	\$ 422,102	\$ 231,129

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2018

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 12,241	\$ 118,090	\$ 4,245,613	\$ 183,976	\$ 13,112,857
(33,407)	(89,736)	(4,127,368)	(201,166)	(6,525,581)
(1,086)	-	(1,050)	-	(6,039,976)
(22,252)	28,354	117,195	(17,190)	547,300
-	-	-	-	412,131
(22,252)	28,354	117,195	(17,190)	959,431
212,236	17,396	228,853	30,193	4,590,105
<u>\$ 189,984</u>	<u>\$ 45,750</u>	<u>\$ 346,048</u>	<u>\$ 13,003</u>	<u>\$ 5,549,536</u>
\$ (21,564)	\$ 27,011	\$ 30,304	\$ (19,711)	\$ (158,482)
6	-	-	-	(211)
30	216	(17,293)	-	(15,216)
-	-	-	-	545,794
(724)	1,993	(1,413)	2,521	(16,917)
-	(866)	105,597	-	192,332
<u>\$ (22,252)</u>	<u>\$ 28,354</u>	<u>\$ 117,195</u>	<u>\$ (17,190)</u>	<u>\$ 547,300</u>

EATON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2018

	Trust and Agency	Library	District Court Bond	Inmate Trust Account
Assets				
Cash and cash equivalents	\$ 7,396,171	\$ 69,192	\$ 178,861	\$ 17,415
Due from other governments	3,236	-	-	-
Total assets	\$ 7,399,407	\$ 69,192	\$ 178,861	\$ 17,415
Liabilities				
Undistributed receipts	\$ 7,399,407	\$ 69,192	\$ 178,861	\$ 17,415

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2018

Payroll	Friend of the Court	Property Forfeiture Trust	Total
\$ 144,066	\$ 7,907	\$ 6,208	\$ 7,819,820
-	-	-	3,236
<u>\$ 144,066</u>	<u>\$ 7,907</u>	<u>\$ 6,208</u>	<u>\$ 7,823,056</u>
<u>\$ 144,066</u>	<u>\$ 7,907</u>	<u>\$ 6,208</u>	<u>\$ 7,823,056</u>

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Board of Public Works Component Unit

September 30, 2018

	Debt Service Funds		Total
	Grand Ledge Water System	Brookfield Water/Sewer Systems	
Assets			
Prepaid items	\$ 37,878	\$ -	\$ 37,878
Leases receivable	3,656,580	1,260,000	4,916,580
Total assets	3,694,458	1,260,000	4,954,458
Deferred outflows of resources			
Deferred charge on refunding	-	-	-
Total assets and deferred outflows of resources	\$ 3,694,458	\$ 1,260,000	\$ 4,954,458
Liabilities			
Unearned revenue	\$ 37,878	\$ -	\$ 37,878
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	37,878	-	37,878
Deferred inflows of resources			
Unavailable revenue - leases receivable	3,656,580	1,260,000	4,916,580
Fund balances			
Unassigned	-	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 3,694,458	\$ 1,260,000	\$ 4,954,458
Net position - unrestricted			

Statement of Net Position and Governmental Funds Balance Sheet

Board of Public Works Component Unit

September 30, 2018

GASB 34 Adjustments	Statement of Net Position
\$ -	\$ 37,878
-	4,916,580
-	4,954,458
<u>64,252</u>	<u>64,252</u>
<u>64,252</u>	<u>5,018,710</u>
-	37,878
642,935	642,935
<u>4,273,645</u>	<u>4,273,645</u>
4,916,580	4,954,458
(4,916,580)	-
<u>-</u>	<u>-</u>
<u>\$ 64,252</u>	<u>\$ 64,252</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, 2018

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 4,916,580

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 (4,865,000)
Unamortized bond premium (51,580)
Unamortized deferred charge on refunding 64,252

Net position of governmental activities \$ 64,252

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, 2018

	Debt Service Funds		Total
	Grand Ledge Water System	Brookfield Water/Sewer Systems	
Revenues			
Intergovernmental - local	\$ 565,856	\$ 166,653	\$ 732,509
Expenditures / expenses			
Debt service:			
Principal	480,000	145,000	625,000
Interest and fiscal charges	85,856	21,653	107,509
Total expenditures/expenses	565,856	166,653	732,509
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, 2018

GASB 34 Adjustments	Statement of Activities
\$ (632,935)	\$ 99,574
(625,000)	-
1,950	109,459
<u>(623,050)</u>	<u>109,459</u>
(9,885)	(9,885)
<u>74,137</u>	<u>74,137</u>
<u><u>\$ 64,252</u></u>	<u><u>\$ 64,252</u></u>

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EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Board of Public Works Component Unit
For the Year Ended September 30, 2018

