

Montcalm County, Michigan

FINANCIAL STATEMENTS

September 30, 2015

Montcalm County, Michigan

September 30, 2015

BOARD OF COMMISSIONERS

Patrick Q. Carr	Chairperson
Ronald Retzloff	Vice-Chairperson
Dale Reyburn	Commissioner
Tom Porter	Commissioner
Tom Lindeman	Commissioner
John Johansen	Commissioner
Ronald Braman	Commissioner
Ronald Baker	Commissioner
Betty Kellenberger	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Chris Hyzer	Controller/Administrator
JoAnne Vukin	Treasurer
Kristen Millard	Clerk
Lori Wilson	Register of Deeds
Sandy Raines	Drain Commissioner
Andrea Krause	Prosecuting Attorney
William Barnwell	Sheriff

Montcalm County, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Montcalm County
Stanton, 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 Montcalm County, Michigan (the County), as of and for the year ended September 30, 2015, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Montcalm County Road Commission, which represents 71 percent, 79 percent, and 79 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 Montcalm County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montcalm County, Michigan, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note T to the financial statements, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during the year. As a result, the financial statements now recognize the County's unfunded defined pension benefit obligation as a liability for the first time and more comprehensively and comparably measures the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinions are not modified with respect to this matter.

Also as discussed in Note T to the financial statements, the Department implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, during the year. As a result, the County recognized a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, defined benefit plan schedule of changes in employer net pension liability and related ratios, and defined benefit plan schedule of employer contributions, as identified 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual nonmajor fund financial statements 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, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 31, 2016

This section of Montcalm County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on September 30, 2015. Please read it in conjunction with the County's financial statements, which follow this section. For discussion and analysis of the financial statements of the Road Commission for Montcalm County please see their separately issued financial statements.

Financial Highlights

- Governmental Activities Net Position decreased during the 2015 fiscal year. Net position decreased \$1,336,832 to a deficit of \$13,259,382, an approximate 10% decrease.
- Business-Type Activities Net Position decreased \$78,390 to \$15,018,283 during the 2015 fiscal year, a decrease of less than 1%. Unrestricted Net Position decreased from \$14,285,094 to \$14,087,372.
- Governmental Activities expenses totaled \$20,315,484. \$7,775,307 of those expenses was financed by service charges, contributions, or grants. Tax revenue, revenue sharing, transfers from Business-Type Activities, and other general revenues financed expenses of \$10,187,344.
- The Ambulance Fund expenses totaled \$3,640,217. Operating revenues (service charges and grants) financed \$2,391,168 of that amount.
- The Delinquent Tax Funds generated service charge revenue of \$1,300,011. The revenues exceeded expenses by \$1,071,706 before considering nonoperating revenues (interest earnings) generated by the funds.
- The depreciated cost (cost net of depreciation) of the governmental capital assets at September 30, 2015, was \$7,866,284.
- Pension Trust Fund net position increased from \$21,671,237 to \$22,309,584.

Overview of the Financial Statements

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
- Proprietary *fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the ambulance service.
- Fiduciary *fund* statements provide information about the financial relationships - like the retirement plan for the County's employees - in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1. Major Features of Montcalm County’s Government-Wide and Fund Financial Statements

Fund Statements				
<i>Type of Statements</i>	Government-wide	Government Funds	Proprietary Fund	Fiduciary Funds
<i>Scope</i>	Entire County government (except fiduciary funds)	Activities of the County that are not proprietary or fiduciary, such as police, fire, and parks	Activities the County operates similar to private businesses; the ambulance service, and building official	Instances in which the County is the trustee or agent for someone else’s resources, such as the retirement plan for County employees
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the County’s funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how they have changed. Net position - the difference between the County's assets and liabilities - are one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether or not its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider the additional nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure.

