

Eaton County,
Michigan



Year Ended
September 30,
2014

Financial
Statements and
Single Audit Act
Compliance

EATON COUNTY, MICHIGAN

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INTRODUCTORY SECTION

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EATON COUNTY CONTROLLER/PERSONNEL

March 17, 2015

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Blvd
Charlotte, MI 48813

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

John F. Fuentes,
CPA
Controller

Connie L. Sobie
*Assistant
Controller*

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, 2014, is hereby submitted. Responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Format

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

Reporting Entity

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

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

- Eaton County Department of Human Services
- Eaton County Health and Rehabilitation Services Facility
- Eaton County Building Authority

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

- Eaton County 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

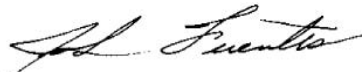
Financial Reporting and Auditing

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

Independent Audit

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

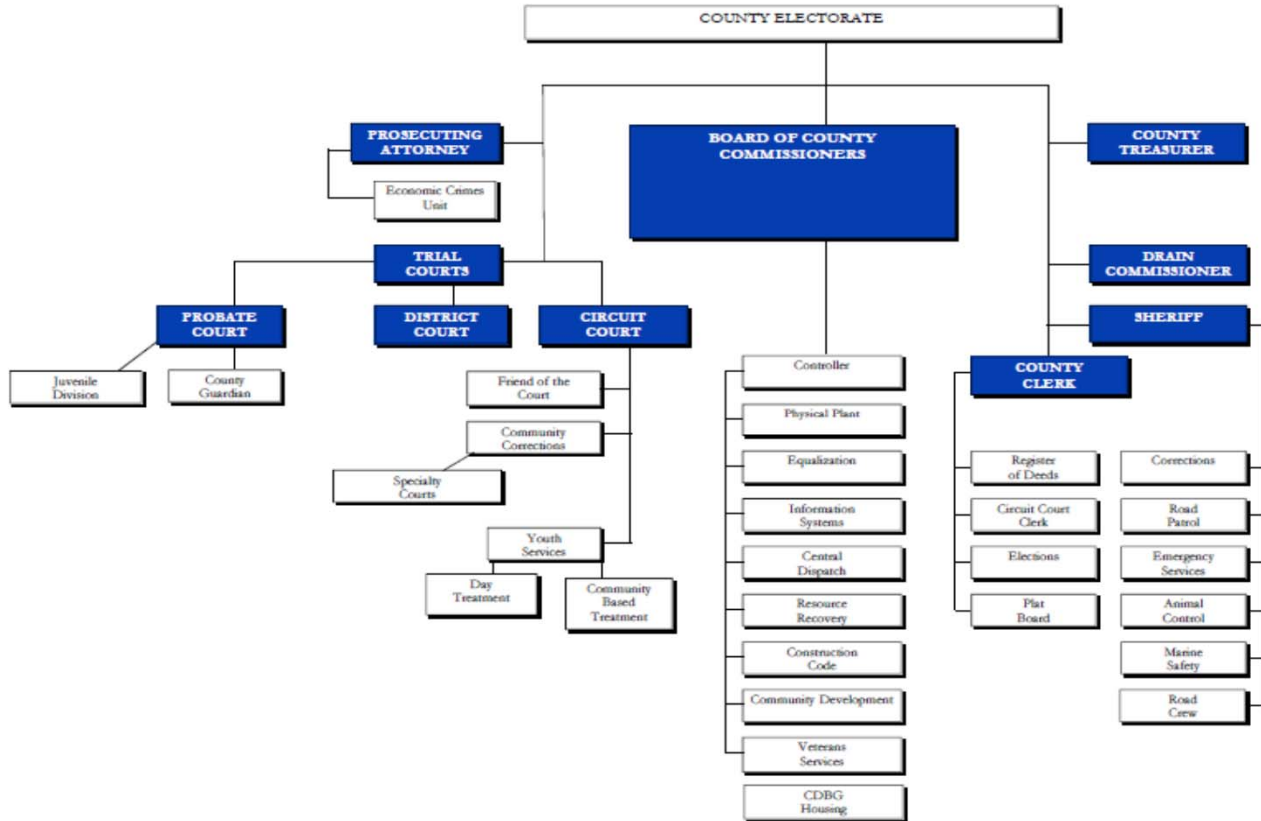
Respectfully submitted,



John Fuentes
Controller

EATON COUNTY, MICHIGAN

Organizational Chart



EATON COUNTY, MICHIGAN

PRINCIPAL OFFICIALS

For the Year Ended September 30, 2014

Board of Commissioners

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

Tom Reich
County Sheriff

Diana Bosworth
County Clerk/Register of Deeds

Robert A. Robinson
County Treasurer

Douglas R. Lloyd
Prosecuting Attorney

Richard Wagner
Drain Commissioner

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

March 17, 2015

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Eaton County Health and Rehabilitation Services Enterprise Fund, which is a major fund and therefore a separate opinion unit that represents 63 percent, 49 percent, and 91 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Eaton County Health and Rehabilitation Services, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Eaton County Health and Rehabilitation Services were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County, Michigan, as of September 30, 2014, 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.

Restatement of Beginning Net Position

As described in Note 18 to the financial statements, the beginning net position of governmental activities was restated (decreased) by \$3,600,004 to appropriately report the net other postemployment benefits obligation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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 17, 2015, 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.

Rehmann Loborn LLC

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities at the close of the most recent fiscal year by \$43,784,989 (net position). Of this amount, \$17,561,314 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$1,233,344 during 2014.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general, special revenue, debt service, capital projects and permanent funds) reported combined ending fund balances of \$9,818,430, decrease of \$1,038,631 in comparison with the prior year. Of the fund balance amount, \$5,431,558 is available for spending at the government's discretion (unassigned fund balance) subject to the inherent limitations of the various funds.
- The general fund had an increase of \$76,204 for 2014. At the end of the year, unassigned fund balance for the general fund was \$5,431,558 or approximately 16.6 percent of total general fund expenditures. Total fund balance for the general fund was \$5,577,381.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$1,378,395 during the current fiscal year.

Using this Annual Report

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

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

Reporting the County as a Whole

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

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

These two statements report the County's net position and changes in them. One can think of the County's net position as one way to measure the County's financial health. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. During 2014, the net position of the County decreased by \$1,233,344.

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

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

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections, the jail commissary, and the Eaton County Health and Rehabilitation Services Facility. The financial statements of the Eaton County Health and Rehabilitation Services Facility are reported separately from the financial information presented for the primary government itself.

Component units. The County includes four legally separate entities in its financial statements: the Eaton County 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.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

The County maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and central dispatch 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 as identified in the table of contents.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operation and county health and rehabilitation, 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 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 Assets and Liabilities. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Additional Information

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

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

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net position and changes in net position of the County's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets and deferred outflows exceeded its liabilities by \$43,784,989 at September 30, 2014.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$22,605,716	\$24,207,507	\$18,461,290	\$18,432,315	\$41,067,006	\$42,639,822
Capital assets, net	30,294,649	27,602,104	15,725,426	14,218,453	46,020,075	41,820,557
Total assets	52,900,365	51,809,611	34,186,716	32,650,768	87,087,081	84,460,379
Deferred outflows	-	-	39,974	45,024	39,974	45,024
Liabilities						
Long-term liabilities	16,423,284	14,837,408	10,879,360	11,824,825	27,302,644	26,662,233
Other liabilities	13,950,197	11,175,472	2,089,225	1,649,365	16,039,422	12,824,837
Total liabilities	30,373,481	26,012,880	12,968,585	13,474,190	43,342,066	39,487,070
Net position						
Net investment in capital assets	16,133,648	14,752,104	6,865,805	4,656,303	22,999,453	19,408,407
Restricted	3,224,222	4,377,983	-	-	3,224,222	4,377,983
Unrestricted	3,169,014	6,666,644	14,392,300	14,565,299	17,561,314	21,231,943
Total net position	\$22,526,884	\$25,796,731	\$21,258,105	\$19,221,602	\$43,784,989	\$45,018,333

A portion of the County's net position, \$22,999,453 (52.5 percent) is its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$3,224,222 (7.4 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17,561,314 (40.1 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (unrestricted, restricted and invested in capital assets, net of related debt) of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The County's net position decreased by \$1,233,344 during the current fiscal year; a decrease of \$3,269,847 for governmental activities and an increase of \$2,036,503 for business-type activities.

Governmental activities. Governmental activities decreased the County's net position by \$3,269,847. The cost of all governmental activities this year was \$44,769,771 compared to \$40,232,208 from the prior year. While the County took many steps to ensure that governmental activity expenses grew at a modest rate, revenues supporting governmental activities remained virtually flat. Key elements of this decrease are as follows:

- Property tax revenue increased by \$129,368.
- The beginning net position for governmental activities was restated for a change in the net post employment obligation annual required contribution by \$3,600,004.
- Decreases in operating grants (\$246,015) included reductions in State reimbursement to the County jail.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 4,644,789	\$ 4,605,437	\$19,422,210	\$17,488,275	\$24,066,999	\$22,093,712
Operating grants	9,188,521	9,436,593	7,117	5,060	9,195,638	9,441,653
General revenues:						
Property taxes	23,871,510	23,746,471	384,813	380,484	24,256,323	24,126,955
Grants and contributions not restricted to specific programs	2,998,683	2,914,531	-	-	2,998,683	2,914,531
Unrestricted investment earnings	394,070	366,578	-	-	394,070	366,578
Total revenues	41,097,573	41,069,610	19,814,140	17,873,819	60,911,713	58,943,429
Expenses						
Legislative	260,251	249,910	-	-	260,251	249,910
Judicial	5,769,942	5,325,994	-	-	5,769,942	5,325,994
General government	7,884,162	6,918,828	-	-	7,884,162	6,918,828
Public safety	20,473,208	17,353,458	-	-	20,473,208	17,353,458
Public works	489,638	376,007	-	-	489,638	376,007
Health and social services	6,537,574	6,606,917	-	-	6,537,574	6,606,917
Parks, recreation, and cultural	409,812	372,047	-	-	409,812	372,047
Other	668,325	557,406	-	-	668,325	557,406
Unallocated depreciation	1,665,038	1,845,436	-	-	1,665,038	1,845,436
Interest on long-term debt	611,821	626,205	-	-	611,821	626,205
Health and Rehabilitation Services	-	-	17,163,183	16,757,127	17,163,183	16,757,127
Jail commissary	-	-	28,692	23,900	28,692	23,900
Delinquent tax collections	-	-	183,411	304,549	183,411	304,549
Total expenses	44,769,771	40,232,208	17,375,286	17,085,576	62,145,057	57,317,784
Change in net position, before transfers	(3,672,198)	837,402	2,438,854	788,243	(1,233,344)	1,625,645
Transfers	402,351	370,905	(402,351)	(370,905)	-	-
Change in net position	(3,269,847)	1,208,307	2,036,503	417,338	(1,233,344)	1,625,645
Net position, beginning of year, as restated	25,796,731	24,588,424	19,221,602	18,804,264	45,018,333	43,392,688
Net position, end of year	\$22,526,884	\$25,796,731	\$21,258,105	\$19,221,602	\$43,784,989	\$45,018,333

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

Business-type activities. Business-type activities increased the County's net position by \$2,036,503 for the current year. Key elements of the current year increase are as follows:

- The County Health and Rehabilitation Services Facility reported an increase in net position of \$957,934.
- Operating revenues of the Facility increased from the prior year by \$1,294,138 while operating expenses increased by \$426,641 over the prior year.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,818,430 a decrease of \$1,038,631 in comparison with the prior year. Of the fund balance amount, \$5,431,558 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,431,558, while total fund balance was \$5,577,381. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.6 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$76,204 during the current fiscal year.

The central dispatch fund has a fund balance of \$2,196,199, a decrease of \$1,057,165 for the year.

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

Unrestricted net position of the health and rehabilitation services facility, delinquent tax revolving, and jail commissary enterprise funds at the end of the year amounted to \$3,550,388, \$10,647,519, and \$194,393, respectively. The health and rehabilitation services fund had an increase in net position for the year of \$957,934, the delinquent tax revolving fund had an increase of \$1,029,901, and the jail commissary fund had an increase of \$48,668. Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund increased by \$186,000 from the original to the final budget.

Expenditures in the general fund increased by \$3,603,039 from the original to the final budget.

EATON COUNTY, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounted to \$46,020,075 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and vehicles and equipment. The net increase in the County's investment in governmental activities capital assets for the current fiscal year was \$2,692,545. The County's business-type activities' capital assets increased by \$1,506,973.

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

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and land improvements	\$ 102,628	\$ 102,628	\$ -	\$ -	\$ 102,628	\$ 102,628
Buildings and improvements	24,510,527	25,398,290	12,663,982	13,102,698	37,174,509	38,500,988
Vehicles and equipment	2,364,150	2,083,860	754,148	767,597	3,118,298	2,851,457
Construction in progress	3,317,344	17,326	2,307,296	348,158	5,624,640	365,484
Total capital assets, net	\$30,294,649	\$27,602,104	\$15,725,426	\$14,218,453	\$46,020,075	\$41,820,557

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$20,911,040; this entire amount comprises debt backed by the full faith and credit of the County.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$12,115,000	\$12,795,000	\$ 8,796,040	\$ 9,494,435	\$20,911,040	\$22,289,435
Installment contracts	2,040,034	48,574	-	-	2,040,034	48,574
Issuance premiums	5,967	6,426	-	-	5,967	6,426
Lease payable	-	-	63,581	112,739	63,581	112,739
Delinquent tax notes	-	-	1,811,000	2,025,000	1,811,000	2,025,000
Compensated absences	2,262,283	1,987,408	208,739	192,651	2,471,022	2,180,059
Total long-term debt	\$16,423,284	\$14,837,408	\$10,879,360	\$11,824,825	\$27,302,644	\$26,662,233

The County's total general obligation debt decreased by \$1,378,395 (6.2 percent) during the current fiscal year.

During the year, the County issued \$4,960,000 of refunding bonds to partially advance refund \$4,755,000 of the Grand Ledge Water and Sewer Bonds.

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 \$371,336,965 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 2015 fiscal year:

- The County Revenue Sharing program from the State of Michigan increased by \$444,222.
- The County increased its total expenditure budget by \$1,511,716. Of this amount the following increases are highlighted:

Total personnel costs increased restoration of previously funded positions by \$555,323 due to the increases in fringe benefit costs.

An increase in the Technology appropriation of \$317,841 for updates to technology and installment payments related to technology infrastructure improvements.

An increase in the Capital Outlay of \$231,957, primarily to replace public safety vehicle fleet.

During the current fiscal year, the unassigned fund balance in the general fund increased by \$76,204. The general rule of thumb is that fund balances can be used to help government weather bad times but should not be used as a means of funding routine operations.

Contacting the County's Controller

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Statement of Net Position

September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 13,776,838	\$ 10,395,003	\$ 24,171,841	\$ 19,346,520
Investments	3,810,202	-	3,810,202	-
Receivables, net	4,439,086	7,965,383	12,404,469	40,626,581
Internal balances	103	(103)	-	-
Other assets	579,487	101,007	680,494	684,366
Net other postemployment benefit asset	-	-	-	1,477,532
Capital assets not being depreciated	3,419,972	2,307,296	5,727,268	59,761,712
Capital assets being depreciated, net	26,874,677	13,418,130	40,292,807	91,120,830
Total assets	52,900,365	34,186,716	87,087,081	213,017,541
Deferred outflows of resources				
Deferred charge on refunding	-	39,974	39,974	203,179
Liabilities				
Accounts payable and accrued expenses	2,744,042	1,456,855	4,200,897	1,075,795
Interest payable	62,857	94,638	157,495	502,524
Unearned revenue	-	-	-	73,235
Long-term liabilities:				
Due within one year	1,646,863	2,779,729	4,426,592	4,864,650
Due in more than one year	14,776,421	8,099,631	22,876,052	40,315,163
Net other postemployment benefit obligation	11,143,298	537,732	11,681,030	-
Total liabilities	30,373,481	12,968,585	43,342,066	46,831,367
Net position				
Net investment in capital assets	16,133,648	6,865,805	22,999,453	114,030,125
Restricted for:				
Judicial	24,228	-	24,228	-
Public safety	2,904,026	-	2,904,026	-
Health and social services	4,120	-	4,120	-
Other state mandated	204,571	-	204,571	-
Permanent trusts	87,277	-	87,277	-
Unrestricted	3,169,014	14,392,300	17,561,314	52,359,228
Total net position	\$ 22,526,884	\$ 21,258,105	\$ 43,784,989	\$ 166,389,353

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

EATON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 260,251	\$ -	\$ -	\$ -	\$ (260,251)
Judicial	5,769,942	1,972,271	1,488,283	-	(2,309,388)
General government	7,884,162	1,110,615	605,425	-	(6,168,122)
Public safety	20,473,208	1,211,586	4,665,025	-	(14,596,597)
Public works	489,638	-	-	-	(489,638)
Health and social services	6,537,574	260,095	2,429,613	-	(3,847,866)
Parks, recreation and culture	409,812	90,222	-	-	(319,590)
Other	668,325	-	-	-	(668,325)
Unallocated depreciation	1,665,038	-	-	-	(1,665,038)
Interest on long-term debt	611,821	-	175	-	(611,646)
Total governmental activities	44,769,771	4,644,789	9,188,521	-	(30,936,461)
Business-type activities:					
Health and rehabilitation services	17,163,183	17,586,304	-	-	423,121
Jail commissary	28,692	77,360	-	-	48,668
Delinquent tax collections	183,411	1,758,546	7,117	-	1,582,252
Total business-type activities	17,375,286	19,422,210	7,117	-	2,054,041
Total primary government	\$ 62,145,057	\$ 24,066,999	\$ 9,195,638	\$ -	\$ (28,882,420)
Component units					
Road Commission	\$ 11,117,038	\$ 824,115	\$ 8,365,784	\$ 3,618,836	\$ 1,691,697
Board of Public Works	385,040	-	502,791	-	117,751
Drainage Districts	3,096,027	59,512	173	2,515,721	(520,621)
District Health Department	6,372,298	1,607,847	5,011,728	-	247,277
Total component units	\$ 20,970,403	\$ 2,491,474	\$ 13,880,476	\$ 6,134,557	\$ 1,536,104