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		(632,935)
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		625,000
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)
		<hr/>
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, 2018

	Debt	Capital Projects Funds			
	Service Fund	Regular Drain	Drain Revolving	Narrow Lake Level	Lacey Lake Level
Assets					
Cash and cash equivalents	\$ 5,872,100	\$ 6,802,126	\$ -	\$ 10,999	\$ 351
Accounts receivable	-	1,890	-	-	-
Special assessments receivable	22,236,432	-	-	-	-
Due from other funds	6,139	34,000	46,540	-	-
Inventories	-	-	25,848	-	-
Capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated, net	-	-	-	-	-
Total assets	28,114,671	6,838,016	72,388	10,999	351
Deferred outflows of resources					
Deferred charge on refunding	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 28,114,671	\$ 6,838,016	\$ 72,388	\$ 10,999	\$ 351
Liabilities					
Negative equity in pooled cash	\$ 4,832,498	\$ -	\$ 12,388	\$ -	\$ -
Accounts payable	-	349,998	-	-	-
Interest payable	-	-	-	-	-
Due to other funds	37,115	49,564	-	-	-
Advances from primary government	-	-	60,000	-	-
Long-term debt:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total liabilities	4,869,613	399,562	72,388	-	-
Deferred inflows of resources					
Unavailable revenue - special assessments	22,236,432	-	-	-	-
Fund balances					
Restricted	1,008,626	6,438,454	-	10,999	351
Total liabilities, deferred inflows of resources and fund balances	\$ 28,114,671	\$ 6,838,016	\$ 72,388	\$ 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, 2018

Total	GASB 34 Adjustments	Statement of Net Position
\$ 12,685,576	\$ -	\$ 12,685,576
1,890	-	1,890
22,236,432	-	22,236,432
86,679	(86,679)	-
25,848	-	25,848
-	4,394,331	4,394,331
-	68,015,550	68,015,550
<hr/>		<hr/>
35,036,425	72,323,202	107,359,627
-	219,117	219,117
<hr/>		<hr/>
<u>\$ 35,036,425</u>	<u>72,542,319</u>	<u>107,578,744</u>
\$ 4,844,886	-	4,844,886
349,998	-	349,998
-	278,150	278,150
86,679	(86,679)	-
60,000	-	60,000
-	2,972,221	2,972,221
-	21,786,405	21,786,405
<hr/>		<hr/>
5,341,563	24,950,097	30,291,660
22,236,432	(22,236,432)	-
7,458,430	(7,458,430)	-
<hr/>		<hr/>
<u>\$ 35,036,425</u>		
	47,870,372	47,870,372
	29,416,712	29,416,712
	<hr/>	<hr/>
	<u>\$ 77,287,084</u>	<u>\$ 77,287,084</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, 2018

Total fund balances for governmental funds \$ 7,458,430

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	4,394,331
Capital assets being depreciated, net	68,015,550

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	22,236,432
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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	(24,372,267)
Unamortized premiums	(386,359)
Unamortized deferred charge on refunding	219,117
Interest payable	(278,150)

Net position of governmental activities \$ 77,287,084

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, 2018

	Debt Service Fund	Capital Projects Funds			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level	Lacey Lake Level
Revenues					
Charges for services	\$ -	\$ 57,567	\$ -	\$ -	\$ -
Special assessments	3,928,323	847,041	-	-	-
Interest revenue	75,127	-	-	-	-
Miscellaneous	-	24,398	-	-	-
Total revenues	4,003,450	929,006	-	-	-
Expenditures / expenses					
Public works	-	-	-	-	-
Capital outlay - construction and maintenance	-	4,261,884	-	-	-
Debt service:					
Principal	2,945,292	-	-	-	-
Interest and fiscal charges	921,046	-	-	-	-
Total expenditures / expenses	3,866,338	4,261,884	-	-	-
Revenues over (under) expenditures/expenses	137,112	(3,332,878)	-	-	-
Other financing sources					
Issuance of long-term debt	-	269,000	-	-	-
Net changes in fund balances	137,112	(3,063,878)	-	-	-
Change in net position	-	-	-	-	-
Fund balances / net position, beginning of year	871,514	9,502,332	-	10,999	351
Fund balances / net position, end of year	\$ 1,008,626	\$ 6,438,454	\$ -	\$ 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, 2018