The government-wide financial statements of the County are divided into three categories:

- *Governmental activities* - Most of the County's basic services are included here, such as the Sheriff, courts, public works, parks department, and general administration. Property taxes, service charges, and state and federal grants finance most of these activities.
- *Business-type activities* - The County charges fees to customers to help it cover the costs of certain services it provides. The County's ambulance service is included here.
- *Component units* - The County includes other entities in its reports. Although legally separate, these "component units" are important because the County is financially accountable for them. Examples are the Drainage Districts, Central Dispatch Authority, and Road Commission.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most *significant funds* - not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County Board of Commissioners establishes other funds to control and manage money for particular purposes (like Solid Waste) or to show that it is properly using certain taxes and grants (like aid from the Michigan State Housing Development Authority).

The County has three kinds of funds:

- *Governmental funds* - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - In fact, the County's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - We use *internal services* (the other kind of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities - such as the County's Office Equipment Pool Fund.
- *Fiduciary funds* - The County is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Financial Analysis of the County as a Whole

Net position. The County's combined net position decreased approximately 45% to \$1,758,901 at September 30, 2015. (See Table A-1)

Table A-1
Montcalm County Net Assets

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2015
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 3,574,010	\$ 3,651,211	\$ 12,574,788	\$ 14,401,317	\$ 16,148,798	\$ 18,052,528	-10.5%
Capital assets	7,866,284	8,462,561	943,085	842,884	8,809,369	9,305,445	-5.3%
Total assets	11,440,294	12,113,772	13,517,873	15,244,201	24,958,167	27,357,973	-8.8%
Deferred outflows of resources	355,406	358,898	2,786	-	358,192	358,898	100.0%
Current liabilities	2,580,801	2,155,774	129,084	137,093	2,709,885	2,292,867	18.2%
Noncurrent liabilities	22,474,281	22,239,446	-	10,435	22,474,281	22,249,881	1.0%
Total liabilities	25,055,082	24,395,220	129,084	147,528	25,184,166	24,542,748	2.6%
Net Position							
Net investment in capital assets	-	-	930,911	811,579	930,911	811,579	14.7%
Restricted	2,231,938	2,226,029	1,626,708	-	3,858,646	2,226,029	73.3%
Unrestricted	(15,491,320)	(14,148,579)	12,460,664	14,285,094	(3,030,656)	136,515	-2320.0%
Total net position	\$ (13,259,382)	\$ (11,922,550)	\$ 15,018,283	\$ 15,096,673	\$ 1,758,901	\$ 3,174,123	-2232%

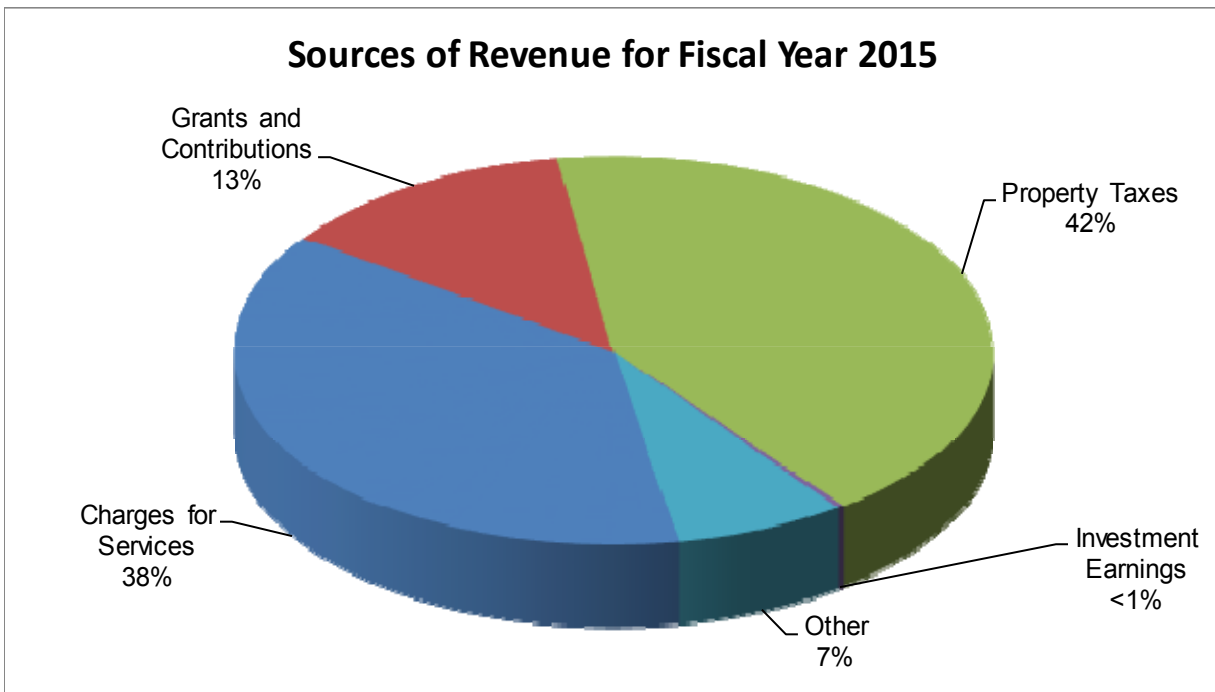
Of the total Current and Other Assets figure of \$15,239,461, \$9,762,507 is cash, cash equivalents, and investments. That represents approximately 64% of the total Current and Other Assets. Of the total cash, cash equivalents, and investments amount, \$6,943,661 was in the Delinquent Tax Revolving Fund. The fund's primary purpose is to administer collection and distribution of delinquent real property taxes. Any surplus in the fund is currently pledged to the payment of debt service on new construction indebtedness that began in 2000 and to increased operating costs of a county jail that was expanded and began full operation in 2002. Receivables of \$6,241,105 represent another approximate 41% of the Current and Other Assets.