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EATON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net position				
Net (expense) revenues	\$ (30,936,461)	\$ 2,054,041	\$ (28,882,420)	\$ 1,536,104
General revenues:				
Property taxes	23,871,510	384,813	24,256,323	-
Grants and contributions not restricted to specific programs	2,998,683	-	2,998,683	-
Unrestricted investment earnings	394,070	-	394,070	9,594
Transfers - internal activities	402,351	(402,351)	-	-
Total general revenues and transfers	27,666,614	(17,538)	27,649,076	9,594
Change in net position	(3,269,847)	2,036,503	(1,233,344)	1,545,698
Net position, beginning of year, as restated	25,796,731	19,221,602	45,018,333	164,843,655
Net position, end of year	\$ 22,526,884	\$ 21,258,105	\$ 43,784,989	\$ 166,389,353

concluded

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

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

September 30, 2014

	General Fund	Central Dispatch Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,721,438	\$ 2,219,959	\$ 2,041,585	\$ 6,982,982
Receivables:				
Property taxes	2,650,061	-	-	2,650,061
Accounts, net	42,601	-	34,414	77,015
Due from other governments	555,262	107,273	962,842	1,625,377
Interfund receivable	538,603	-	-	538,603
Prepays	85,823	-	-	85,823
Advances to component unit	60,000	-	-	60,000
Total assets	\$ 6,653,788	\$ 2,327,232	\$ 3,038,841	\$ 12,019,861
Liabilities				
Accounts payable	\$ 617,843	\$ 57,237	\$ 322,938	\$ 998,018
Accrued liabilities	380,123	59,369	82,414	521,906
Due to other governmental units	-	-	37,141	37,141
Due to other funds	78,441	14,427	12,895	105,763
Interfund payable	-	-	538,603	538,603
Total liabilities	1,076,407	131,033	993,991	2,201,431
Fund balances				
Nonspendable	145,823	-	-	145,823
Restricted	-	2,196,199	1,071,562	3,267,761
Committed	-	-	973,288	973,288
Unassigned	5,431,558	-	-	5,431,558
Total fund balances	5,577,381	2,196,199	2,044,850	9,818,430
Total liabilities and fund balances	\$ 6,653,788	\$ 2,327,232	\$ 3,038,841	\$ 12,019,861

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, 2014

Total fund balances for governmental funds	\$ 9,818,430
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	3,419,972
Capital assets being depreciated, net	26,874,677
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	(14,155,034)
Unamortized bond premium	(5,967)
Interest payable	(62,857)
Net other postemployment benefit obligation	(11,143,298)
Compensated absences	(2,262,283)
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.	<u>10,043,244</u>
Net position of governmental activities	<u>\$ 22,526,884</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, 2014

	General Fund	Central Dispatch Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 17,372,258	\$ 3,087,207	\$ 3,412,045	\$ 23,871,510
Licenses and permits	193,763	-	340,819	534,582
Intergovernmental:				
Federal/State	5,080,592	380,090	2,969,339	8,430,021
Local	3,150,625	-	95,400	3,246,025
Charges for services	3,016,909	-	477,569	3,494,478
Fines and forfeitures	337,574	-	12,383	349,957
Interest and rents	264,894	-	3,426	268,320
Other	208,682	-	304,722	513,404
Total revenues	29,625,297	3,467,297	7,615,703	40,708,297
Expenditures				
Current:				
Legislative	259,165	-	-	259,165
Judicial	5,102,581	-	91,706	5,194,287
General government	7,110,554	-	135,144	7,245,698
Public safety	13,288,391	2,902,200	2,345,010	18,535,601
Public works	489,638	-	-	489,638
Health and social services	1,844,320	-	4,648,954	6,493,274
Parks, recreation and culture	404,628	-	-	404,628
Other	52,369	-	8,562	60,931
Capital outlay	3,202,149	1,466,001	-	4,668,150
Debt service:				
Principal	860,651	-	728,574	1,589,225
Interest and fiscal charges	14,349	-	595,018	609,367
Total expenditures	32,628,795	4,368,201	8,552,968	45,549,964
Revenues over (under) expenditures	(3,003,498)	(900,904)	(937,265)	(4,841,667)
Other financing sources (uses)				
Transfers in	2,326,622	-	3,214,730	5,541,352
Transfers out	(1,407,230)	(896,636)	(2,335,135)	(4,639,001)
Issuance of long-term debt	2,160,310	740,375	-	2,900,685
Total other financing sources (uses)	3,079,702	(156,261)	879,595	3,803,036
Net change in fund balances	76,204	(1,057,165)	(57,670)	(1,038,631)
Fund balances, beginning of year	5,501,177	3,253,364	2,102,520	10,857,061
Fund balances, end of year	<u>\$ 5,577,381</u>	<u>\$ 2,196,199</u>	<u>\$ 2,044,850</u>	<u>\$ 9,818,430</u>

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

EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2014

Net change in fund balance - total governmental funds \$ (1,038,631)

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	4,374,485
Depreciation expense	(1,665,038)
Loss on disposal of capital assets	(16,902)

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	1,589,225
Issuance of long-term debt	(2,900,685)

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

Change in accrued compensated absences	(274,875)
Amortization of premium on long-term debt	459
Change in the net other postemployment benefit obligation	(2,989,848)
Change in accrued interest payable	(2,913)

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.

(345,124)

Change in net position of governmental activities \$ (3,269,847)

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 17,638,080	\$ 17,638,080	\$ 17,372,258	\$ (265,822)
Licenses and permits	197,000	197,000	193,763	(3,237)
Intergovernmental:				
Federal/State	5,172,544	5,358,544	5,080,592	(277,952)
Local	3,149,581	3,149,581	3,150,625	1,044
Charges for services	2,952,825	2,952,825	3,016,909	64,084
Fines and forfeitures	314,000	314,000	337,574	23,574
Interest and rents	292,209	292,209	264,894	(27,315)
Other	200,650	200,650	208,682	8,032
Total revenues	29,916,889	30,102,889	29,625,297	(477,592)
Expenditures				
Current:				
Legislative	284,408	292,408	259,165	(33,243)
Judicial	5,577,056	5,542,556	5,102,581	(439,975)
General government	7,353,814	7,400,369	7,110,554	(289,815)
Public safety	13,577,529	13,602,973	13,288,391	(314,582)
Public works	407,218	407,218	489,638	82,420
Health and social services	1,930,598	2,033,398	1,844,320	(189,078)
Parks, recreation and culture	445,281	456,281	404,628	(51,653)
Other	200,024	179,336	52,369	(126,967)
Capital outlay	1,126,099	3,715,527	3,202,149	(513,378)
Debt service:				
Principal	-	860,651	860,651	-
Interest	-	14,349	14,349	-
Total expenditures	30,902,027	34,505,066	32,628,795	(1,876,271)
Revenues over (under) expenditures	(985,138)	(4,402,177)	(3,003,498)	1,398,679
Other financing sources (uses)				
Transfers in	1,225,194	2,353,370	2,326,622	26,748
Transfers out	(1,454,339)	(1,412,320)	(1,407,230)	(5,090)
Issuance of long-term debt	-	2,093,000	2,160,310	(67,310)
Total other financing sources (uses)	(229,145)	3,034,050	3,079,702	45,652
Net change in fund balance	(1,214,283)	(1,368,127)	76,204	1,444,331
Fund balance, beginning of year	5,501,177	5,501,177	5,501,177	-
Fund balance, end of year	\$ 4,286,894	\$ 4,133,050	\$ 5,577,381	\$ 1,444,331

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

EATON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Central Dispatch Special Revenue Fund For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,120,471	\$ 3,120,471	\$ 3,087,207	\$ (33,264)
Intergovernmental:				
Federal/State	286,000	310,572	380,090	69,518
Local	200	200	-	(200)
Total revenues	3,406,671	3,431,243	3,467,297	36,054
Expenditures				
Current - public safety	2,976,488	2,997,516	2,902,200	(95,316)
Capital outlay	570,081	963,306	1,466,001	502,695
Total expenditures	3,546,569	3,960,822	4,368,201	407,379
Revenues under expenditures	(139,898)	(529,579)	(900,904)	(371,325)
Other financing sources (uses)				
Transfers out	(644,057)	(896,636)	(896,636)	-
Issuance of long-term debt	-	-	740,375	740,375
Total other financing sources (uses)	(644,057)	(896,636)	(156,261)	740,375
Net change in fund balance	(783,955)	(1,426,215)	(1,057,165)	369,050
Fund balance, beginning of year	3,253,364	3,253,364	3,253,364	-
Fund balance, end of year	\$ 2,469,409	\$ 1,827,149	\$ 2,196,199	\$ 369,050

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

EATON COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2014

	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	\$ 3,771,047	\$ 6,445,452	\$ 178,504	\$ 10,395,003	\$ 6,793,856
Investments	-	-	-	-	3,810,202
Receivables:					
Property taxes	-	6,002,264	-	6,002,264	-
Accounts, net	1,912,677	571	6,905	1,920,153	26,633
Due from other funds	-	-	-	-	105,866
Due from other governments	-	42,966	-	42,966	-
Inventories	73,506	-	13,464	86,970	-
Prepaid items	14,037	-	-	14,037	493,664
Total current assets	5,771,267	12,491,253	198,873	18,461,393	11,230,221
Noncurrent assets:					
Construction in progress	2,307,296	-	-	2,307,296	-
Buildings	16,318,417	-	-	16,318,417	-
Equipment	2,146,767	-	-	2,146,767	-
Accumulated depreciation	(5,047,054)	-	-	(5,047,054)	-
Total noncurrent assets	15,725,426	-	-	15,725,426	-
Total assets	21,496,693	12,491,253	198,873	34,186,819	11,230,221
Deferred outflows of resources					
Deferred charge on refunding	39,974	-	-	39,974	-
Liabilities					
Current liabilities:					
Accounts payable	773,294	-	892	774,186	13,551
Accrued liabilities	646,450	-	485	646,935	1,173,426
Due to other funds	-	-	103	103	-
Due to other governments	-	32,734	3,000	35,734	-
Interest payable	94,638	-	-	94,638	-
Current portion of:					
Accrued compensated absences	208,739	-	-	208,739	-
Lease payable	26,595	-	-	26,595	-
Bonds and notes payable	733,395	1,811,000	-	2,544,395	-
Total current liabilities	2,483,111	1,843,734	4,480	4,331,325	1,186,977
Noncurrent liabilities:					
Long-term debt, net of current portion:					
Lease payable	36,986	-	-	36,986	-
Bonds and notes payable	8,062,645	-	-	8,062,645	-
Net other postemployment benefit obligation	537,732	-	-	537,732	-
Total noncurrent liabilities	8,637,363	-	-	8,637,363	-
Total liabilities	11,120,474	1,843,734	4,480	12,968,688	1,186,977
Net position					
Net investment in capital assets	6,865,805	-	-	6,865,805	-
Unrestricted	3,550,388	10,647,519	194,393	14,392,300	10,043,244
Total net position	\$ 10,416,193	\$ 10,647,519	\$ 194,393	\$ 21,258,105	\$ 10,043,244

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

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EATON COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Health and Rehabilitation Services Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 17,586,304	\$ -	\$ -	\$ 17,586,304	\$ 10,366,468
Interest on taxes	-	1,291,269	-	1,291,269	-
Sales	-	-	77,360	77,360	-
Administrative fees/penalties	-	466,004	-	466,004	-
Other revenues	-	1,273	-	1,273	78,746
Total operating revenues	17,586,304	1,758,546	77,360	19,422,210	10,445,214
Operating expenses					
Personal services and benefits	12,066,342	-	23,332	12,089,674	2,360,718
Operating supplies	1,622,475	16,810	-	1,639,285	-
Contractual services	584,395	39,003	5,360	628,758	281,807
Insurance and claims	-	-	-	-	8,037,089
Tax tribunal refunds	-	98,416	-	98,416	-
Other expenses	2,566,168	19,589	-	2,585,757	-
Total operating expenses	16,839,380	173,818	28,692	17,041,890	10,679,614
Operating income (loss)	746,924	1,584,728	48,668	2,380,320	(234,400)
Nonoperating revenues (expenses)					
Interest income	-	7,117	-	7,117	44,777
Interest expense	(323,803)	(9,593)	-	(333,396)	-
Unrealized gain on investments	-	-	-	-	344,499
Property tax revenue	384,813	-	-	384,813	-
Total nonoperating revenues (expenses)	61,010	(2,476)	-	58,534	389,276
Income (loss) before transfers	807,934	1,582,252	48,668	2,438,854	154,876
Transfers in	150,000	-	-	150,000	-
Transfers out	-	(552,351)	-	(552,351)	(500,000)
Change in net position	957,934	1,029,901	48,668	2,036,503	(345,124)
Net position, beginning of year	9,458,259	9,617,618	145,725	19,221,602	10,388,368
Net position, end of year	\$ 10,416,193	\$ 10,647,519	\$ 194,393	\$ 21,258,105	\$ 10,043,244

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, 2014

	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	\$ 16,034,311	\$ 8,741,170	\$ 71,347	\$ 24,846,828	\$ -
Cash received from interfund services	-	-	-	-	11,456,732
Delinquent taxes purchased	-	(6,545,645)	-	(6,545,645)	-
Cash paid to/for employees	(16,141,094)	-	(23,273)	(16,164,367)	(4,652,212)
Cash paid to suppliers	-	(77,256)	(1,787)	(79,043)	(6,289,519)
Other receipts	1,411,310	1,273	-	1,412,583	-
Net cash provided by operating activities	1,304,527	2,119,542	46,287	3,470,356	515,001
Cash flows from noncapital financing activities					
Transfers in	150,000	-	-	150,000	-
Transfers out	-	(552,351)	-	(552,351)	(500,000)
Tax notes issued	-	3,250,000	-	3,250,000	-
Tax notes redeemed	-	(3,464,000)	-	(3,464,000)	-
Interest paid on tax notes / advances	-	(9,593)	-	(9,593)	-
Net cash provided by (used in) noncapital financing activities	150,000	(775,944)	-	(625,944)	(500,000)
Cash flows from capital and related financing activities					
Interest paid on long-term debt	(324,193)	-	-	(324,193)	-
Principal paid on long-term debt	(747,553)	-	-	(747,553)	-
Property tax receipts	384,813	-	-	384,813	-
Purchases of capital assets	(1,735,770)	-	-	(1,735,770)	-
Net cash used in capital and related financing activities	(2,422,703)	-	-	(2,422,703)	-
Cash flows from investing activities					
Interest received	-	7,117	-	7,117	44,777
Net change in cash and cash equivalents	(968,176)	1,350,715	46,287	428,826	59,778
Cash and cash equivalents, beginning of year	4,739,223	5,094,737	132,217	9,966,177	6,734,078
Cash and cash equivalents, end of year	\$ 3,771,047	\$ 6,445,452	\$ 178,504	\$ 10,395,003	\$ 6,793,856

continued...

EATON COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2014

	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 operating activities					
Operating income (loss)	\$ 746,924	\$ 1,584,728	\$ 48,668	\$ 2,380,320	\$ (234,400)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	604,987	-	-	604,987	-
Provision for bad debt	151,694	-	-	151,694	-
Change in assets and liabilities:					
Taxes receivable	-	524,760	-	524,760	-
Accounts receivable	(444,055)	4,626	(6,905)	(446,334)	12,839
Due from other funds	-	-	-	-	977,658
Due from other governments	-	7,282	-	7,282	-
Inventories	(6,132)	-	553	(5,579)	-
Prepaid items	11,280	-	-	11,280	(354,338)
Accounts payable	55,356	-	892	56,248	(26,361)
Accrued liabilities	184,473	-	59	184,532	139,603
Due to other funds	-	-	20	20	-
Due to other governments	-	(1,854)	3,000	1,146	-
Net cash provided by operating activities	<u>\$ 1,304,527</u>	<u>\$ 2,119,542</u>	<u>\$ 46,287</u>	<u>\$ 3,470,356</u>	<u>\$ 515,001</u>

concluded

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

EATON COUNTY, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2014

Assets

Cash and cash equivalents	<u>\$ 13,506,124</u>
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Liabilities

Undistributed receipts	<u>\$ 13,506,124</u>
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The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units September 30, 2014

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
Assets					
Cash and cash equivalents	\$ 3,928,728	\$ 8,797	\$ 13,506,466	\$ 1,902,529	\$ 19,346,520
Receivables:					
Accounts, net	123,346	-	-	480,490	603,836
Special assessments	99,267	-	30,660,212	-	30,759,479
Due from other governmental units:					
Federal/State	1,324,107	-	-	-	1,324,107
Local	212,778	-	47,591	-	260,369
Leases receivable	-	7,678,790	-	-	7,678,790
Inventories	344,822	-	-	-	344,822
Prepaid items	216,442	60,812	26,500	35,790	339,544
Net other postemployment benefits asset	1,477,532	-	-	-	1,477,532
Capital assets not being depreciated	24,415,666	-	35,346,046	-	59,761,712
Capital assets being depreciated, net	49,275,440	-	41,818,108	27,282	91,120,830
Total assets	81,418,128	7,748,399	121,404,923	2,446,091	213,017,541
Deferred outflows of resources					
Deferred charge on refunding	50,000	103,792	49,387	-	203,179
Liabilities					
Accounts payable	404,226	2,234	62,763	95,808	565,031
Accrued liabilities	240,225	-	-	210,539	450,764
Interest payable	4,144	5,469	492,911	-	502,524
Unearned revenue	-	67,375	-	5,860	73,235
Advances from primary government	-	-	60,000	-	60,000
Long-term debt:					
Due within one year	557,263	896,345	3,367,250	43,792	4,864,650
Due in more than one year	1,820,369	6,776,976	31,480,167	237,651	40,315,163
Total liabilities	3,026,227	7,748,399	35,463,091	593,650	46,831,367
Net position					
Net investment in capital assets	71,686,106	-	42,316,737	27,282	114,030,125
Unrestricted	6,755,795	103,792	43,674,482	1,825,159	52,359,228
Total net position	\$ 78,441,901	\$ 103,792	\$ 85,991,219	\$ 1,852,441	\$ 166,389,353

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, 2014

	Road Commission	Board of Public Works	Drainage Districts	District Health	Total
Expenses					
Public works	\$ -	\$ 385,040	\$ 3,096,027	\$ -	\$ 3,481,067
Health and social services	-	-	-	6,372,298	6,372,298
Highways and streets	11,117,038	-	-	-	11,117,038
Total expenses	11,117,038	385,040	3,096,027	6,372,298	20,970,403
Program revenues					
Charges for services	824,115	-	59,512	1,607,847	2,491,474
Operating grants and contributions	8,365,784	502,791	173	5,011,728	13,880,476
Capital grants and contributions	3,618,836	-	2,515,721	-	6,134,557
Total program revenues	12,808,735	502,791	2,575,406	6,619,575	22,506,507
Net program revenues (expenses)	1,691,697	117,751	(520,621)	247,277	1,536,104
General revenues					
Unrestricted investment earnings	9,043	-	551	-	9,594
Change in net position	1,700,740	117,751	(520,070)	247,277	1,545,698
Net position (deficit), beginning of year	76,741,161	(13,959)	86,511,289	1,605,164	164,843,655
Net position, end of year	\$ 78,441,901	\$ 103,792	\$ 85,991,219	\$ 1,852,441	\$ 166,389,353

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

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NOTES TO FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

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

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

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

Discretely Presented Component Units

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Joint Ventures

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

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

Related Organization

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

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

Jointly Governed Organizations

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County Community Mental Health Board - is governed by a 12 member board appointed by the Boards of Commissioners of Ingham, Eaton and Clinton counties for which it services. Operating revenues are derived from fees for services and from federal, state and local sources; Eaton County appropriated \$390,721 to the Tri-County Community Mental Health Board for the year ended September 30, 2014.