Total	GASB 34 Adjustments	Statement of Activities
\$ 57,567	\$ -	\$ 57,567
4,775,364	(1,658,641)	3,116,723
75,127	-	75,127
24,398	-	24,398
<u>4,932,456</u>	<u>(1,658,641)</u>	<u>3,273,815</u>
-	2,630,242	2,630,242
4,261,884	(3,399,002)	862,882
2,945,292	(2,945,292)	-
921,046	(41,838)	879,208
<u>8,128,222</u>	<u>(3,755,890)</u>	<u>4,372,332</u>
(3,195,766)	2,097,249	(1,098,517)
<u>269,000</u>	<u>(269,000)</u>	<u>-</u>
(2,926,766)	1,828,249	-
-	1,828,249	(1,098,517)
<u>10,385,196</u>	<u>68,000,405</u>	<u>78,385,601</u>
<u>\$ 7,458,430</u>	<u>\$ 71,656,903</u>	<u>\$ 77,287,084</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, 2018

Net change in fund balance - total governmental funds \$ (2,926,766)

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 (1,658,641)

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 3,399,002
Depreciation expense (2,630,242)

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 (269,000)
Principal payments on long-term debt 2,945,292

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 16,751
Amortization of bond premium 57,954
Amortization of deferred charge on refunding (32,867)

Change in net position of governmental activities \$ (1,098,517)

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

District Health Department Component Unit

September 30, 2018

	General Fund	GASB 34 Adjustments	Statement of Activities
Assets			
Cash and cash equivalents	\$ 1,526,346	\$ -	\$ 1,526,346
Accounts receivable, net	405,823	-	405,823
Prepaid items	15,411	-	15,411
Capital assets being depreciated, net	-	38,556	38,556
Total assets	1,947,580	38,556	1,986,136
Deferred outflows of resources			
Deferred pension amounts	-	352,370	352,370
Total assets and deferred outflows of resources	\$ 1,947,580	390,926	2,338,506
Liabilities			
Accounts payable	\$ 56,465	-	56,465
Accrued liabilities	119,059	-	119,059
Unearned revenue	68,119	-	68,119
Long-term debt:			
Due within one year	-	32,765	32,765
Due in more than one year	-	186,021	186,021
Net pension liability (due in more than one year)	-	5,027,461	5,027,461
Total liabilities	243,643	5,246,247	5,489,890
Deferred inflows of resources			
Deferred pension amounts	-	605,160	605,160
Fund balance			
Nonspendable for prepaids	15,411	(15,411)	-
Unassigned	1,688,526	(1,688,526)	-
Total fund balance	1,703,937	(1,703,937)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 1,947,580		
Net position			
Net investment in capital assets		38,556	38,556
Unrestricted (deficit)		(3,795,100)	(3,795,100)
Total net position		\$ (3,756,544)	\$ (3,756,544)

EATON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
District Health Department Component Unit
September 30, 2018

Total fund balances for governmental funds	\$ 1,703,937
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 being depreciated, net	38,556
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.	(218,786)
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	(5,027,461)
Deferred outflows related to the net pension liability	352,370
Deferred inflows related to the net pension liability	<u>(605,160)</u>
Net position of governmental activities	<u>\$ (3,756,544)</u>

EATON COUNTY, MICHIGAN

**Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
District Health Department Component Unit
For the Year Ended September 30, 2018**

	General Fund	GASB 34 Adjustments	Statement of Activities
Revenues			
Licenses and permits	\$ 212,384	\$ -	\$ 212,384
Intergovernmental:			
Federal/State	3,080,897	-	3,080,897
Local	2,039,686	-	2,039,686
Charges for services	1,185,694	-	1,185,694
Miscellaneous	236,083	-	236,083
Total revenues	6,754,744	-	6,754,744
Expenditures / expenses			
Health and social services	6,414,564	428,958	6,843,522
Net change in fund balance	340,180	(340,180)	-
Change in net position	-	(88,778)	(88,778)
Fund balance / net position, beginning of year	1,363,757	(5,031,523)	(3,667,766)
Fund balance / net position, end of year	\$ 1,703,937	\$ (5,460,481)	\$ (3,756,544)

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, 2018

Net change in fund balance - total governmental funds \$ 340,180

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.

Depreciation expense (28,133)

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 (8,021)

Change in the net pension liability and related deferred amounts (392,804)

Change in net position of governmental activities \$ (88,778)

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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 18, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 18, 2019, 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, 2018