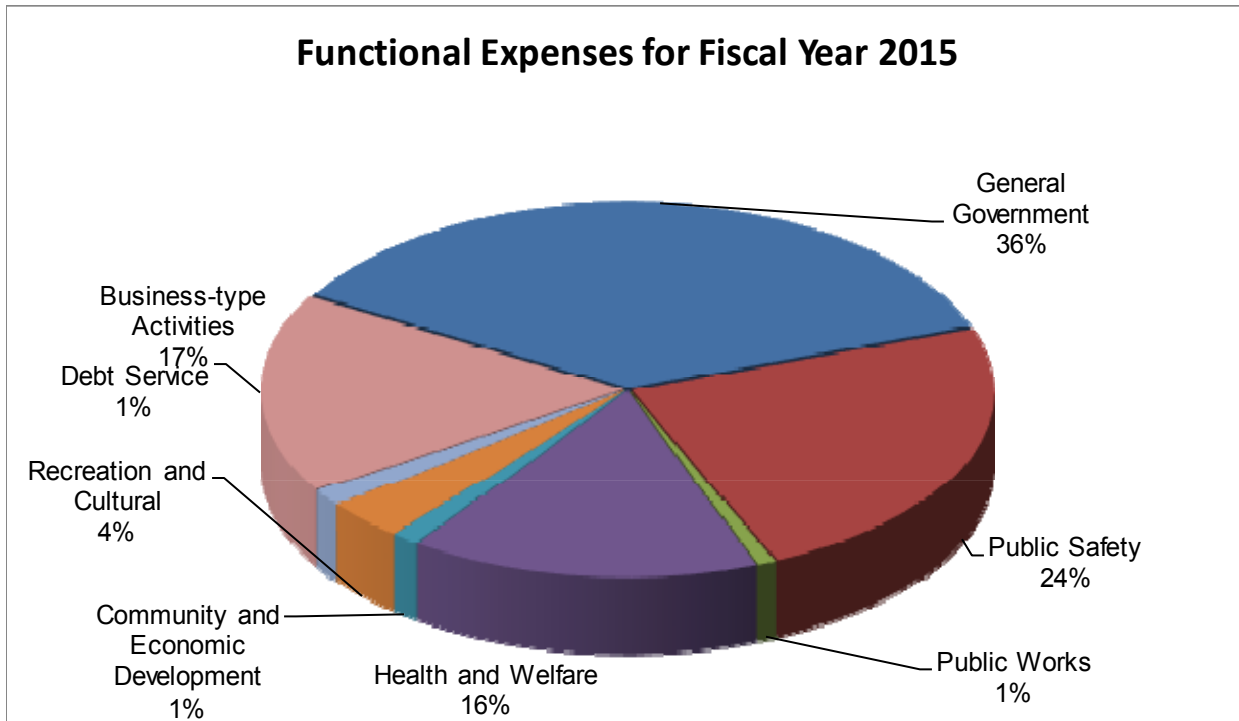
The total depreciated cost of capital assets reported in the governmental activities statement of net position is \$7,866,284, compared to \$8,462,561 in the previous year. The gross cost of those assets is \$24,949,060, compared to \$25,160,651 at the end of the previous year. The accumulated depreciation on those assets is \$17,082,776, compared to \$16,698,090 at the end of the previous year.