Tri-County Regional Planning Commission - is governed by the political jurisdictions it serves including the cities of Lansing and East Lansing; Delta and Meridian townships; the Michigan Department of Transportation; and the counties, road commissions and transit authorities of Ingham, Eaton and Clinton counties. The Planning Commission adopts a proposed budget during February and submits the budget, thereby requesting a contribution from each governmental unit. Eaton County contributed \$104,958 for the year ended September 30, 2014.

Tri-County Office on Aging - is governed by a 13 member board appointed by the Board of Commissioners from the three counties it services - Ingham, Eaton and Clinton. The Office on Aging provides services to older residents of the three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$60,426 for the year ended September 30, 2014.

CEI-Community Mental Health - is governed by 12 members from three counties, of which Eaton County appoints two members. The County's financial responsibility is to pass through to the Commission a portion of the convention and tourism revenues it receives and, if needed, such additional funds based on the ratio of board membership. The County contributed \$303,629 for the year ended September 30, 2014.

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 or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

The *central dispatch fund* accounts for the operations of the county-wide 911 dispatch center and the millage approved by county voters for the operation of the facility.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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.

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 and Equity

Deposits and Investments

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

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

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County has established allowances for doubtful accounts to estimate uncollectible accounts receivable in the 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 the primary government for all funds is recorded as an expenditure at the time of purchase. Inventories of the health and rehabilitation services facility and jail commissary funds consist of medical supplies and miscellaneous hygiene and consumer products, respectively, which are stated at the lower of first-in, first-out (FIFO) or market.

The cost of inventory items in the Road Commission is recorded as an expenditure when they are used (i.e., consumption method). Inventories of the Road Commission consist of road materials and equipment parts, which are stated at the lower of average cost or market.

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 fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

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

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 only has one item that qualifies for reporting in this category, which is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

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

Long-term Obligations

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

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

Fund Equity

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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.

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, 2014, the County incurred a expenditures in excess of the amounts appropriated as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund:			
Public works:			
Drains at large	\$ 407,218	\$ 489,638	\$ 82,420
Central dispatch fund:			
Capital outlay	963,306	1,466,001	502,695
Economic Development Revolving fund:			
Health and social services	-	5,465	5,465

EATON COUNTY, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

Following is a reconciliation of deposit and investment balances as of September 30, 2014:

	Primary Government	Component Units	Totals
Financial statements			
Statement of net position:			
Cash and cash equivalents	\$ 24,171,841	\$ 19,346,520	\$ 43,518,361
Investments	3,810,202	-	3,810,202
Statement of fiduciary assets and liabilities:			
Cash and cash equivalents	13,506,124	-	13,506,124
Total	\$ 41,488,167	\$ 19,346,520	\$ 60,834,687
Deposits and investments			
Bank deposits (checking accounts, savings accounts and certificates of deposits)			\$ 45,726,331
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			10,161,274
Retirees health insurance fund			3,810,202
Cash on deposit with third party			1,129,800
Cash on hand			7,080
Total			\$ 60,834,687

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, 2014, \$43,949,935 of the County's total bank balance of \$44,734,201 (total book balance was \$45,182,121) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The County's investment policy requires that only those banks or savings and loan institutions that are members of the FDIC or FSLIC will be considered for depository purposes, but recognizes that it is impractical to insure all bank deposits due to the limitations of depository insurance. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that investment securities shall be kept in the County Treasurer's office in a fireproof vault, although certificates of deposit may be held in safekeeping by the financial institution. As of September 30, 2014, investments in the Treasurer's pool totaling \$10,161,274 were in money market accounts, which are not subject to custodial credit risk.

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

Retirees Health Insurance Fund Investments

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

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

The fund's investments are held in three bank administered trust accounts. Following is a summary of the fund's investments as of September 30, 2014:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 498,010
Corporate bonds	1,022,556
Stocks	2,190,185
Money market accounts	99,451
	<hr/>
	\$ 3,810,202
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EATON COUNTY, MICHIGAN

Notes to Financial Statements

Credit Risk. As of September 30, 2014, the fund's investments in corporate bonds were rated by Standard & Poor's as follows:

A	\$ 75,917
A-	342,323
BBB+	226,457
BBB	188,703
BBB-	<u>189,156</u>
Total	<u>\$ 1,022,556</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, 2014, the fund investment portfolio holdings were not concentrated (i.e., no more than 5% of the portfolio in issues of any one entity other than the federal government). The County's policy is to comply with Public Act 314 as referenced above.

Interest Rate Risk. As of September 30, 2014, maturities of the fund's fixed income securities were as follows:

	Fair Value	Investment Maturities (Fair value by years)		
		Due in less than 1 year	Due in 1-5 years	Due in 6-10 years
U.S. treasuries	\$ 498,010	\$ -	\$ 228,688	\$ 269,322
Corporate securities	<u>1,022,556</u>	<u>75,903</u>	<u>564,678</u>	<u>381,975</u>
Total	<u>\$ 1,520,566</u>	<u>\$ 75,903</u>	<u>\$ 793,366</u>	<u>\$ 651,297</u>

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables as of September 30, 2014 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units	Amount not expected to be collected within one
Property taxes	\$ 3,037,918	\$ 6,002,264	\$ -	\$ -
Accounts receivable	103,648	2,195,965	621,840	-
Less allowance for doubtful accounts	(387,857)	(275,812)	(18,004)	-
Special assessments	-	-	30,759,479	27,602,217
Leases receivable	-	-	7,678,790	6,776,976
Due from other governments	1,625,377	42,966	1,584,476	-
Advances to component unit	60,000	-	-	-
	<u>\$ 4,439,086</u>	<u>\$ 7,965,383</u>	<u>\$ 40,626,581</u>	<u>\$ 34,379,193</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, 2014. 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, 2014 is as follows:

	Due from Other Funds	Due to Other Funds
Due from (to) other funds		
General fund	\$ -	\$ 78,441
Central dispatch fund	-	14,427
Nonmajor governmental funds	-	12,895
Nonmajor enterprise funds	-	103
Internal service funds	105,866	-
	<u>\$ 105,866</u>	<u>\$ 105,866</u>

The due from (to) other funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported as interfund payables are funds with negative cash pool balances, which is equal to the interfund receivable reported in the revenue sharing reserve fund. Certain amounts reported as internal balances between the governmental and business-type activities in the statement of net position relate to the elimination of the internal service funds.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

In addition, at September 30, 2014, the following interfund receivables/payables were reported for funds with negative equity in pooled cash and investments:

	Interfund Receivable	Interfund Payable
General fund	\$ 538,603	\$ -
Nonmajor governmental funds	-	538,603
	<hr/>	<hr/>
Total	<u>\$ 538,603</u>	<u>\$ 538,603</u>

For the year ended September 30, 2014, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 2,326,622	\$ 1,407,230
Central dispatch fund	-	896,636
Nonmajor governmental funds	3,214,730	2,335,135
Health and rehabilitation services fund	150,000	-
Delinquent tax revolving fund	-	552,351
Internal service funds	-	500,000
	<hr/>	<hr/>
	<u>\$ 5,691,352</u>	<u>\$ 5,691,352</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, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 102,628	\$ -	\$ -	\$ -	\$ 102,628
Construction in progress	17,326	3,317,344	-	(17,326)	3,317,344
Total capital assets not being depreciated	119,954	3,317,344	-	(17,326)	3,419,972
Capital assets being depreciated:					
Buildings and improvements	43,784,051	297,075	-	-	44,081,126
Vehicles and equipment	14,719,343	760,066	(268,440)	17,326	15,228,295
Total capital assets being depreciated	58,503,394	1,057,141	(268,440)	17,326	59,309,421
Less accumulated depreciation for:					
Buildings and improvements	(18,385,761)	(1,184,838)	-	-	(19,570,599)
Vehicles and equipment	(12,635,483)	(480,200)	251,538	-	(12,864,145)
Total accumulated depreciation	(31,021,244)	(1,665,038)	251,538	-	(32,434,744)
Total capital assets being depreciated, net	27,482,150	(607,897)	(16,902)	17,326	26,874,677
Governmental activities capital assets, net	\$ 27,602,104	\$ 2,709,447	\$ (16,902)	\$ -	\$ 30,294,649
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 348,157	\$ 2,073,130	\$ -	\$ (113,991)	\$ 2,307,296
Capital assets being depreciated:					
Buildings and improvements	16,318,417	-	-	-	16,318,417
Vehicles and equipment	1,993,946	38,830	-	113,991	2,146,767
Total capital assets being depreciated	18,312,363	38,830	-	113,991	18,465,184
Less accumulated depreciation for:					
Buildings and improvements	(3,234,783)	(419,652)	-	-	(3,654,435)
Vehicles and equipment	(1,207,284)	(185,335)	-	-	(1,392,619)
Total accumulated depreciation	(4,442,067)	(604,987)	-	-	(5,047,054)
Total capital assets being depreciated, net	13,870,296	(566,157)	-	113,991	13,418,130
Business-type activities capital assets, net	\$ 14,218,453	\$ 1,506,973	\$ -	\$ -	\$ 15,725,426

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Depreciation expense in governmental activities is not allocated by function.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - Road Commission					
Capital assets not being depreciated:					
Land	\$ 243,002	\$ -	\$ -	\$ -	\$ 243,002
Land improvements	783,587	6,217	-	-	789,804
Right of ways	23,382,860	-	-	-	23,382,860
Total capital assets not being depreciated	24,409,449	6,217	-	-	24,415,666
Capital assets being depreciated:					
Buildings and improvements	6,481,922	6,815	-	-	6,488,737
Equipment	6,751,172	524,401	(109,304)	-	7,166,269
Infrastructure	93,291,894	5,263,702	(4,148,872)	-	94,406,724
Depletable assets	50,559	-	-	-	50,559
Total capital assets being depreciated	106,575,547	5,794,918	(4,258,176)	-	108,112,289
Less accumulated depreciation for:					
Buildings and improvements	(1,879,580)	(129,449)	-	-	(2,009,029)
Equipment	(6,457,888)	(147,595)	104,204	-	(6,501,279)
Infrastructure	(50,121,092)	(4,279,116)	4,124,226	-	(50,275,982)
Depletable assets	(50,559)	-	-	-	(50,559)
Total accumulated depreciation	(58,509,119)	(4,556,160)	4,228,430	-	(58,836,849)
Total capital assets being depreciated, net	48,066,428	1,238,758	(29,746)	-	49,275,440
Capital assets, net	\$ 72,475,877	\$ 1,244,975	\$ (29,746)	\$ -	\$ 73,691,106
Component unit - Drainage District					
Capital assets not being depreciated:					
Construction in progress	\$ 34,597,294	\$ 1,008,752	\$ -	\$ (260,000)	\$ 35,346,046
Capital assets being depreciated:					
Infrastructure	61,902,174	40,429	-	260,000	62,202,603
Less accumulated depreciation for:					
Infrastructure	(18,841,035)	(1,543,460)	-	-	(20,384,495)
Total capital assets being depreciated, net	43,061,139	(1,503,031)	-	260,000	41,818,108
Capital assets, net	\$ 77,658,433	\$ (494,279)	\$ -	\$ -	\$ 77,164,154
Component Unit - District Health					
Capital assets being depreciated:					
Equipment	\$ 220,905	\$ 9,336	\$ -	\$ -	\$ 230,241
Less accumulated depreciation for:					
Equipment	(193,627)	(9,332)	-	-	(202,959)
Capital assets, net	\$ 27,278	\$ 4	\$ -	\$ -	\$ 27,282

EATON COUNTY, MICHIGAN

Notes to Financial Statements

8. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2014 are summarized as follows:

	Governmental Activities	Business-type Activities	Components Units
Accounts payable	\$ 1,011,569	\$ 774,186	\$ 565,031
Accrued liabilities	1,695,332	646,935	450,764
Due to other governments	37,141	35,734	-
Advances from primary government	-	-	60,000
	<u>\$ 2,744,042</u>	<u>\$ 1,456,855</u>	<u>\$ 1,075,795</u>

9. LONG-TERM DEBT

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

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities				
2007 Jail Expansion	4.25%-5.00%	2028	\$ 15,000,000	\$ 11,365,000
2008 Dental Clinic	4.00%-4.50%	2028	900,000	750,000
				<u>\$ 12,115,000</u>
Business-type activities				
2008 Health and Rehabilitation Services	4.55%	2027	\$ 5,700,000	\$ 4,505,000
2011 Health and Rehabilitation Services	2.00%-3.00%	2027	5,545,000	4,291,040
				<u>\$ 8,796,040</u>
Component Unit - Road Commission				
2013 Transportation Refunding	1.210%	2018	\$ 2,595,000	\$ 2,055,000
Component Unit - Public Works				
Grand Ledge Water/Sewer	4.00%-5.00%	2025	\$ 7,975,000	\$ 500,000
Grand Ledge Water/Sewer Refunding	2.00%-2.375%	2025	4,960,000	4,960,000
Diamondale/Windsor Sewer Refunding	4.00%-5.00%	2015	4,115,000	300,000
Brookfield Water	1.625%	2026	2,860,000	1,830,000
				<u>\$ 7,590,000</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 705,000	\$ 564,856	\$ 733,395	\$ 315,753	\$ 1,415,000	\$ 191,076
2016	740,000	535,288	763,395	294,850	1,110,000	153,116
2017	770,000	504,238	798,395	270,565	1,120,000	131,909
2018	805,000	271,864	823,395	245,098	1,135,000	110,956
2019	840,000	437,038	858,395	218,800	635,000	95,914
2020-2024	4,785,000	1,567,174	3,539,065	647,763	3,355,000	292,414
2025-2029	3,470,000	355,564	1,280,000	117,845	875,000	19,854
	<u>\$ 12,115,000</u>	<u>\$ 4,236,022</u>	<u>\$ 8,796,040</u>	<u>\$ 2,110,674</u>	<u>\$ 9,645,000</u>	<u>\$ 995,239</u>

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At September 30, 2014, the County's legal debt limit was \$371,336,965.

Installment obligations. The government has entered into long-term installment payment agreements during fiscal year 2014 for the upgrade of its communication systems and information technology infrastructure. Installment obligations currently outstanding are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities				
2014 Communications System	0%	7/01/2017	\$ 740,375	\$ 740,375
2014 Information technology Infrastructure	2.651	7/25/2018	2,160,310	1,299,659
				<u>\$ 2,040,034</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	\$ 558,917	\$ 34,875
2016	567,293	26,499
2017	575,892	17,899
2018	337,932	9,068
	<u>\$ 2,040,034</u>	<u>\$ 88,341</u>

Capital lease. The Eaton County Health and Rehabilitation Services Facility entered into a capital lease agreement during fiscal years 2009 and 2013 for certain equipment. The original amount of the obligations were \$175,000 and \$81,938, respectively. Capital lease obligations outstanding at year-end amounted to \$63,581 with interest ranging from 7.5 to 9.5 percent.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2015	\$ 26,595	\$ 4,902
2016	29,234	2,263
2017	7,752	123
	<u>\$ 63,581</u>	<u>\$ 7,288</u>

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, 2014, drain bonds and notes totaling \$34,348,185 were outstanding, including \$602,350 of new bonds and notes issued during the current year. Drain bonds and notes carry interest at rates ranging from 1.96 percent to 8.0 percent.