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	\$ -	\$ 16,222
National School Lunch Program	10.555	MDE	230008001	-	27,694
Special Snack Program	10.555	MDE	230008001	-	5,754
Commodities (non-cash assistance)	10.555	MDE	230008001	-	6,148
				-	39,596
Total Child Nutrition Cluster				-	55,818
Women, Infants and Children	10.557	MDHHS	20180056	-	485,164
Women, Infants and Children Breastfeeding	10.557	MDHHS	20180056	-	13,810
Women, Infants and Children Breastfeeding	10.557	MDHHS	20180056	-	4,604
Women, Infants and Children Breastfeeding	10.557	MDHHS	20180056	-	9,205
				-	512,783
Total U.S. Department of Agriculture				-	568,601
U.S. Department of Housing and Urban Development					
Community Development Block Grant	14.228	MSHDA	MSC-2014-0778-HOA	-	66,815
U.S. Department of Justice					
Residential Substance Abuse Treatment for State Prisoners	16.593	MSP	2016-RT-BX-0005	-	72,838
State Criminal Alien Assistance Program	16.606	Direct	2019-AP-BX-0236	-	4,098
Drug Court - Priority	16.738	SCAO	SCAO-2017-10464	-	95,393
Total U.S. Department of Justice				-	172,329
U.S. Department of Transportation					
Strategic Traffic Enforcement Program	20.614	MSP	PT-18-18 & 18-44	-	26,019
Hazardous Materials Emergency Preparedness	20.703	MSP	n/a	-	12,714
Total U.S. Department of Transportation				-	38,733
U.S. Environmental Protection Agency					
Clean Water State Revolving Fund Cluster / State Drinking Water Revolving Loan Fund Program: Operator Certification	66.468	MDEQ	FS975487-16	-	1,094
U.S. Department of Health and Human Services					
Public Health Emergency Preparedness 10/1/17-6/30/18	93.069	MDHHS	20180056	-	104,964
Public Health Emergency Preparedness 7/1/18-9/30/18	93.069	MDHHS	20180056	-	32,399
				-	137,363

continued...

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

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 (Concluded)					
Tuberculosis Control Program	93.116	MDHHS	20180056	\$ -	\$ 100
Immunization and Vaccine Program	93.268	MDHHS	20180056	-	13,423
Immunization and Vaccine Program Fixed Fees	93.268	MDHHS	20180056	-	6,450
Vaccines (non-cash assistance)	93.268	MDHHS	n/a	-	268,913
				<u>-</u>	<u>288,786</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.539	MDHHS	20180056	-	61,673
Child Support Enforcement:					
Incentive Payments	93.563	MDHHS	n/a	-	155,791
Friend of the Court	93.563	MDHHS	CSFOC17-23001	-	501,971
Prosecuting Attorney	93.563	MDHHS	CSPA17-23002	-	73,687
				<u>-</u>	<u>731,449</u>
Preventive Health and Health Services Block Grant	93.758	MDHHS	20180056	-	55,135
Medicaid Cluster / Medical Assistance Program:					
CSHC Medicaid Elevated Blood Lead Case	93.778	MDHHS	20180056	-	1,613
CSHC Medicaid Outreach	93.778	MDHHS	20180056	-	21,625
CSHC Outreach and Advocacy	93.778	MDHHS	20180056	-	40,000
Medicaid Outreach	93.778	MDHHS	20180056	-	67,048
CSHCS Care Coordination Title V/XIX (PCA 88080)	93.778	MDHHS	20180056	-	3,700
CSHCS Care Coordination Title V/XIX (PCA 88050)	93.778	MDHHS	20180056	-	975
CSHCS Care Management Services Title V/XIX (PCA 88080)	93.778	MDHHS	20180056	-	1,008
				<u>-</u>	<u>135,969</u>
Cancer Prevention and Control Program:					
CCC Community Implementation Project	93.898	MDHHS	20180056	-	7,500
Substance Abuse Prevention and Treatment Block Grant - Prevention Programs	93.959	MSHN	n/a	-	59,751
Substance Abuse Prevention and Treatment Block Grant - Treatment Programs	93.959	MSHN	n/a	-	268,489
				<u>-</u>	<u>328,240</u>
Maternal and Child Health Services Block Grant:					
Enabling Services Women - MCH	93.994	MDHHS	20180056	-	1,000
Public Health Functions and Infrastructure	93.994	MDHHS	20180056	-	66,824
CSHCS Care Coordination Title V (PCA 88070)	93.994	MDHHS	20180056	-	4,350
CSHCS Care Coordination Title V (PCA 88040)	93.994	MDHHS	20180056	-	3,450
CSHCS Care Management Services Title V (PCA 88010)	93.994	MDHHS	20180056	-	1,008
				<u>-</u>	<u>76,632</u>
Total U.S. Department of Health and Human Services				-	1,822,847

continued...

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2018

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-2018-EP-00002	\$ -	\$ 30,210
Homeland Security Grant Program	97.067	IC	n/a	-	89,670
Total U.S. Department of Homeland Security				-	119,880
Total Expenditures of Federal Awards				\$ -	\$ 2,790,299

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, 2018. 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, 2018 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 18, 2019

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, 2018, 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 18, 2019. 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 and the Eaton County Road Commission 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Rehmann Johnson LLC

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

March 18, 2019

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, 2018. 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, 2018.

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, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ 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 Child Support Enforcement
93.563	

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, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

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, 2018

2017-001 - 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 drain fund capital outlay and drain construction in progress, as well as several other entries that were not individually material in amount. This finding has been resolved.