Changes in net position. The County's combined net position decreased by \$1,415,222 (See Table A-2). Governmental activities net position decreased \$1,336,832 or approximately 10%. Business-type activities net position decreased \$78,390 or less than 1%. (Note: the 2014 columns are prior to the implementation of GASB Statement No. 68.)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2015
	2015	2014	2015	2014	2015	2014	
Revenues							
Program Revenues							
Charges for Services	\$ 4,746,727	\$ 4,599,535	\$ 3,947,278	\$ 4,921,378	\$ 8,694,005	\$ 9,520,913	-9%
Operating Grants and Contributions	2,914,401	2,871,319	68,987	22,642	2,983,388	2,893,961	3%
Capital Grants and Contributions	114,179	107,678	-	-	114,179	107,678	100%
General Revenues							
Property Taxes	8,670,259	8,616,998	1,039,120	1,036,735	9,709,379	9,653,733	1%
State Shared Revenue	1,191,311	961,105	-	-	1,191,311	961,105	100%
Investment earnings	25,071	9,698	42,024	67,776	67,095	77,474	-13%
Other	300,703	299,414	92,474	92,551	393,177	391,965	0%
Total Revenues	17,962,651	17,465,747	5,189,883	6,141,082	23,152,534	23,606,829	-2%
Expenses							
General Government	8,915,638	8,649,757	-	-	8,915,638	8,649,757	3%
Public Safety	5,833,192	5,809,168	-	-	5,833,192	5,809,168	0%
Public Works	194,851	248,846	-	-	194,851	248,846	-22%
Health and Welfare	3,829,260	3,759,141	-	-	3,829,260	3,759,141	2%
Community and Economic Develop.	298,869	267,771	-	-	298,869	267,771	12%
Recreation and Cultural	872,943	900,461	-	-	872,943	900,461	-3%
Debt Service	370,731	400,948	-	-	370,731	400,948	-8%
Delinquent Tax	-	-	228,305	241,041	228,305	241,041	-5%
Jail Commissary	-	-	85,574	100,247	85,574	100,247	-15%
Building Official	-	-	298,176	259,442	298,176	259,442	15%
Ambulance	-	-	3,640,217	3,580,328	3,640,217	3,580,328	2%
Total Expenses	20,315,484	20,036,092	4,252,272	4,181,058	24,567,756	24,217,150	1%
Excess (deficiency) before transfers	(2,352,833)	(2,570,345)	937,611	1,960,024	(1,415,222)	(610,321)	132%
Transfers	1,016,001	1,837,290	(1,016,001)	(1,837,290)	-	-	
Increase (decrease) in net assets	<u>\$ (1,336,832)</u>	<u>\$ (733,055)</u>	<u>\$ (78,390)</u>	<u>\$ 122,734</u>	<u>\$ (1,415,222)</u>	<u>\$ (610,321)</u>	132%

In general, an increase in net position means that current citizens and taxpayers are paying for services being provided today. A decrease in net position means that current citizens and taxpayers aren’t contributing enough to pay for the services they are currently receiving. The allocation of revenues and expenses to the categories displayed in the Statement of Changes in Net Position can be displayed graphically, as follows:





Financial Analysis of the County's Funds

Governmental Funds

Governmental Funds include the General Fund, Special Revenue Funds (Friend of the Court, Register of Deeds Automation, Commission on Aging, etc.), Debt Service Funds, and Capital Project Funds. For the fiscal year ended September 30, 2015, the County's governmental funds reported a total Fund Balance of \$2,005,846. Of that amount, \$594,962 was considered nonspendable, \$1,786,493 was considered restricted, and unassigned fund balance was a deficit of \$375,609.