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

Year Ending September 30,	Drainage Districts	
	Principal	Interest
2015	\$ 3,322,543	\$ 1,474,501
2016	3,338,543	1,336,657
2017	3,193,540	1,196,292
2018	3,010,292	1,057,544
2019	2,948,267	940,684
2020-2024	13,525,000	2,953,064
2025-2029	4,600,000	517,312
2030-2034	410,000	27,900
	<u>\$ 34,348,185</u>	<u>\$ 9,503,954</u>

Delinquent tax notes. The government issues general obligation limited tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., delinquent tax revolving enterprise fund) as they are expected to be repaid from proprietary fund revenues. Each series of delinquent tax notes are subject to variable interest rates which are determined on a weekly basis by the County's remarketing agent using established criteria and legal limitations. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed two years. Delinquent tax notes totaling \$1,811,000 from the 2014 Series were outstanding at September 30, 2014, which is expected to be paid in the year ending September 30, 2015.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 12,795,000	\$ -	\$ (680,000)	\$ 12,115,000	\$ 705,000
Deferred amounts for:					
Issuance premiums	6,426	-	(459)	5,967	459
Installment contracts	48,574	2,900,685	(909,225)	2,040,034	558,917
Compensated absences	1,987,408	1,986,471	(1,711,596)	2,262,283	382,487
	<u>\$ 14,837,408</u>	<u>\$ 4,887,156</u>	<u>\$ (3,301,280)</u>	<u>\$ 16,423,284</u>	<u>\$ 1,646,863</u>
Business-type activities					
General obligation bonds	\$ 9,494,435	\$ -	\$ (698,395)	\$ 8,796,040	\$ 733,395
Lease payable	112,739	-	(49,158)	63,581	26,595
Delinquent tax notes	2,025,000	3,250,000	(3,464,000)	1,811,000	1,811,000
Compensated absences	192,651	197,467	(181,379)	208,739	208,739
	<u>\$ 11,824,825</u>	<u>\$ 3,447,467</u>	<u>\$ (4,392,932)</u>	<u>\$ 10,879,360</u>	<u>\$ 2,779,729</u>
Component Units:					
Road Commission					
Transportation bonds	\$ 2,595,000	\$ -	\$ (540,000)	\$ 2,055,000	\$ 525,000
Compensated absences	314,312	179,881	(171,561)	322,632	32,263
	<u>\$ 2,909,312</u>	<u>\$ 179,881</u>	<u>\$ (711,561)</u>	<u>\$ 2,377,632</u>	<u>\$ 557,263</u>
Board of Public Works					
General obligation bonds	\$ 8,190,000	\$ 4,960,000	\$ (5,560,000)	\$ 7,590,000	\$ 890,000
Deferred amounts for:					
Issuance premiums	154,011	87,288	(157,978)	83,321	6,345
	<u>\$ 8,344,011</u>	<u>\$ 5,047,288</u>	<u>\$ (5,717,978)</u>	<u>\$ 7,673,321</u>	<u>\$ 896,345</u>
Drainage Districts					
Drain bonds and notes	\$ 37,319,285	\$ 602,350	\$ (3,573,450)	\$ 34,348,185	\$ 3,322,543
Deferred amounts for:					
Issuance premiums	543,941	-	(44,709)	499,232	44,707
	<u>\$ 37,863,226</u>	<u>\$ 602,350</u>	<u>\$ (3,618,159)</u>	<u>\$ 34,847,417</u>	<u>\$ 3,367,250</u>
District Health					
Compensated absences	\$ 346,971	\$ 355,645	\$ (421,173)	\$ 281,443	\$ 43,792

For the governmental activities, compensated absences, net pension benefit obligations and net other postemployment benefit obligations, if any, are generally liquidated by the general fund.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The County issued \$2,595,000 of Michigan Transportation Fund Refunding Bonds, Series 2013 on March 8, 2013 pursuant to the provisions of Act 51, Public Acts of Michigan of 1951, as amended for the purpose of refunding bonds proceeds that were used for the constructing, improving, maintaining and repairing certain Road Commission buildings. While the bonds are a general obligation of the County, the Road Commission is responsible for servicing the debt. Bond payments are made directly from the Road Commission's portion of the County's pooled cash. Accordingly, the related long-term debt is only recorded by the Road Commission, and is not included in the financial statements of the primary government.

Refunded Debt

During fiscal year 2014, the County issued \$4,960,000 of refunding bonds to partially advance refund \$4,755,000 of the Grand Ledge Water and Sewer Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$656,309 and an economic gain of \$595,099.

At September 30, 2014, the amount outstanding on defeased debt totals \$4,755,000, which is scheduled to be called and paid from escrow on April 1, 2015.

10. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

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

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

	2014	2013
Workers compensation		
Estimated liability, October 1	\$ 69,684	\$ 135,874
Estimated claims incurred, including changes in estimates	17,413	(47,632)
Claim payments	<u>(10,455)</u>	<u>(18,558)</u>
 Estimated liability, September 30	 <u>\$ 76,642</u>	 <u>\$ 69,684</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:

	2014	2013
Health insurance		
Estimated liability, October 1	\$ 837,077	\$ 840,977
Estimated claims incurred, including changes in estimates	3,589,897	3,208,846
Claim payments	<u>(3,582,242)</u>	<u>(3,212,746)</u>
 Estimated liability, September 30	 <u>\$ 844,732</u>	 <u>\$ 837,077</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.

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, 2014, the balance of the County's member retention fund was \$1,114,800.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	2014	2013
General liability		
Estimated liability, October 1	\$ 112,544	\$ 177,369
Estimated claims incurred, including changes in estimates	355,727	28,500
Claim payments	<u>(219,167)</u>	<u>(93,325)</u>
Estimated liability, September 30	<u>\$ 249,104</u>	<u>\$ 112,544</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:

	2014	2013
Unemployment compensation		
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including changes in estimates	47,565	47,828
Claim payments	<u>(47,565)</u>	<u>(47,828)</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.

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

	2014	2013
Life and disability		
Estimated liability, October 1	\$ 1,929	\$ 5,460
Estimated claims incurred, including changes in estimates	93,725	90,506
Claim payments	<u>(92,706)</u>	<u>(94,037)</u>
Estimated liability, September 30	<u>\$ 2,948</u>	<u>\$ 1,929</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.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

	2014	2013
Dental		
Estimated liability, October 1	\$ 12,589	\$ 14,432
Estimated claims incurred, including changes in estimates	196,157	195,572
Claim payments	<u>(196,194)</u>	<u>(197,415)</u>
Estimated liability, September 30	<u>\$ 12,552</u>	<u>\$ 12,589</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.

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

12. PROPERTY TAXES

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

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under state statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2013 levy, for which revenue was recognized in fiscal 2013, was \$3,241,405,987. The general operating tax rate for the levy was 5.2149 mills, with an additional .7000, .9500, .3500 and .1250 mills assessed for jail debt, central dispatch, juvenile services and health and rehabilitation services facility, respectively.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

13. POSTEMPLOYMENT HEALTH CARE BENEFITS

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

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

In fiscal 2006, the County established a retiree healthcare trust with the Michigan Municipal Employees Retirement System (MERS) to which it transferred monies from the internal service fund in order to earn a greater return on investment. At September 30, 2014, the fair value of the trust assets was \$6,103,509; because these assets are in trust with a third party trustee, they are not reported in the accompanying financial statements. The County contributed \$700,000 to the trust during the year and did not pay any benefits from trust assets; instead, all such activity was processed through the aforementioned internal service fund.

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

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

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners, subject to applicable labor contracts. Plan members are not required to contribute to the plan. The County may contribute the annual required contribution (ARC), which is an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For the year ended September 30, 2014, the County contributed \$700,000 to the trust and made additional contributions on a pay-as-you-go basis, which amounted to \$1,339,873 for the year. These costs are recognized as an expense when claims or premiums are paid.

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2014, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan were as follows:

Annual required contribution	\$ 5,159,931
Interest on net OPEB obligation	489,207
Adjustment to annual required contribution	<u>(619,417)</u>
Annual OPEB cost	5,029,721
Contributions made	<u>(2,039,873)</u>
Increase in net OPEB obligation	2,989,848
Net OPEB obligation, beginning of year	<u>8,153,450</u>
Net OPEB obligation, end of year	<u><u>\$ 11,143,298</u></u>

The County's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plan, and the net OPEB obligation as of September 30, 2014, and the preceding two years, were as follows:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 3,427,879	36.4%	\$ 4,677,434
2013	4,786,568	27.4%	8,153,450
2014	5,029,721	40.6%	11,143,298

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

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

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

Health and Rehabilitation Services Facility

The Health and Rehabilitation Services Facility participates in a defined benefit plan that provides postemployment medical benefits to certain retirees and their spouses. Employees who retire as a director with at least 25 years of service may become eligible for benefits. The postemployment benefit is expected to be paid by the facility.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2014, the components of the Health and Rehabilitation Services Facility's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and the Facility's net OPEB obligation to the Plan were as follows:

Annual OPEB cost	\$ 111,999
Contributions made	<u>(17,472)</u>
Increase in net OPEB obligation	94,527
Net OPEB obligation, beginning of year	<u>443,205</u>
Net OPEB obligation, end of year	<u>\$ 537,732</u>

Funded Status and Funding Progress. The funded status of the Plan as of September 30, 2014, was as follows:

Actuarial accrued liabilities (AAL) and unfunded actuarial accrued liability (UAAL)	<u>\$ 863,409</u>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Road Commission

The Road Commission has established a retiree health care fund (a fiduciary fund) with the intent of pre-funding postemployment health care benefits to eligible retirees and their families. Annual employer contributions to fund the Plan are currently on a pay-as-you-go basis with the intent of building the fund for purposes of paying future benefits. The Road Commission made contributions of \$506,327 to the Plan for the year ended September 30, 2014.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB asset:

Annual required contribution	\$ 235,542
Interest on net OPEB (asset)	(60,288)
Adjustment to annual required contribution	<u>59,306</u>
Annual OPEB cost	234,560
Contributions made	<u>506,327</u>
Increase in net OPEB asset	271,767
Net OPEB asset, beginning of year	<u>1,205,765</u>
Net OPEB asset, end of year	<u>\$ 1,477,532</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2014 and the previous two years, was as follows:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2012	\$ 235,542	218%	\$ 931,008
2013	234,784	217%	1,205,765
2014	234,560	216%	1,477,532

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

Actuarial Methods and Assumptions. The annual required contribution was determined as part of the September 30, 2012 actuarial valuation using a simplified version of the entry age cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2012, was 25 years.

14. DEFINED BENEFIT PENSION PLANS

The County (general), Health and Rehabilitation Services Facility and District Health Department participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to eligible members and beneficiaries. The MERS Retirement Board establishes and amends plan benefit provisions as authorized under State statutes. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

All full-time County, Health and Rehabilitation Services Facility and District Health Department employees are covered by the Plans; Road Commission employees are not covered by MERS.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The employer is required to contribute at an actuarially determined rate; the current rates range from 3.76% to 144.51% for the County, 3.08% to 14.68% for the Health and Rehabilitation Services Facility, and 12.44% to 22.09% for the District Health Department. County general employees are required to contribute 1.0% to 16.5% of their annual covered payroll, depending on employee classification or applicable bargaining unit. Health and Rehabilitation Services Facility and District Health Department employees are required to contribute 3.0% and between 2.0% and 7.98% of their annual covered payroll, respectively. Employer contribution requirements are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended September 30, 2014, the annual pension cost for the County (\$2,199,421), Health and Rehabilitation Services Facility (\$359,235) and District Health Department (\$407,597) was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases based on an age-related scale to reflect merit, longevity and promotional salary increases.

Three-year trend information for annual pension costs is as follows:

Three-Year Trend Information				
Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	
County				
2012	\$ 2,067,192	100%	\$ -	-
2013	2,181,251	100%	-	-
2014	2,199,421	100%	-	-
Health and Rehabilitation Services Facility (HRSF)				
2012	\$ 318,720	100%	\$ -	-
2013	337,528	100%	-	-
2014	359,235	100%	-	-
District Health Department (DHD)				
2012	\$ 459,812	100%	\$ -	-
2013	446,235	100%	-	-
2014	407,597	100%	-	-

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 26 years.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The funded status of each plan as of December 31, 2013, the most recent actuarial valuation date, was as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
County	\$ 84,692,658	\$ 128,596,128	\$ 43,903,470	65.9%	\$ 16,357,183	268.4%
HRSF	8,151,842	8,605,285	453,443	94.7%	7,856,895	5.8%
DHD	13,620,382	17,704,917	4,084,535	76.9%	3,038,018	134.4%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 2014. The County employees made contributions of \$208,817 to the plan for the year ended September 30, 2014.

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, 2014 were \$200,244.

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, 2014, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 3,419,972	\$ 2,307,296
Capital assets being depreciated, net	26,874,677	13,418,130
	<u>30,294,649</u>	<u>15,725,426</u>
Related debt:		
Capital related bonds	(12,115,000)	(8,796,040)
Installment contracts	(2,040,034)	-
Leases payable	-	(63,581)
Unamortized premium on bonds	(5,967)	-
	<u>(14,161,001)</u>	<u>(8,859,621)</u>
Total net investment in capital assets	<u>\$ 16,133,648</u>	<u>\$ 6,865,805</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, 2014 is as follows:

	General Fund	Central Dispatch Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepays	\$ 85,823	\$ -	\$ -	\$ 85,823
Advances to component units	60,000	-	-	60,000
Total nonspendable	145,823	-	-	145,823
Restricted for:				
Central dispatch	-	2,196,199	-	2,196,199
Debt service	-	-	43,293	43,293
Dispatcher training	-	-	13,710	13,710
Permanent trusts	-	-	87,277	87,277
Remonumentation	-	-	5,400	5,400
ROD technology	-	-	192,005	192,005
Veterans trust	-	-	4,120	4,120
Capital projects	-	-	246	246
Public safety	-	-	61,173	61,173
Officer training	-	-	19,171	19,171
Judicial	-	-	645,167	645,167
Total restricted	-	2,196,199	1,071,562	3,267,761
Committed for:				
Public safety	-	-	321,953	321,953
Officer training	-	-	176,689	176,689
Judicial	-	-	14,504	14,504
CDBG housing	-	-	51,643	51,643
Child care	-	-	79,465	79,465
Solid waste	-	-	213,113	213,113
General government	-	-	2,384	2,384
Health and social services	-	-	97,050	97,050
LEAD drug testing	-	-	1,660	1,660
Sheriff road crew	-	-	14,827	14,827
Total committed	-	-	973,288	973,288
Unassigned	5,431,558	-	-	5,431,558
Total fund balances	\$ 5,577,381	\$ 2,196,199	\$ 2,044,850	\$ 9,818,430

EATON COUNTY, MICHIGAN

■ Notes to Financial Statements

18. RESTATEMENT

The County restated the beginning net other postemployment benefit obligation as a result of corrections in the annual required contribution and employer contributions reported in prior years. As a result of this change, beginning net position of governmental activities decreased by \$3,600,004.

19. SUBSEQUENT EVENTS

In October 2014, the County issued \$14,415,000 of general obligation refunding bonds for the funding of the Carrier Creek drainage district capital improvements. The bonds are due in annual principal installments ranging from \$1,440,000 to \$1,445,000 with interest ranging from 2.0 to 3.0%, due June 2025.

In December 2014, the County entered into an installment purchase agreement for approximately \$495,000 for the purchase of the jail security system. The agreement is payable in quarterly payments of \$17,676 with interest at 3.323%, due January 2022.



REQUIRED SUPPLEMENTARY INFORMATION

EATON COUNTY, MICHIGAN

Required Supplementary Information

Municipal Employees' Retirement System

Schedules of Funding Progress						
Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
County						
2008	\$ 65,292,666	\$ 104,440,981	\$ 38,478,315	62.5%	\$ 17,148,993	224.4%
2009	68,709,116	105,457,559	36,748,443	65.2%	17,216,598	213.4%
2010	72,180,067	111,678,749	39,498,682	64.6%	17,004,840	232.3%
2011	75,462,500	116,697,386	41,234,886	64.7%	16,427,810	251.0%
2012	77,756,681	122,102,177	44,345,496	63.7%	16,309,574	271.9%
2013	84,692,658	128,596,128	43,903,470	65.9%	16,357,183	268.4%
Health and Rehabilitation Services Facility						
2008	\$ 5,390,294	\$ 5,787,158	\$ 165,207	93.1%	\$ 4,176,661	4.0%
2009	5,762,198	5,927,405	136,406	97.2%	4,455,232	3.1%
2010	6,274,531	6,410,937	237,688	97.9%	6,333,430	3.8%
2011	6,879,977	7,117,665	237,688	96.7%	6,643,080	3.6%
2012	7,428,030	7,613,340	185,310	97.6%	7,428,030	2.5%
2013	8,151,842	8,605,285	453,443	94.7%	7,856,895	5.8%
District Health Department						
2008	\$ 10,931,223	\$ 14,036,163	\$ 3,104,940	77.9%	\$ 3,391,807	91.5%
2009	11,378,916	14,426,606	3,047,690	78.9%	3,360,608	90.7%
2010	11,935,277	15,130,489	3,195,212	78.9%	3,392,244	94.2%
2011	12,410,592	16,260,293	3,847,701	76.3%	3,109,868	123.7%
2012	13,035,859	16,958,876	3,923,017	76.9%	3,139,549	125.0%
2013	13,620,382	17,704,917	4,084,535	76.9%	3,038,018	134.4%

EATON COUNTY, MICHIGAN

Required Supplementary Information

Municipal Employees' Retirement System

Schedules of Employer Contributions				
Year Ended September 30	Annual Required Contribution	Annual Required Contribution	Annual Required Contribution	Percentage Contributed
County				
2009	\$ 1,917,295	\$ 1,917,295		100.0%
2010	1,880,537	1,880,537		100.0%
2011	2,203,972	2,203,972		100.0%
2012	2,067,192	2,067,192		100.0%
2013	2,181,251	2,181,251		100.0%
2014	2,199,421	2,199,421		100.0%
Health and Rehabilitation Services Facility				
2009	\$ 190,623	\$ 190,623		100.0%
2010	238,424	238,424		100.0%
2011	306,752	306,752		100.0%
2012	318,720	318,720		100.0%
2013	337,528	337,528		100.0%
2014	359,235	359,235		100.0%
District Health Department				
2009	\$ 452,907	\$ 452,907		100.0%
2010	463,558	463,558		100.0%
2011	481,352	481,352		100.0%
2012	459,812	459,812		100.0%
2013	446,235	446,235		100.0%
2014	407,597	407,597		100.0%

EATON COUNTY, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Retiree Health

Schedule of Funding Progress						
Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2007	\$ 3,870,082	\$ 36,472,265	\$ 32,602,183	10.6%	*	*
2009	6,090,475	47,199,800	41,109,325	12.9%	\$ 18,276,740	224.9%
2011	6,923,689	53,761,648	46,837,959	12.9%	17,631,734	265.6%
2012	7,589,895	58,409,824	50,819,929	13.0%	17,600,899	288.7%

Schedule of Employer Contributions		
Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2012	\$ 3,391,932	36.8%
2013	4,855,258	27.0%
2014	5,159,931	39.5%

* Not available

**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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes:				
Real and personal property taxes	\$ 16,895,366	\$ 16,895,366	\$ 16,677,766	\$ (217,600)
Industrial facilities tax	358,214	358,214	296,499	(61,715)
Payments in lieu	39,500	39,500	9,380	(30,120)
Delinquent taxes	15,000	15,000	27,076	12,076
Trailer park taxes	10,000	10,000	7,653	(2,347)
Real estate transfer tax	250,000	250,000	298,205	48,205
Interest and penalties	70,000	70,000	55,679	(14,321)
Total taxes	17,638,080	17,638,080	17,372,258	(265,822)
Licenses and permits:				
Dog licenses	113,000	113,000	93,462	(19,538)
Pistol permits	30,000	30,000	43,156	13,156
Marriage licenses	14,000	14,000	14,620	620
Soil erosion	40,000	40,000	42,525	2,525
Total permits and regulatory licenses	197,000	197,000	193,763	(3,237)
Intergovernmental - federal/state:				
Cooperative reimbursement - Prosecutor	92,295	92,295	104,467	12,172
ADC Incentive	147,672	147,672	150,222	2,550
Cooperative reimbursement - Friend of the Court	747,509	747,509	637,329	(110,180)
Strong Families/Safe Children	3,000	3,000	2,618	(382)
Local Law Enforcement Block Grant	1,000	1,000	-	(1,000)
Probate Judge's salary	102,000	102,000	103,279	1,279
Judicial salary standardization	228,620	228,620	228,170	(450)
Sheriff road patrol program	101,370	101,370	101,370	-
Marine safety program	5,000	5,000	3,000	(2,000)
Drug case incentive	1,050	1,050	1,572	522
Victims Rights Act	102,600	102,600	102,600	-
Veterans services	15,000	15,000	15,000	-
Parole violation grant	354,000	354,000	255,595	(98,405)
Diverted felon program	256,000	256,000	206,745	(49,255)
Assistant juvenile officer grant	52,776	52,776	52,776	-
Convention and tourism	664,678	864,678	777,657	(87,021)
Cigarette tax	5,000	5,000	4,289	(711)
Liquor license fees	25,000	25,000	31,635	6,635
State income tax	1,771,974	1,771,974	1,773,810	1,836
State aid-case flow assistance	26,000	26,000	28,863	2,863
State court equity funding	420,000	420,000	429,182	9,182
Title IV-E	28,000	28,000	20,499	(7,501)
Vertical drug	-	(14,000)	14,164	28,164
Miscellaneous	22,000	22,000	35,750	13,750
Total intergovernmental - federal/state	5,172,544	5,358,544	5,080,592	(277,952)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Intergovernmental - local:				
Township - planning	\$ 142,976	\$ 142,976	\$ 142,976	\$ -
Township - Sheriff	2,958,605	2,958,605	2,958,648	43
Prosecuting attorney services	48,000	48,000	49,001	1,001
Total intergovernmental - local	3,149,581	3,149,581	3,150,625	1,044
Charges for services:				
Court:				
District Court costs	873,100	873,100	821,070	(52,030)
Circuit Court	-	-	250	250
Circuit Court probation	14,000	14,000	43,792	29,792
Court filing fees	141,500	141,500	133,067	(8,433)
Bond costs	1,000	1,000	560	(440)
Jury demand	6,200	6,200	4,060	(2,140)
Writ of garnishment	98,600	98,600	112,530	13,930
Attorney fee reimbursement	17,000	17,000	23,371	6,371
SOS reinstatement fee	35,000	35,000	33,286	(1,714)
Probation oversight	170,000	170,000	188,755	18,755
Alcohol assessment	28,000	28,000	28,725	725
Friend of the Court service fees	127,500	127,500	153,732	26,232
Probate Court services	35,000	35,000	39,328	4,328
Juvenile Court services	9,000	9,000	3,622	(5,378)
Prosecuting attorney services	200	200	(393)	(593)
Juvenile Court attorney fees	30,000	30,000	27,535	(2,465)
Crime victim assessment	200	200	154	(46)
Inmate medical	-	-	6,390	6,390
Tether program	-	-	64	64
General government:				
County Clerk services	100,000	100,000	100,088	88
County Treasurer services	11,000	11,000	7,652	(3,348)
Register of Deed services	318,000	318,000	301,328	(16,672)
Drain Commission services	95,000	95,000	69,411	(25,589)
Child care collection fees	43,000	43,000	44,710	1,710
Property description services	20,600	20,600	17,335	(3,265)
Food stamp fraud	1,200	1,200	3,578	2,378
Community development services	15,000	15,000	15,620	620
Sheriff Department:				
Sheriff services	135,000	135,000	140,237	5,237
Economic crimes unit	426,500	426,500	443,116	16,616
OUIL/Impaired	13,000	13,000	14,221	1,221
False alarms	8,000	8,000	4,956	(3,044)
Abandoned vehicles	2,500	2,500	18,533	16,033
Impounded cars	-	-	-	-
Inmate medical	30,000	30,000	3,122	(26,878)
Sentenced inmate boarding	40,000	40,000	73,513	33,513
Sale of lost/stolen property	500	500	-	(500)
Boarding of dogs and cats	5,000	5,000	5,249	249
Medical Examiner - cremation fees	9,000	9,000	14,803	5,803
Photocopies	8,125	8,125	10,018	1,893
Parks and recreation	69,100	69,100	68,469	(631)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Charges for services - concluded:				
Planning aerial photos	\$ -	\$ -	\$ 192	\$ 192
Computer	-	-	21,473	21,473
Miscellaneous	16,000	16,000	19,387	3,387
Total charges for services	2,952,825	2,952,825	3,016,909	64,084
Fines and forfeitures:				
Ordinance fines and costs	286,000	286,000	302,353	16,353
Handicap parking	-	-	625	625
Bond forfeitures	18,000	18,000	25,665	7,665
Dog fines	2,000	2,000	2,231	231
Law library	6,500	6,500	6,500	-
Miscellaneous	1,500	1,500	200	(1,300)
Total fines and forfeitures	314,000	314,000	337,574	23,574
Interest and rents:				
Interest on investments	15,000	15,000	1,368	(13,632)
Rental fees	277,209	277,209	263,526	(13,683)
Total interest and rents	292,209	292,209	264,894	(27,315)
Other:				
Vending/pay phone commissions	80,200	80,200	72,709	(7,491)
Sale of capital assets	10,000	10,000	16,471	6,471
Reimbursements and refunds	107,700	107,700	111,150	3,450
Restitution	2,000	2,000	6,815	4,815
Parks and recreation	200	200	280	80
Miscellaneous	550	550	1,257	707
Total other	200,650	200,650	208,682	8,032
Total revenues	29,916,889	30,102,889	29,625,297	(477,592)
Other financing sources				
Transfers in	1,225,194	2,353,370	2,326,622	(26,748)
Issuance of long-term debt	-	2,093,000	2,160,310	67,310
Total other financing sources	1,225,194	4,446,370	4,486,932	40,562
Total revenues and other financing sources	\$ 31,142,083	\$ 34,549,259	\$ 34,112,229	\$ (437,030)

concluded

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Expenditures				
Legislative:				
Board of Commissioners	\$ 284,408	\$ 292,408	\$ 259,165	\$ (33,243)
Judicial:				
Circuit Court	1,290,771	1,288,818	1,172,467	(116,351)
District Court	1,532,374	1,515,089	1,427,120	(87,969)
Friend of Court	1,376,530	1,337,405	1,189,764	(147,641)
County Guardian	63,000	63,000	60,000	(3,000)
Probate Court	511,815	511,815	494,500	(17,315)
Juvenile Court	785,147	809,010	753,134	(55,876)
Probation	10,919	10,919	5,596	(5,323)
Law library	6,500	6,500	-	(6,500)
Total judicial	5,577,056	5,542,556	5,102,581	(439,975)
General government:				
Elections	75,550	74,069	72,307	(1,762)
Clerk	532,017	530,535	530,382	(153)
Births and Deaths	200	225	216	(9)
Plat Board	323	323	-	(323)
Controller	771,366	818,981	813,813	(5,168)
Information Systems	832,222	827,893	764,669	(63,224)
Equalization	559,382	559,382	541,230	(18,152)
Prosecuting Attorney	1,398,409	1,402,435	1,392,766	(9,669)
Economic Crimes Unit	391,396	387,231	287,011	(100,220)
Register of Deeds	227,355	227,355	213,416	(13,939)
Treasurer	383,324	385,052	360,906	(24,146)
Cooperative Extension	135,745	135,528	133,573	(1,955)
Building Authority Administration	250	250	-	(250)
Building and Grounds	1,640,378	1,645,689	1,615,471	(30,218)
Drain Commission	387,006	386,530	365,903	(20,627)
Thornapple-Ground Soil Conservation	18,891	18,891	18,891	-
Total general government	7,353,814	7,400,369	7,110,554	(289,815)
Public safety:				
Sheriff - General	4,855,270	4,821,117	4,714,342	(106,775)
Sheriff - Corrections	4,017,427	4,070,980	4,070,634	(346)
Sheriff - Delta office	3,704,383	3,705,711	3,591,524	(114,187)
Sheriff - Weighmaster	50,000	50,000	25,665	(24,335)
Sheriff - Road Patrol	202,980	202,980	189,412	(13,568)
Marine Safety	12,043	12,043	1,914	(10,129)
Community Development	195,487	195,203	184,037	(11,166)
Tri-County Regional Planning	104,960	104,960	104,958	(2)
Animal Control	364,699	369,699	337,026	(32,673)
Vertical drug	70,280	70,280	68,879	(1,401)
Total public safety	13,577,529	13,602,973	13,288,391	(314,582)

continued...

EATON COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Public works:				
Drains at Large	\$ 407,218	\$ 407,218	\$ 489,638	\$ 82,420
Health and social services:				
Mid-South Substance Abuse	332,339	432,339	303,629	(128,710)
Medical Examiner	150,692	150,692	122,951	(27,741)
Community Mental Health	390,721	390,721	390,721	-
Barry-Eaton Health Plan Corporation	650,000	650,000	650,000	-
Tri-County Office on Aging	61,166	61,166	60,426	(740)
Veterans	107,380	107,380	98,456	(8,924)
Landfill	35,000	35,000	28,824	(6,176)
Child care - DHS	2,500	5,300	5,212	(88)
Soldiers and sailors	30,000	30,000	15,257	(14,743)
District Health - appropriation	165,800	165,800	165,799	(1)
District Health - cigarette tax	5,000	5,000	3,045	(1,955)
Total health and social services	1,930,598	2,033,398	1,844,320	(189,078)
Parks, recreation and culture:				
Courthouse Square Association	15,000	15,000	15,000	-
Parks and recreation	426,181	426,181	376,628	(49,553)
Parks special projects	1,500	1,500	-	(1,500)
Michigan land trust	-	11,000	11,000	-
Historical commission	2,600	2,600	2,000	(600)
Total parks, recreation and culture	445,281	456,281	404,628	(51,653)
Other:				
Computer	40,000	72,312	29,019	(43,293)
Insurance, bonds & contingency	160,024	107,024	23,350	(83,674)
Total other	200,024	179,336	52,369	(126,967)
Capital outlay:				
General	288,960	246,354	208,606	(37,748)
Public improvement	249,599	557,773	287,880	(269,893)
Computer	587,540	2,911,400	2,705,663	(205,737)
Total capital outlay	1,126,099	3,715,527	3,202,149	(513,378)
Debt service:				
Principal	-	860,651	860,651	-
Interest	-	14,349	14,349	-
Total debt service	-	875,000	875,000	-
Total expenditures	30,902,027	34,505,066	32,628,795	(1,876,271)
Other financing uses - transfers out				
Transfers out	1,454,339	1,412,320	1,407,230	(5,090)
Total expenditures and other financing uses	\$ 32,356,366	\$ 35,917,386	\$ 34,036,025	\$ (1,881,361)

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EATON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Special Revenue Funds			
	Sheriff Road Crew	Solid Waste Ordinance	Swift and Sure Sanctions	CDBG Housing Grant
Assets				
Cash and cash equivalents	\$ -	\$ 272,486	\$ -	\$ 40,758
Accounts receivable, net	-	-	-	-
Due from other governmental units	36,000	-	62,107	12,731
Total assets	<u>\$ 36,000</u>	<u>\$ 272,486</u>	<u>\$ 62,107</u>	<u>\$ 53,489</u>
Liabilities				
Accounts payable	\$ 55	\$ 57,858	\$ 2,813	\$ 1,846
Accrued liabilities	1,435	1,343	1,036	-
Due to other governmental units	-	-	-	-
Due to other funds	210	172	133	-
Interfund payable	19,473	-	58,125	-
Total liabilities	<u>21,173</u>	<u>59,373</u>	<u>62,107</u>	<u>1,846</u>
Fund balances				
Restricted	-	-	-	-
Committed	14,827	213,113	-	51,643
Total fund balances	<u>14,827</u>	<u>213,113</u>	<u>-</u>	<u>51,643</u>
Total liabilities and fund balances	<u>\$ 36,000</u>	<u>\$ 272,486</u>	<u>\$ 62,107</u>	<u>\$ 53,489</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

Special Revenue Funds						
Economic Development Revolving	Construction Code Enforcement	Remonu- mentation Grant	Register of Deeds Technology	Criminal Property Forfeiture	Drug Law Forfeiture	S.T.O.P. Grant
\$ -	\$ 328,732	\$ 35,559	\$ 192,005	\$ 868	\$ 7,166	\$ -
-	-	-	-	-	-	-
-	-	10,448	-	-	-	18,759
<u>\$ -</u>	<u>\$ 328,732</u>	<u>\$ 46,007</u>	<u>\$ 192,005</u>	<u>\$ 868</u>	<u>\$ 7,166</u>	<u>\$ 18,759</u>
\$ -	\$ 2,539	\$ 40,607	\$ -	\$ -	\$ -	\$ -
-	4,428	-	-	-	-	1,727
-	-	-	-	-	-	-
-	680	-	-	-	-	221
-	-	-	-	-	-	16,811
-	7,647	40,607	-	-	-	18,759
-	-	5,400	192,005	-	7,166	-
-	321,085	-	-	868	-	-
-	321,085	5,400	192,005	868	7,166	-
<u>\$ -</u>	<u>\$ 328,732</u>	<u>\$ 46,007</u>	<u>\$ 192,005</u>	<u>\$ 868</u>	<u>\$ 7,166</u>	<u>\$ 18,759</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Special Revenue Funds			
	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness	Property Forfeiture Prosecutor
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 25,819	\$ 2,384
Accounts receivable, net	-	-	-	-
Due from other governmental units	37,558	38,941	28,131	-
Total assets	\$ 37,558	\$ 38,941	\$ 53,950	\$ 2,384
Liabilities				
Accounts payable	\$ 3,605	\$ 3,272	\$ 1,413	\$ -
Accrued liabilities	1,186	1,780	-	-
Due to other governmental units	-	-	-	-
Due to other funds	152	513	-	-
Interfund payable	8,387	31,906	-	-
Total liabilities	13,330	37,471	1,413	-
Fund balances				
Restricted	24,228	1,470	52,537	-
Committed	-	-	-	2,384
Total fund balances	24,228	1,470	52,537	2,384
Total liabilities and fund balances	\$ 37,558	\$ 38,941	\$ 53,950	\$ 2,384

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

Special Revenue Funds						
Bureau of Justice LLEBG	JAG WCDP	Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services
\$ -	\$ -	\$ 14,504	\$ 21,623	\$ 13,957	\$ -	\$ 82,396
-	-	-	-	-	-	-
9,809	3,510	-	-	-	41,204	-
<u>\$ 9,809</u>	<u>\$ 3,510</u>	<u>\$ 14,504</u>	<u>\$ 21,623</u>	<u>\$ 13,957</u>	<u>\$ 41,204</u>	<u>\$ 82,396</u>
\$ -	\$ 3,510	\$ -	\$ 2,452	\$ 247	\$ 3,750	\$ 175
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,809	-	-	-	-	37,454	-
<u>9,809</u>	<u>3,510</u>	<u>-</u>	<u>2,452</u>	<u>247</u>	<u>41,204</u>	<u>175</u>
-	-	-	19,171	13,710	-	-
-	-	14,504	-	-	-	82,221
-	-	14,504	19,171	13,710	-	82,221
<u>\$ 9,809</u>	<u>\$ 3,510</u>	<u>\$ 14,504</u>	<u>\$ 21,623</u>	<u>\$ 13,957</u>	<u>\$ 41,204</u>	<u>\$ 82,396</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Special Revenue Funds			
	Veterans Trust	Home Tax Exemption Audit	Local Corrections Officer Training	LEAD Drug Testing
Assets				
Cash and cash equivalents	\$ 4,611	\$ 21,572	\$ 176,689	\$ 1,660
Accounts receivable, net	-	-	-	-
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 4,611</u>	<u>\$ 21,572</u>	<u>\$ 176,689</u>	<u>\$ 1,660</u>
Liabilities				
Accounts payable	\$ 491	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governmental units	-	6,743	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Total liabilities	<u>491</u>	<u>6,743</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	4,120	-	-	-
Committed	-	14,829	176,689	1,660
Total fund balances	<u>4,120</u>	<u>14,829</u>	<u>176,689</u>	<u>1,660</u>
Total liabilities and fund balances	<u>\$ 4,611</u>	<u>\$ 21,572</u>	<u>\$ 176,689</u>	<u>\$ 1,660</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

Special Revenue Funds			Debt Service Funds			
Child Care	Juvenile Millage	Jail Millage II	Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Installment Purchase
\$ -	\$ 521,453	\$ 146,295	\$ -	\$ -	\$ -	\$ -
34,239	-	-	-	175	-	-
661,345	-	2,299	-	-	-	-
<u>\$ 695,584</u>	<u>\$ 521,453</u>	<u>\$ 148,594</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 176,003	\$ 21,564	\$ 506	\$ -	\$ -	\$ -	\$ -
46,814	-	22,665	-	-	-	-
30,398	-	-	-	-	-	-
6,441	-	4,373	-	-	-	-
356,463	-	-	-	175	-	-
<u>616,119</u>	<u>21,564</u>	<u>27,544</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>
-	499,889	121,050	-	-	-	-
79,465	-	-	-	-	-	-
<u>79,465</u>	<u>499,889</u>	<u>121,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 695,584</u>	<u>\$ 521,453</u>	<u>\$ 148,594</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

EATON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Debt Service Fund	Capital Project Fund	Permanent Trust Funds	
	Dental Clinic	Dental Clinic Construction	Juvenile Court Trust	Youth Facility Trust
Assets				
Cash and cash equivalents	\$ 43,293	\$ 246	\$ 10,317	\$ 4,588
Accounts receivable, net	-	-	-	-
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 43,293</u>	<u>\$ 246</u>	<u>\$ 10,317</u>	<u>\$ 4,588</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 99
Accrued liabilities	-	-	-	-
Due to other governmental units	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>
Fund balances				
Restricted	43,293	246	10,317	4,489
Committed	-	-	-	-
Total fund balances	<u>43,293</u>	<u>246</u>	<u>10,317</u>	<u>4,489</u>
Total liabilities and fund balances	<u>\$ 43,293</u>	<u>\$ 246</u>	<u>\$ 10,317</u>	<u>\$ 4,588</u>

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014

Permanent Trust Funds						Total
Lincoln Brick Trust	Sheriff Donations Trust	Animal Control Donations Trust	Prosecuting Attorney Donations Trust	EATON Trust		
\$ 68,978	\$ 352	\$ 2,635	\$ 44	\$ 595	\$ 2,041,585	
-	-	-	-	-	34,414	
-	-	-	-	-	962,842	
<u>\$ 68,978</u>	<u>\$ 352</u>	<u>\$ 2,635</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 3,038,841</u>	
\$ -	\$ 133	\$ -	\$ -	\$ -	\$ 322,938	
-	-	-	-	-	82,414	
-	-	-	-	-	37,141	
-	-	-	-	-	12,895	
-	-	-	-	-	538,603	
-	133	-	-	-	993,991	
68,978	219	2,635	44	595	1,071,562	
-	-	-	-	-	973,288	
<u>68,978</u>	<u>219</u>	<u>2,635</u>	<u>44</u>	<u>595</u>	<u>2,044,850</u>	
<u>\$ 68,978</u>	<u>\$ 352</u>	<u>\$ 2,635</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 3,038,841</u>	

concluded

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2014

	Special Revenue Funds			
	Sheriff Road Crew	Solid Waste Ordinance	Swift and Sure Sanctions	CDBG Housing Grant
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	-	-	89,833	79,246
Local	-	-	-	-
Charges for services	52,211	234,961	-	10,331
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	52,211	234,961	89,833	89,577
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	82,988	-	89,917	-
Health and social services	-	284,726	-	95,301
Other	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	82,988	284,726	89,917	95,301
Revenues over (under) expenditures	(30,777)	(49,765)	(84)	(5,724)
Other financing sources (uses)				
Transfers in	40,276	-	-	88,630
Transfers out	-	(780)	-	(44,315)
Total other financing sources (uses)	40,276	(780)	-	44,315
Net change in fund balances	9,499	(50,545)	(84)	38,591
Fund balances, beginning of year	5,328	263,658	84	13,052
Fund balances, end of year	\$ 14,827	\$ 213,113	\$ -	\$ 51,643

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2014

Special Revenue Funds						
Economic Development Revolving	Construction Code Enforcement	Remuneration Grant	Register of Deeds Technology	Criminal Property Forfeiture	Drug Law Forfeiture	S.T.O.P. Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	340,819	-	-	-	-	-
-	-	88,114	-	-	-	55,353
-	-	-	-	-	-	-
-	9,387	16,974	88,985	-	-	-
-	-	-	-	-	9,287	-
-	-	-	17	-	-	-
-	-	-	-	-	-	-
-	350,206	105,088	89,002	-	9,287	55,353
-	-	-	-	-	-	-
-	-	105,089	30,055	-	-	-
-	239,220	-	-	-	9,620	86,766
5,465	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,465	239,220	105,089	30,055	-	9,620	86,766
(5,465)	110,986	(1)	58,947	-	(333)	(31,413)
-	-	-	-	-	-	31,413
-	(35,000)	-	(126,311)	-	-	-
-	(35,000)	-	(126,311)	-	-	31,413
(5,465)	75,986	(1)	(67,364)	-	(333)	-
5,465	245,099	5,401	259,369	868	7,499	-
\$ -	\$ 321,085	\$ 5,400	\$ 192,005	\$ 868	\$ 7,166	\$ -

continued...

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2014

	Special Revenue Funds			
	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness	Property Forfeiture Prosecutor
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	74,284	148,519	145,047	-
Local	-	-	-	-
Charges for services	17,421	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	91,705	148,519	145,047	-
Expenditures				
Current:				
Judicial	91,706	-	-	-
General government	-	-	-	-
Public safety	-	148,541	98,874	-
Health and social services	-	-	-	-
Other	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	91,706	148,541	98,874	-
Revenues over (under) expenditures	(1)	(22)	46,173	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1)	(22)	46,173	-
Fund balances, beginning of year	24,229	1,492	6,364	2,384
Fund balances, end of year	\$ 24,228	\$ 1,470	\$ 52,537	\$ 2,384

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2014

Special Revenue Funds						
Bureau of Justice LLEBG	JAG WCDP	Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training	OHSP Traffic Enforcement	Department of Human Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
20,996	7,020	-	13,211	26,826	65,933	21
-	-	-	-	-	-	-
-	-	-	-	-	14,316	-
-	-	3,096	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>20,996</u>	<u>7,020</u>	<u>3,096</u>	<u>13,211</u>	<u>26,826</u>	<u>80,249</u>	<u>21</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,996	7,020	3,743	10,666	23,408	80,250	-
-	-	-	-	-	-	18,142
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>20,996</u>	<u>7,020</u>	<u>3,743</u>	<u>10,666</u>	<u>23,408</u>	<u>80,250</u>	<u>18,142</u>
-	-	(647)	2,545	3,418	(1)	(18,121)
-	-	-	-	-	-	14,000
-	-	-	-	-	-	-
-	-	-	-	-	-	14,000
-	-	(647)	2,545	3,418	(1)	(4,121)
-	-	15,151	16,626	10,292	1	86,342
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,504</u>	<u>\$ 19,171</u>	<u>\$ 13,710</u>	<u>\$ -</u>	<u>\$ 82,221</u>

continued...

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2014

	Special Revenue Funds			
	Veterans Trust	Home Tax Exemption Audit	Local Corrections Officer Training	LEAD Drug Testing
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	49,780	-	-	-
Local	-	-	-	-
Charges for services	-	-	32,749	234
Fines and forfeitures	-	-	-	-
Interest and rents	-	3,398	-	-
Other	-	-	-	-
Total revenues	49,780	3,398	32,749	234
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	9,290	-
Health and social services	46,411	-	-	-
Other	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	46,411	-	9,290	-
Revenues over (under) expenditures	3,369	3,398	23,459	234
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(6,673)	-	-
Total other financing sources (uses)	-	(6,673)	-	-
Net change in fund balances	3,369	(3,275)	23,459	234
Fund balances, beginning of year	751	18,104	153,230	1,426
Fund balances, end of year	\$ 4,120	\$ 14,829	\$ 176,689	\$ 1,660

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2014

Special Revenue Funds			Debt Service Funds			
Child Care	Juvenile Millage	Jail Millage II	Building Authority Office Building	Building Authority Health Clinic	Building Authority Jail	Installment Purchase
\$ -	\$ 1,137,248	\$ 2,274,797	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,102,857	-	2,299	-	-	-	-
95,225	-	-	-	175	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
198,319	-	14,000	-	-	-	-
<u>2,396,401</u>	<u>1,137,248</u>	<u>2,291,096</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	151,420	1,282,291	-	-	-	-
4,198,909	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	645,000	48,574
-	-	-	-	175	562,850	1,024
<u>4,198,909</u>	<u>151,420</u>	<u>1,282,291</u>	<u>-</u>	<u>175</u>	<u>1,207,850</u>	<u>49,598</u>
<u>(1,802,508)</u>	<u>985,828</u>	<u>1,008,805</u>	<u>-</u>	<u>-</u>	<u>(1,207,850)</u>	<u>(49,598)</u>
1,782,967	-	-	-	-	1,207,849	49,595
(747)	(900,710)	(1,207,849)	(1)	-	-	-
<u>1,782,220</u>	<u>(900,710)</u>	<u>(1,207,849)</u>	<u>(1)</u>	<u>-</u>	<u>1,207,849</u>	<u>49,595</u>
(20,288)	85,118	(199,044)	(1)	-	(1)	(3)
99,753	414,771	320,094	1	-	1	3
<u>\$ 79,465</u>	<u>\$ 499,889</u>	<u>\$ 121,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014

	Debt Service Funds	Capital Project Fund	Permanent Trust Funds	
	Dental Clinic	Dental Clinic Construction	Juvenile Court Trust	Youth Facility Trust
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/state	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	70,320	-	-	5,564
Total revenues	70,320	-	-	5,564
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and social services	-	-	-	-
Other	-	-	80	4,665
Debt service:				
Principal	35,000	-	-	-
Interest and fiscal charges	30,969	-	-	-
Total expenditures	65,969	-	80	4,665
Revenues over (under) expenditures	4,351	-	(80)	899
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	4,351	-	(80)	899
Fund balances, beginning of year	38,942	246	10,397	3,590
Fund balances, end of year	\$ 43,293	\$ 246	\$ 10,317	\$ 4,489

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2014

Permanent Trust Funds					Total
Lincoln Brick Trust	Sheriff Donations Trust	Animal Control Donations Trust	Prosecuting Attorney Donations Trust	EATON Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,412,045
-	-	-	-	-	340,819
-	-	-	-	-	2,969,339
-	-	-	-	-	95,400
-	-	-	-	-	477,569
-	-	-	-	-	12,383
11	-	-	-	-	3,426
14,553	1,241	725	-	-	304,722
<u>14,564</u>	<u>1,241</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>7,615,703</u>
-	-	-	-	-	91,706
-	-	-	-	-	135,144
-	-	-	-	-	2,345,010
-	-	-	-	-	4,648,954
2,607	1,210	-	-	-	8,562
-	-	-	-	-	728,574
-	-	-	-	-	595,018
<u>2,607</u>	<u>1,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,552,968</u>
<u>11,957</u>	<u>31</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>(937,265)</u>
-	-	-	-	-	3,214,730
<u>(12,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,335,135)</u>
<u>(12,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,595</u>
(792)	31	725	-	-	(57,670)
<u>69,770</u>	<u>188</u>	<u>1,910</u>	<u>44</u>	<u>595</u>	<u>2,102,520</u>
<u>\$ 68,978</u>	<u>\$ 219</u>	<u>\$ 2,635</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,044,850</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, 2014

	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	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	59,500	52,211	(7,289)	244,800	234,961	(9,839)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	59,500	52,211	(7,289)	244,800	234,961	(9,839)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	99,777	82,988	(16,789)	-	-	-
Health and social services	-	-	-	321,886	284,726	(37,160)
Capital outlay	-	-	-	-	-	-
Total expenditures	99,777	82,988	(16,789)	321,886	284,726	(37,160)
Revenues over (under) expenditures	(40,277)	(30,777)	9,500	(77,086)	(49,765)	27,321
Other financing sources (uses)						
Transfers in	40,277	40,276	(1)	-	-	-
Transfers out	-	-	-	(780)	(780)	-
Total other financing sources (uses)	40,277	40,276	(1)	(780)	(780)	-
Net change in fund balances	-	9,499	9,499	(77,866)	(50,545)	27,321
Fund balances, beginning of year	5,328	5,328	-	263,658	263,658	-
Fund balances, end of year	\$ 5,328	\$ 14,827	\$ 9,499	\$ 185,792	\$ 213,113	\$ 27,321

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2014

Swift and Sure Sanctions			CDBG Housing Grant			Economic Development Revolving		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
174,803	89,833	(84,970)	160,000	79,246	(80,754)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	12,400	10,331	(2,069)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>174,803</u>	<u>89,833</u>	<u>(84,970)</u>	<u>172,400</u>	<u>89,577</u>	<u>(82,823)</u>	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
174,803	89,917	(84,886)	-	-	-	-	-	-
-	-	-	216,715	95,301	(121,414)	-	5,465	5,465
-	-	-	-	-	-	-	-	-
<u>174,803</u>	<u>89,917</u>	<u>(84,886)</u>	<u>216,715</u>	<u>95,301</u>	<u>(121,414)</u>	-	<u>5,465</u>	<u>5,465</u>
-	(84)	(84)	(44,315)	(5,724)	38,591	-	(5,465)	(5,465)
-	-	-	44,315	88,630	44,315	-	-	-
-	-	-	-	(44,315)	(44,315)	-	-	-
-	-	-	44,315	44,315	-	-	-	-
-	(84)	(84)	-	38,591	38,591	-	(5,465)	(5,465)
84	84	-	13,052	13,052	-	5,465	5,465	-
<u>\$ 84</u>	<u>\$ -</u>	<u>\$ (84)</u>	<u>\$ 13,052</u>	<u>\$ 51,643</u>	<u>\$ 38,591</u>	<u>\$ 5,465</u>	<u>\$ -</u>	<u>\$ (5,465)</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, 2014

	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	245,000	340,819	95,819	-	-	-
Intergovernmental:						
Federal/state	-	-	-	77,700	88,114	10,414
Local	-	-	-	-	-	-
Charges for services	4,800	9,387	4,587	19,500	16,974	(2,526)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	249,800	350,206	100,406	97,200	105,088	7,888
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	105,090	105,089	(1)
Public safety	252,630	239,220	(13,410)	-	-	-
Health and social services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	252,630	239,220	(13,410)	105,090	105,089	(1)
Revenues over (under) expenditures	(2,830)	110,986	113,816	(7,890)	(1)	7,889
Other financing sources (uses)						
Transfers in	-	-	-	7,890	-	(7,890)
Transfers out	(35,000)	(35,000)	-	-	-	-
Total other financing sources (uses)	(35,000)	(35,000)	-	7,890	-	(7,890)
Net change in fund balances	(37,830)	75,986	113,816	-	(1)	(1)
Fund balances, beginning of year	245,099	245,099	-	5,401	5,401	-
Fund balances, end of year	\$ 207,269	\$ 321,085	\$ 113,816	\$ 5,401	\$ 5,400	\$ (1)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2014

Register of Deeds Technology			Criminal Property Forfeiture			Drug Law Forfeiture		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
103,000	88,985	(14,015)	-	-	-	-	-	-
-	-	-	1,000	-	(1,000)	10,000	9,287	(713)
14	17	3	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>103,014</u>	<u>89,002</u>	<u>(14,012)</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>10,000</u>	<u>9,287</u>	<u>(713)</u>
-	-	-	-	-	-	-	-	-
33,937	30,055	(3,882)	-	-	-	-	-	-
-	-	-	1,000	-	(1,000)	10,000	9,620	(380)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>33,937</u>	<u>30,055</u>	<u>(3,882)</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>10,000</u>	<u>9,620</u>	<u>(380)</u>
<u>69,077</u>	<u>58,947</u>	<u>(10,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(333)</u>	<u>(333)</u>
-	-	-	-	-	-	-	-	-
(144,651)	(126,311)	18,340	-	-	-	-	-	-
<u>(144,651)</u>	<u>(126,311)</u>	<u>18,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(75,574)	(67,364)	8,210	-	-	-	-	(333)	(333)
<u>259,369</u>	<u>259,369</u>	<u>-</u>	<u>868</u>	<u>868</u>	<u>-</u>	<u>7,499</u>	<u>7,499</u>	<u>-</u>
<u>\$ 183,795</u>	<u>\$ 192,005</u>	<u>\$ 8,210</u>	<u>\$ 868</u>	<u>\$ 868</u>	<u>\$ -</u>	<u>\$ 7,499</u>	<u>\$ 7,166</u>	<u>\$ (333)</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, 2014

	S.T.O.P. Grant			Drug Court III - Circuit 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	55,000	55,353	353	80,000	74,284	(5,716)
Local	-	-	-	-	-	-
Charges for services	-	-	-	32,209	17,421	(14,788)
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	55,000	55,353	353	112,209	91,705	(20,504)
Expenditures						
Current:						
Judicial	-	-	-	112,209	91,706	(20,503)
General government	-	-	-	-	-	-
Public safety	87,136	86,766	(370)	-	-	-
Health and social services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	87,136	86,766	(370)	112,209	91,706	(20,503)
Revenues over (under) expenditures	(32,136)	(31,413)	723	-	(1)	(1)
Other financing sources (uses)						
Transfers in	32,136	31,413	(723)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	32,136	31,413	(723)	-	-	-
Net change in fund balances	-	-	-	-	(1)	(1)
Fund balances, beginning of year	-	-	-	24,229	24,229	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 24,229	\$ 24,228	\$ (1)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2014

Community Corrections			Domestic Preparedness			Property Forfeiture Prosecutor		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
164,012	148,519	(15,493)	150,000	145,047	(4,953)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>164,012</u>	<u>148,519</u>	<u>(15,493)</u>	<u>150,000</u>	<u>145,047</u>	<u>(4,953)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
164,012	148,541	(15,471)	100,181	98,874	(1,307)	500	-	(500)
-	-	-	-	-	-	-	-	-
-	-	-	49,819	-	(49,819)	-	-	-
<u>164,012</u>	<u>148,541</u>	<u>(15,471)</u>	<u>150,000</u>	<u>98,874</u>	<u>(51,126)</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
-	(22)	(22)	-	46,173	46,173	(500)	-	500
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(22)	(22)	-	46,173	46,173	(500)	-	500
<u>1,492</u>	<u>1,492</u>	<u>-</u>	<u>6,364</u>	<u>6,364</u>	<u>-</u>	<u>2,384</u>	<u>2,384</u>	<u>-</u>
<u>\$ 1,492</u>	<u>\$ 1,470</u>	<u>\$ (22)</u>	<u>\$ 6,364</u>	<u>\$ 52,537</u>	<u>\$ 46,173</u>	<u>\$ 1,884</u>	<u>\$ 2,384</u>	<u>\$ 500</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2014

	Bureau of Justice LLEBG			JAG WCDP		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	20,999	20,996	(3)	7,021	7,020	(1)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>20,999</u>	<u>20,996</u>	<u>(3)</u>	<u>7,021</u>	<u>7,020</u>	<u>(1)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	20,999	20,996	(3)	7,021	7,020	(1)
Health and social services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>20,999</u>	<u>20,996</u>	<u>(3)</u>	<u>7,021</u>	<u>7,020</u>	<u>(1)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2014

Drug Forfeiture Prosecutor			Michigan Justice Training			Dispatcher Training		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	15,000	13,211	(1,789)	30,000	26,826	(3,174)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,096	3,096	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,096</u>	<u>3,096</u>	<u>-</u>	<u>15,000</u>	<u>13,211</u>	<u>(1,789)</u>	<u>30,000</u>	<u>26,826</u>	<u>(3,174)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4,047	3,743	(304)	15,000	10,666	(4,334)	30,000	23,408	(6,592)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,047</u>	<u>3,743</u>	<u>(304)</u>	<u>15,000</u>	<u>10,666</u>	<u>(4,334)</u>	<u>30,000</u>	<u>23,408</u>	<u>(6,592)</u>
(951)	(647)	304	-	2,545	2,545	-	3,418	3,418
-	-	-	-	-	-	-	-	-
(3,000)	-	3,000	-	-	-	-	-	-
(3,000)	-	3,000	-	-	-	-	-	-
(3,951)	(647)	3,304	-	2,545	2,545	-	3,418	3,418
15,151	15,151	-	16,626	16,626	-	10,292	10,292	-
<u>\$ 11,200</u>	<u>\$ 14,504</u>	<u>\$ 3,304</u>	<u>\$ 16,626</u>	<u>\$ 19,171</u>	<u>\$ 2,545</u>	<u>\$ 10,292</u>	<u>\$ 13,710</u>	<u>\$ 3,418</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, 2014

	OHSP Traffic Enforcement			Department of Human Services		
	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	60,000	65,933	5,933	400,000	21	(399,979)
Local	-	-	-	-	-	-
Charges for services	32,340	14,316	(18,024)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>92,340</u>	<u>80,249</u>	<u>(12,091)</u>	<u>400,000</u>	<u>21</u>	<u>(399,979)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	92,340	80,250	(12,090)	-	-	-
Health and social services	-	-	-	414,000	18,142	(395,858)
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>92,340</u>	<u>80,250</u>	<u>(12,090)</u>	<u>414,000</u>	<u>18,142</u>	<u>(395,858)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(14,000)</u>	<u>(18,121)</u>	<u>(4,121)</u>
Other financing sources (uses)						
Transfers in	-	-	-	14,000	14,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>(4,121)</u>	<u>(4,121)</u>
Fund balances, beginning of year	<u>1</u>	<u>1</u>	<u>-</u>	<u>86,342</u>	<u>86,342</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 86,342</u>	<u>\$ 82,221</u>	<u>\$ (4,121)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2014

Veterans Trust			Home Tax Exemption Audit			Local Corrections Officer Training		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
51,000	49,780	(1,220)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	30,000	32,749	2,749
-	-	-	-	-	-	-	-	-
-	-	-	8,000	3,398	(4,602)	-	-	-
-	-	-	-	-	-	-	-	-
<u>51,000</u>	<u>49,780</u>	<u>(1,220)</u>	<u>8,000</u>	<u>3,398</u>	<u>(4,602)</u>	<u>30,000</u>	<u>32,749</u>	<u>2,749</u>
-	-	-	-	-	-	-	-	-
-	-	-	1,284	-	(1,284)	-	-	-
-	-	-	-	-	-	30,000	9,290	(20,710)
51,000	46,411	(4,589)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>51,000</u>	<u>46,411</u>	<u>(4,589)</u>	<u>1,284</u>	<u>-</u>	<u>(1,284)</u>	<u>30,000</u>	<u>9,290</u>	<u>(20,710)</u>
-	3,369	3,369	6,716	3,398	(3,318)	-	23,459	23,459
-	-	-	-	-	-	-	-	-
-	-	-	(11,673)	(6,673)	5,000	-	-	-
-	-	-	(11,673)	(6,673)	5,000	-	-	-
-	3,369	3,369	(4,957)	(3,275)	1,682	-	23,459	23,459
751	751	-	18,104	18,104	-	153,230	153,230	-
<u>\$ 751</u>	<u>\$ 4,120</u>	<u>\$ 3,369</u>	<u>\$ 13,147</u>	<u>\$ 14,829</u>	<u>\$ 1,682</u>	<u>\$ 153,230</u>	<u>\$ 176,689</u>	<u>\$ 23,459</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, 2014

	LEAD Drug Testing			Child Care		
	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	-	-	-	2,677,078	2,102,857	(574,221)
Local	-	-	-	20,000	95,225	75,225
Charges for services	-	234	234	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	255,101	198,319	(56,782)
Total revenues	-	234	234	2,952,179	2,396,401	(555,778)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	4,756,155	4,198,909	(557,246)
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	-	4,756,155	4,198,909	(557,246)
Revenues over (under) expenditures	-	234	234	(1,803,976)	(1,802,508)	1,468
Other financing sources (uses)						
Transfers in	-	-	-	1,784,723	1,782,967	(1,756)
Transfers out	-	-	-	(747)	(747)	-
Total other financing sources (uses)	-	-	-	1,783,976	1,782,220	(1,756)
Net change in fund balances	-	234	234	(20,000)	(20,288)	(288)
Fund balances, beginning of year	1,426	1,426	-	99,753	99,753	-
Fund balances, end of year	\$ 1,426	\$ 1,660	\$ 234	\$ 79,753	\$ 79,465	\$ (288)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2014

Juvenile Millage			Jail Millage II		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 2,297,986	\$ 1,137,248	\$ (1,160,738)	\$ 2,297,986	\$ 2,274,797	\$ (23,189)
-	-	-	-	-	-
4,000	-	(4,000)	4,000	2,299	(1,701)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	14,000	14,000
<u>2,301,986</u>	<u>1,137,248</u>	<u>(1,164,738)</u>	<u>2,301,986</u>	<u>2,291,096</u>	<u>(10,890)</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,315,721	151,420	(1,164,301)	1,315,721	1,282,291	(33,430)
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,315,721</u>	<u>151,420</u>	<u>(1,164,301)</u>	<u>1,315,721</u>	<u>1,282,291</u>	<u>(33,430)</u>
<u>986,265</u>	<u>985,828</u>	<u>(437)</u>	<u>986,265</u>	<u>1,008,805</u>	<u>22,540</u>
-	-	-	-	-	-
<u>(1,207,850)</u>	<u>(900,710)</u>	<u>307,140</u>	<u>(1,207,850)</u>	<u>(1,207,849)</u>	<u>1</u>
<u>(1,207,850)</u>	<u>(900,710)</u>	<u>307,140</u>	<u>(1,207,850)</u>	<u>(1,207,849)</u>	<u>1</u>
(221,585)	85,118	306,703	(221,585)	(199,044)	22,541
<u>414,771</u>	<u>414,771</u>	<u>-</u>	<u>320,094</u>	<u>320,094</u>	<u>-</u>
<u>\$ 193,186</u>	<u>\$ 499,889</u>	<u>\$ 306,703</u>	<u>\$ 98,509</u>	<u>\$ 121,050</u>	<u>\$ 22,541</u>

concluded

EATON COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2014

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 178,504	\$ -	\$ 178,504
Accounts receivable	6,013	892	6,905
Inventories	13,464	-	13,464
Total assets	<u>197,981</u>	<u>892</u>	<u>198,873</u>
Liabilities			
Current liabilities:			
Accounts payable	-	892	892
Accrued liabilities	485	-	485
Due to other funds	103	-	103
Due to other governments	3,000	-	3,000
Total liabilities	<u>3,588</u>	<u>892</u>	<u>4,480</u>
Net position			
Unrestricted	<u>\$ 194,393</u>	<u>\$ -</u>	<u>\$ 194,393</u>

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Operating revenues			
Sales	\$ 77,360	\$ -	\$ 77,360
Operating expenses			
Personal services and benefits	23,332	-	23,332
Contractual services	5,360	-	5,360
Total operating expenses	28,692	-	28,692
Change in net position	48,668	-	48,668
Net position, beginning of year	145,725	-	145,725
Net position, end of year	\$ 194,393	\$ -	\$ 194,393

EATON COUNTY, MICHIGAN

Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds		
	Jail Commissary	Foreclosing Government Unit	Total
Cash flows from operating activities			
Cash received from customers	\$ 71,347	\$ -	\$ 71,347
Cash paid to/for employees	(23,273)	-	(23,273)
Cash paid to suppliers	(1,787)	-	(1,787)
Net change in cash and cash equivalents	46,287	-	46,287
Cash and cash equivalents, beginning of year	132,217	-	132,217
Cash and cash equivalents, end of year	<u>\$ 178,504</u>	<u>\$ -</u>	<u>\$ 178,504</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 48,668	\$ -	\$ 48,668
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(6,013)	(892)	(6,905)
Inventories	553	-	553
Accounts payable	-	892	892
Accrued liabilities	59	-	59
Due to other funds	20	-	20
Due to other governments	3,000	-	3,000
Net cash provided by operating activities	<u>\$ 46,287</u>	<u>\$ -</u>	<u>\$ 46,287</u>

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EATON COUNTY, MICHIGAN

Combining Statement of Net Position Internal Service Funds September 30, 2014

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Assets				
Current assets:				
Cash and cash equivalents	\$ 390,601	\$ 953,916	\$ 3,615,112	\$ 1,214,880
Investments	3,810,202	-	-	-
Accounts receivable	26,633	-	-	-
Due from other funds	30,199	2,626	-	-
Prepaid items	-	-	493,664	-
Total assets	4,257,635	956,542	4,108,776	1,214,880
Liabilities				
Current liabilities:				
Accounts payable	-	999	-	-
Accrued liabilities	-	76,642	844,732	249,104
Total liabilities	-	77,641	844,732	249,104
Net position				
Unrestricted	\$ 4,257,635	\$ 878,901	\$ 3,264,044	\$ 965,776

Combining Statement of Net Position

Internal Service Funds

September 30, 2014

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 203,471	\$ 68,368	\$ 61,181	\$ 286,327	\$ 6,793,856
-	-	-	-	3,810,202
-	-	-	-	26,633
2,424	1,841	68,776	-	105,866
-	-	-	-	493,664
<u>205,895</u>	<u>70,209</u>	<u>129,957</u>	<u>286,327</u>	<u>11,230,221</u>
-	-	-	12,552	13,551
-	2,948	-	-	1,173,426
-	2,948	-	12,552	1,186,977
<u>\$ 205,895</u>	<u>\$ 67,261</u>	<u>\$ 129,957</u>	<u>\$ 273,775</u>	<u>\$ 10,043,244</u>

EATON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and

Changes in Fund Net Position

Internal Service Funds

For the Year Ended September 30, 2014

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Operating revenues				
Charges for services	\$ 1,391,563	\$ 126,544	\$ 5,444,073	\$ 815,929
Other revenues	77,688	1,058	-	-
Total operating revenues	1,469,251	127,602	5,444,073	815,929
Operating expenses				
Personal services and benefits	276	-	-	-
Contractual services	21,345	19,000	2,250	2,241
Insurance and claims	2,039,873	106,739	5,113,081	637,125
Total operating expenses	2,061,494	125,739	5,115,331	639,366
Operating income (loss)	(592,243)	1,863	328,742	176,563
Nonoperating revenues				
Interest income	4	517	-	44,256
Unrealized gain on investment	344,499	-	-	-
Total nonoperating revenues	344,503	517	-	44,256
Income (loss) before transfers	(247,740)	2,380	328,742	220,819
Transfers out	-	-	-	(500,000)
Change in net position	(247,740)	2,380	328,742	(279,181)
Net position, beginning of year	4,505,375	876,521	2,935,302	1,244,957
Net position, end of year	<u>\$ 4,257,635</u>	<u>\$ 878,901</u>	<u>\$ 3,264,044</u>	<u>\$ 965,776</u>

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2014

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 90,544	\$ 68,168	\$ 2,218,365	\$ 211,282	\$ 10,366,468
-	-	-	-	78,746
<u>90,544</u>	<u>68,168</u>	<u>2,218,365</u>	<u>211,282</u>	<u>10,445,214</u>
-	-	2,360,442	-	2,360,718
-	-	40,776	196,195	281,807
<u>47,565</u>	<u>92,706</u>	<u>-</u>	<u>-</u>	<u>8,037,089</u>
<u>47,565</u>	<u>92,706</u>	<u>2,401,218</u>	<u>196,195</u>	<u>10,679,614</u>
<u>42,979</u>	<u>(24,538)</u>	<u>(182,853)</u>	<u>15,087</u>	<u>(234,400)</u>
-	-	-	-	44,777
-	-	-	-	344,499
-	-	-	-	389,276
<u>42,979</u>	<u>(24,538)</u>	<u>(182,853)</u>	<u>15,087</u>	<u>154,876</u>
-	-	-	-	(500,000)
<u>42,979</u>	<u>(24,538)</u>	<u>(182,853)</u>	<u>15,087</u>	<u>(345,124)</u>
<u>162,916</u>	<u>91,799</u>	<u>312,810</u>	<u>258,688</u>	<u>10,388,368</u>
<u>\$ 205,895</u>	<u>\$ 67,261</u>	<u>\$ 129,957</u>	<u>\$ 273,775</u>	<u>\$ 10,043,244</u>

EATON COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2014

	Retirees Health Insurance	Workers' Compensation	Health Insurance	Liability Insurance
Cash flows from operating activities				
Cash received from interfund services	\$ 1,468,440	\$ 127,255	\$ 6,444,972	\$ 848,711
Cash paid to/for employees	(2,040,149)	(99,781)	-	-
Cash paid to suppliers	(42,415)	(13,671)	(5,473,426)	(535,588)
	<u>(614,124)</u>	<u>13,803</u>	<u>971,546</u>	<u>313,123</u>
Net cash provided by (used in) operating activities				
Cash flows from noncapital financing activities				
Transfers out	-	-	-	(500,000)
Cash flows from investing activities				
Interest received	4	517	-	44,256
Net change in cash and cash equivalents				
	(614,120)	14,320	971,546	(142,621)
Cash and cash equivalents, beginning of year				
	<u>1,004,721</u>	<u>939,596</u>	<u>2,643,566</u>	<u>1,357,501</u>
Cash and cash equivalents, end of year				
	<u>\$ 390,601</u>	<u>\$ 953,916</u>	<u>\$ 3,615,112</u>	<u>\$ 1,214,880</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (592,243)	\$ 1,863	\$ 328,742	\$ 176,563
Adjustments to reconcile operating income (loss) to net cash provided (used in) by operating activities:				
Change in assets and liabilities:				
Accounts receivable	(21,070)	48	899	32,782
Due from other funds	(811)	(347)	1,000,000	-
Prepaid items	-	11,226	(365,564)	-
Accounts payable	-	(5,945)	(186)	(32,782)
Accrued liabilities	-	6,958	7,655	136,560
	<u>(21,881)</u>	<u>6,990</u>	<u>(357,206)</u>	<u>106,560</u>
Net cash provided by (used in) operating activities				
	<u>\$ (614,124)</u>	<u>\$ 13,803</u>	<u>\$ 971,546</u>	<u>\$ 313,123</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2014

Unemployment	Life and Disability	Retirement Stabilization	Dental Insurance	Total
\$ 90,146	\$ 67,886	\$ 2,197,889	\$ 211,433	\$ 11,456,732
(47,564)	(91,687)	(2,360,442)	(12,589)	(4,652,212)
-	-	(40,776)	(183,643)	(6,289,519)
<u>42,582</u>	<u>(23,801)</u>	<u>(203,329)</u>	<u>15,201</u>	<u>515,001</u>
-	-	-	-	(500,000)
-	-	-	-	44,777
42,582	(23,801)	(203,329)	15,201	59,778
<u>160,889</u>	<u>92,169</u>	<u>264,510</u>	<u>271,126</u>	<u>6,734,078</u>
<u>\$ 203,471</u>	<u>\$ 68,368</u>	<u>\$ 61,181</u>	<u>\$ 286,327</u>	<u>\$ 6,793,856</u>
\$ 42,979	\$ (24,538)	\$ (182,853)	\$ 15,087	\$ (234,400)
15	14	-	151	12,839
(412)	(296)	(20,476)	-	977,658
-	-	-	-	(354,338)
-	-	-	12,552	(26,361)
-	1,019	-	(12,589)	139,603
<u>\$ 42,582</u>	<u>\$ (23,801)</u>	<u>\$ (203,329)</u>	<u>\$ 15,201</u>	<u>\$ 515,001</u>

EATON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2014

	Trust and Agency	Library	District Court Bond	Inmate Trust Account
Assets				
Cash and cash equivalents	<u>\$ 13,173,049</u>	<u>\$ 145,949</u>	<u>\$ 171,905</u>	<u>\$ 9,393</u>
Liabilities				
Undistributed receipts	<u>\$ 13,173,049</u>	<u>\$ 145,949</u>	<u>\$ 171,905</u>	<u>\$ 9,393</u>

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2014

Property Forfeiture Trust	Total
<u>\$ 5,828</u>	<u>\$ 13,506,124</u>
<u>\$ 5,828</u>	<u>\$ 13,506,124</u>

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Board of Public Works Component Unit

September 30, 2014

	Debt Service Funds			Total
	Grand Ledge Water System	Dimondale Water/Sewer Systems	Brookfield Water/Sewer Systems	
Assets				
Cash and cash equivalents	\$ 2,234	\$ 6,563	\$ -	\$ 8,797
Prepaid items	60,812	-	-	60,812
Leases receivable	7,678,790	-	-	7,678,790
Total assets	7,741,836	6,563	-	7,748,399
Deferred outflows of resources				
Deferred charge on refunding	-	-	-	-
Total assets and deferred outflows of resources	\$ 7,741,836	\$ 6,563	\$ -	\$ 7,748,399
Liabilities				
Accounts payable	\$ 2,234	\$ -	\$ -	\$ 2,234
Interest payable	-	-	-	-
Unearned revenue	60,812	6,563	-	67,375
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	63,046	6,563	-	69,609
Deferred inflows of resources				
Unavailable revenue - leases receivable	7,678,790	-	-	7,678,790
Fund balances				
Unassigned	-	-	-	-
Total liabilities and fund balances	\$ 7,741,836	\$ 6,563	\$ -	\$ 7,748,399
Net position - unrestricted				

Statement of Net Position and Governmental Funds Balance Sheet
Board of Public Works Component Unit
September 30, 2014

GASB 34 Adjustments	Statement of Net Position
\$ -	\$ 8,797
-	60,812
-	<u>7,678,790</u>
-	7,748,399
<u>103,792</u>	<u>103,792</u>
<u>103,792</u>	<u>7,852,191</u>
-	2,234
5,469	5,469
-	67,375
896,345	896,345
<u>6,776,976</u>	<u>6,776,976</u>
7,678,790	7,748,399
(7,678,790)	-
<u>-</u>	<u>-</u>
<u>\$ 103,792</u>	<u>\$ 103,792</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, 2014

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.

Leases receivable 7,678,790

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	(7,590,000)
Unamortized bond premium	(83,321)
Unamortized deferred charge on refunding	103,792
Interest payable	(5,469)
	<hr/>

Net position of governmental activities \$ 103,792

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, 2014

	Debt Service Funds			Total
	Grand Ledge Water System	Dimondale Water/Sewer Systems	Brookfield Water/Sewer Systems	
Revenues				
Intergovernmental - local	\$ 632,701	\$ 331,528	\$ 165,834	\$ 1,130,063
Expenditures / expenses				
Debt service:				
Principal	365,000	305,000	135,000	805,000
Interest and fiscal charges	267,701	26,528	30,834	325,063
Bond issuance costs	69,641	-	-	69,641
Total expenditures/expenses	702,342	331,528	165,834	1,199,704
Revenues over (under) expenditures/expenses	(69,641)	-	-	(69,641)
Other financing sources (uses)				
Payment to refunding bond escrow agent	(4,977,647)	-	-	(4,977,647)
Issuance of long-term refunding debt	4,960,000	-	-	4,960,000
Premium on issuance of long-term refunding debt	87,288	-	-	87,288
Total other financing sources (uses)	69,641	-	-	69,641
Net changes in fund balances	-	-	-	-
Change in net position	-	-	-	-
Fund balances / net position (deficit), 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, 2014

GASB 34 Adjustments	Statement of Net Position
<u>\$ (627,272)</u>	<u>\$ 502,791</u>
(805,000)	-
(9,664)	315,399
<u>-</u>	<u>69,641</u>
<u>(814,664)</u>	<u>385,040</u>
<u>187,392</u>	<u>117,751</u>
4,977,647	-
(4,960,000)	-
<u>(87,288)</u>	<u>-</u>
<u>(69,641)</u>	<u>-</u>
-	-
117,751	117,751
<u>(13,959)</u>	<u>(13,959)</u>
<u><u>\$ 103,792</u></u>	<u><u>\$ 103,792</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, 2014

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	(627,272)
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.	
Payment to refunding bond escrow agent	4,977,647
Issuance of long-term refunding debt	(4,960,000)
Premium on issuance of long-term refunding debt	(87,288)
Repayment of debt principal	805,000
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrual for interest payable	5,464
Amortization of bond premium	10,664
Amortization of deferred loss on refunding	(6,464)
Change in net position of governmental activities	<u>\$ 117,751</u>

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drainage Districts Component Unit
September 30, 2014

	Debt	Capital Projects Funds			
	Service Fund	Regular Drain	Drain Revolving	Narrow Lake Level	Lacey Lake Level
Assets					
Cash and cash equivalents	\$ 4,231,131	\$ 9,245,890	\$ 18,095	\$ 10,999	\$ 351
Special assessments receivable	30,660,212	-	-	-	-
Due from other governments	-	47,591	-	-	-
Due from other funds	6,139	34,000	41,905	-	-
Prepaid items	26,500	-	-	-	-
Capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated, net	-	-	-	-	-
Total assets	34,923,982	9,327,481	60,000	10,999	351
Deferred outflows of resources					
Deferred charge on refunding	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 34,923,982	\$ 9,327,481	\$ 60,000	\$ 10,999	\$ 351
Liabilities					
Accounts payable	\$ -	\$ 62,763	\$ -	\$ -	\$ -
Interest payable	-	-	-	-	-
Due to other funds	37,114	44,930	-	-	-
Advances from primary government	-	-	60,000	-	-
Long-term debt:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total liabilities	37,114	107,693	60,000	-	-
Deferred inflows of resources					
Unavailable revenue - special assessments	30,640,553	-	-	-	-
Fund balances					
Unassigned	4,246,315	9,219,788	-	10,999	351
Total liabilities, deferred inflows of resources and fund balances	\$ 34,923,982	\$ 9,327,481	\$ 60,000	\$ 10,999	\$ 351
Net position					
Net investment in capital assets					
Unrestricted					
Total net position					

Statement of Net Position and Governmental Funds Balance Sheet

Drainage Districts Component Unit
September 30, 2014

Total	GASB 34 Adjustments	Statement of Net Position
\$ 13,506,466	\$ -	\$ 13,506,466
30,660,212	-	30,660,212
47,591	-	47,591
82,044	(82,044)	-
26,500	-	26,500
-	35,346,046	35,346,046
-	41,818,108	41,818,108
<hr/>		<hr/>
44,322,813	77,082,110	121,404,923
<hr/>		<hr/>
-	49,387	49,387
<hr/>		<hr/>
<u>\$ 44,322,813</u>	<u>77,131,497</u>	<u>121,454,310</u>
\$ 62,763	-	62,763
-	492,911	492,911
82,044	(82,044)	-
60,000	-	60,000
-	3,367,250	3,367,250
-	31,480,167	31,480,167
<hr/>		<hr/>
204,807	35,258,284	35,463,091
30,640,553	(30,640,553)	-
<hr/>		<hr/>
13,477,453	(13,477,453)	-
<hr/>		<hr/>
<u>\$ 44,322,813</u>		
	42,316,737	42,316,737
	43,674,482	43,674,482
	<hr/>	<hr/>
	<u>\$ 85,991,219</u>	<u>\$ 85,991,219</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, 2014

Total fund balances for governmental funds \$ 13,477,453

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	35,346,046
Capital assets being depreciated, net	41,818,108

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	30,640,553
------------------------------	------------

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	(34,348,185)
Unamortized premiums	(499,232)
Unamortized deferred charge on refunding	49,387
Interest payable	(492,911)

Net position of governmental activities \$ 85,991,219

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, 2014

	Debt Service Fund	Capital Projects Funds			
	Regular Drain	Regular Drain	Drain Revolving	Narrow Lake Level	Lacey Lake Level
Revenues					
Charges for services	\$ -	\$ 59,512	\$ -	\$ -	\$ -
Special assessments	5,227,196	327,057	-	-	-
Interest revenue	551	-	-	-	-
Miscellaneous	-	173	-	-	-
Total revenues	5,227,747	386,742	-	-	-
Expenditures / expenses					
Public works	-	-	-	-	-
Capital outlay - construction and maintenance	-	1,054,872	-	-	-
Debt service:					
Principal	3,573,450	-	-	-	-
Interest and fiscal charges	1,636,457	-	-	-	-
Total expenditures / expenses	5,209,907	1,054,872	-	-	-
Revenues over (under) expenditures/expenses	17,840	(668,130)	-	-	-
Other financing sources					
Issuance of long-term debt	342,350	260,000	-	-	-
Net changes in fund balances	360,190	(408,130)	-	-	-
Change in net position	-	-	-	-	-
Fund balances / net position, beginning of year	3,886,125	9,627,918	-	10,999	351
Fund balances / net position, end of year	\$ 4,246,315	\$ 9,219,788	\$ -	\$ 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, 2014

Total	GASB 34 Adjustments	Statement of Net Position
\$ 59,512	\$ -	\$ 59,512
5,554,253	(3,038,532)	2,515,721
551	-	551
173	-	173
5,614,489	(3,038,532)	2,575,957
-	1,543,460	1,543,460
1,054,872	(1,049,181)	5,691
3,573,450	(3,573,450)	-
1,636,457	(89,581)	1,546,876
6,264,779	(3,168,752)	3,096,027
(650,290)	130,220	(520,070)
602,350	(602,350)	-
(47,940)	-	-
-	(472,130)	(520,070)
13,525,393	72,985,896	86,511,289
\$ 13,477,453	\$ 72,513,766	\$ 85,991,219

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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, 2014

Net change in fund balance - total governmental funds \$ (47,940)

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 (3,038,532)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.

Purchases of capital assets 1,049,181
Depreciation expense (1,543,460)

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 (602,350)
Principal payments on long-term debt 3,573,450

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 49,292
Amortization of bond premium 44,709
Amortization of deferred loss on refunding (4,420)

Change in net position of governmental activities \$ (520,070)

EATON COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

District Health Department Component Unit

September 30, 2014

	General Fund	GASB 34 Adjustments	Statement of Activities
Assets			
Cash and cash equivalents	\$ 1,902,529	\$ -	\$ 1,902,529
Accounts receivable, net	480,490	-	480,490
Prepaid items	35,790	-	35,790
Capital assets being depreciated, net	-	27,282	27,282
Total assets	\$ 2,418,809	27,282	2,446,091
Liabilities			
Accounts payable	\$ 95,808	-	95,808
Accrued liabilities	210,539	-	210,539
Unearned revenue	5,860	-	5,860
Long-term debt:			
Due within one year	-	43,792	43,792
Due in more than one year	-	237,651	237,651
Total liabilities	312,207	281,443	593,650
Fund balance			
Nonspendable for prepaids	35,790	(35,790)	-
Unassigned	2,070,812	(2,070,812)	-
Total fund balance	2,106,602	(2,106,602)	-
Total liabilities and fund balance	\$ 2,418,809		
Net position			
Investment in capital assets		27,282	27,282
Unrestricted		1,825,159	1,825,159
Total net position		\$ 1,852,441	\$ 1,852,441

EATON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
District Health Department Component Unit
September 30, 2014

Total fund balances for governmental funds	\$ 2,106,602
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	27,282
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.	<u>(281,443)</u>
Net position of governmental activities	<u><u>\$ 1,852,441</u></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, 2014

	General Fund	GASB 34 Adjustments	Statement of Activities
Revenues			
Licenses and permits	\$ 180,130	\$ -	\$ 180,130
Intergovernmental:			
Federal/State	3,993,598	-	3,993,598
Local	1,018,130	-	1,018,130
Charges for services	1,147,282	-	1,147,282
Miscellaneous	280,435	-	280,435
	<hr/>	<hr/>	<hr/>
Total revenues	6,619,575	-	6,619,575
Expenditures / expenses			
Health and social services	6,437,830	(65,532)	6,372,298
	<hr/>	<hr/>	<hr/>
Net change in fund balance	181,745	(181,745)	-
Change in net position	-	247,277	247,277
Fund balance / net position, beginning of year	1,924,857	(319,693)	1,605,164
	<hr/>	<hr/>	<hr/>
Fund balance / net position, end of year	<u>\$ 2,106,602</u>	<u>\$ (254,161)</u>	<u>\$ 1,852,441</u>

EATON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
District Health Department Component Unit
For the Year Ended September 30, 2014

Net change in fund balance - total governmental funds \$ 181,745

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.

Purchases of capital assets	9,336
Depreciation expense	(9,332)

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	<u>65,528</u>
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Change in net position of governmental activities	<u><u>\$ 247,277</u></u>
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SINGLE AUDIT ACT COMPLIANCE

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

March 17, 2015

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 17, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	230008001	\$ 16,474
National School Lunch Program	10.555	MDE	230008001	25,395
Special Snack Program	10.555	MDE	230008001	2,799
Commodities (non-cash assistance)	10.555	MDE	230008001	3,058
				<u>47,726</u>
Women, Infants and Children	10.557	MDCH	IW100342	507,511
Women, Infants and Children Breastfeeding	10.557	MDCH	IW100342	9,130
Women, Infants and Children Breastfeeding	10.557	MDCH	W500342	14,771
				<u>531,412</u>
Total U.S. Department of Agriculture				<u>579,138</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.228	MSHDA	MSC-2011-0778-HOA	<u>79,246</u>
U.S. Department of Justice				
Violence Against Women - S.T.O.P. Grant	16.588	MDHS	STOP-14-13001-1	<u>55,353</u>
State Criminal Alien Assistance Program	16.606	Direct	2014-H2949-MI-AP	<u>2,299</u>
Drug Court - Priority	16.738	SCAO	SCAO-2014-622	74,284
Edward Byrne Memorial Justice Assistance - Vertical Drug	16.738	COL	70901-4-14-B	14,164
Bryne JAG Grant - Wrongful Conviction Demonstration Project	16.738	MSP	72464-1-14-B	7,020
				<u>95,468</u>
Total U.S. Department of Justice				<u>153,120</u>
U.S. Department of Transportation				
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	MSP	SCAO-14-626	65,933
Strategic Traffic Enforcement Program	20.614	MSP	PT-14-13	<u>20,996</u>
Total U.S. Department of Transportation				<u>86,929</u>
U.S. Environmental Protection Agency				
Operator certification	66.468	MDEQ	FS97548711	<u>656</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Election Assistance Commission Help America Vote Act (non-cash assistance)	90.401	MDS	n/a	\$ 694
U.S. Department of Health and Human Services Bioterrorism - Supplemental	93.069	MDCH	U90TP000528	133,683
Immunization and Vaccine Program	93.268	MDCH	H23 CCH522556	73,593
Vaccines (non-cash assistance)	93.268	MDCH	n/a	229,428
				<u>303,021</u>
Centers for Disease Control and Prevention: Investigations and Technical Assistance	93.283	MDCH	1U58DP003921	30,000
Child Support Enforcement:				
Incentive Payments	93.563	MDHS	n/a	150,222
Friend of the Court	93.563	MDHS	CSFOC13-23001	538,182
Prosecuting Attorney	93.563	MDHS	CSPA13-23002	104,467
				<u>792,871</u>
Access and Visitation Programs	93.597	SCAO	n/a	2,618
Child Abuse and Neglect - Title IV-E Funding	93.658	MDHS	PROFC-11-23001	20,499
Prevention and Public Health Funds	93.752	MDCH	1U58DP003921	6,887
Medical Assistance Program:				
CSHC Medicaid Outreach	93.778	MDCH	05 U05M15ADM	18,776
CSHC Out and Advocacy	93.778	MDCH	05 U05M15ADM	40,000
Medicaid Outreach	93.778	MDCH	05 U05M15ADM	128,833
				<u>187,609</u>
Breast & Cervical Cancer Control Program	93.919	MDCH	1U58DP003921	30,787
Community Implementation Project	93.919	MDCH	1U58DP003921	10,000
				<u>40,787</u>
Outpatient/Intensive Outpatient	93.959	MSSAC	n/a	159,969
Women's Services	93.959	MSSAC	n/a	42,756
				<u>202,725</u>
Preventative Health and Health Services Block Grant	93.991	MDCH	B1MIPRVS	2,328
Maternal and Child Health Services Block Grant	93.994	MDCH	B1MIMCHS	67,824
Total U.S. Department of Health and Human Services				<u>1,791,546</u>

continued...

EATON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Homeland Security				
Federal Boating Safety Financial Assistance Program	97.012	MDNR	n/a	\$ 3,000
Emergency Management Preparedness Grant	97.042	MSP	EMW-2014-EP-00026-S01	40,106
Emergency Management Preparedness Grant	97.042	MSP	EMW 2012-EP-00-0002	12,286
				<u>52,392</u>
Homeland Security Grant Program	97.067	COL	n/a	<u>98,873</u>
Total U.S. Department of Homeland Security				<u>154,265</u>
Total Expenditures of Federal Awards				<u>\$ 2,844,900</u>
				concluded

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

EATON COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Eaton County, Michigan (the “County”) under programs of the federal government for the year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards amounting to \$16,206 to subrecipients under the State Homeland Security Grant Programs (CFDA #97.067).

4. OTHER FEDERAL REVENUE

The County is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation. These expenditures (which totaled \$3,212,498 for the year ended September 30, 2014) are not presented on the Schedule, as they will be included in the single audit for the State of Michigan.



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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 17, 2015

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, 2014, 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 17, 2015. Our report includes a reference to other auditors who audited the financial statements of the Eaton County Health and Rehabilitation Services Facility enterprise fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

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.

Compliance and Other Matters

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

Eaton County's Response to Finding

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

Purpose of this Report

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

Rehmann Johnson LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

March 17, 2015

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Eaton County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2014. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Independent Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunizations and Vaccine Program
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? X yes no

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

2014-001 - Material Audit Adjustments and Prior Period Adjustment

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

Condition. During our audit, we identified and proposed material adjustments (which were approved and posted by management) to adjust the County's general ledger to the appropriate balances. These adjustments related to current and delinquent property tax revenue and receivables, the effects of a capital lease asset acquisition, and a prior period restatement to correct the previously reported net other postemployment benefit obligation.

Cause. This condition was the result of an oversight in recording interest and administrative fees receivable on delinquent taxes, the effect of a capital lease asset acquisition, and improper inputs being utilized in the calculation of the net other postemployment benefit obligation in prior years.

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

Recommendation. Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustments.

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



EATON COUNTY, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2014

2013-SA-1 Documentation of Payroll Expenditures

For one item out of forty payroll transactions that the auditors tested, the County did not maintain proper support to verify that the employee's time was appropriately charged to the federal program in accordance with OMB Circular A-87, Attachment A; paragraph 8(h). Management has taken appropriate corrective action as a responsible individual is reviewing time sheets. This finding is considered resolved.