General Fund. The total General Fund Balance decreased by \$405,785 to \$44,215 at September 30, 2015. The decrease is allocated to the following categories of Fund Balance:

Nonspendable	\$ 24,164
Assigned	(133,509)
Unassigned	<u>(296,440)</u>
	<u>\$ (405,785)</u>

The nonspendable fund balance decreased as the result of payments for workers compensation insurance being paid before the end of the fiscal year. Expenditures for these items, which were paid during the 2015 fiscal year but benefit periods after the end of the fiscal year, are recorded as prepaid expenditures.

The unassigned fund balance decreased from \$13,891 at September 30, 2014, to (\$282,549) at September 30, 2015. The decrease was largely related to revenues not meeting expectations and the General Fund supplementing the expenditures in other funds as the County did not require those funds to pay the General Fund for certain expenditures in 2015 compared to 2014.

Actual General Fund revenue for the 2015 fiscal year totaled \$13,473,689 vs. \$13,034,455 in 2014, an increase of \$439,234. The approximate 3% increase in actual General Fund revenue was the result of an increase in State and Federal funding which cannot be counted on to continue each and every year.

Actual General Fund expenditures for the 2015 fiscal year totaled \$14,473,488 vs. \$14,724,127 in 2014, a decrease of \$250,639.

Special Revenue Funds. The Special Revenue Funds in total ended the 2015 fiscal year with a fund balance of \$1,279,136. All of these funds meet the criteria for nonmajor funds for financial reporting purposes. The fund balances for each of the individual funds at September 30, 2015, as compared to September 30, 2014, are as follows:

Fund	2015 Fund Balance	2014 Fund Balance	Change
Victim Support Team	\$ 1,715	\$ 1,713	\$ 2
Law Enforcement Trust	27,279	34,477	(7,198)
Friend of the Court	(37,139)	398	(37,537)
Solid Waste Planning	235,108	238,464	(3,356)
Homeland Security Grant	48,615	48,615	-
Community Information Systems	18,605	18,729	(124)
Homestead Property Tax	506,885	466,865	40,020
Register of Deeds Automation	264,219	252,660	11,559
Concealed Pistol Licensing	5,198	-	5,198
Local CO Training	23,605	26,351	(2,746)
Drug Law Enforcement	7,898	7,898	-
Law Enforcement Trust	465	464	1
Law Library	1,040	5,070	(4,030)
County Libraries	12,182	12,049	133
Animal Shelter Donation	16,983	13,867	3,116
CDBG Housing	104,223	51,759	52,464
Commission on Aging	(48,175)	220	(48,395)
Soldiers and Sailors Relief	86,671	84,987	1,684
Veterans Trust	2,759	1,787	972
Social Welfare	1,000	1,000	-
Total	<u>\$ 1,279,136</u>	<u>\$ 1,267,373</u>	<u>\$ 11,763</u>

Proprietary Funds

Proprietary Funds include Enterprise Funds (Ambulance Fund, Delinquent Tax Funds, Inmate Commissary Fund, and Building Official Fund) and Internal Service Funds (Office Equipment Fund and Retiree Health Benefits Fund). The Enterprise Funds had total net position at September 30, 2015, of \$15,018,283. Of that amount, \$930,911 was invested in capital assets, net of related debt. Internal Service Funds had net position of \$161,657 at September 30, 2015, with \$2,224 of that amount invested in capital assets, net of related debt.

Enterprise Funds. The Ambulance Fund had net position of \$4,171,093 at September 30, 2015. Of that amount, \$930,292 was invested in capital assets, net of related debt. The net position decreased by \$209,905 during the 2015 fiscal year. The Ambulance Fund financial results compared to the prior fiscal year are as follows:

	<u>Sept. 30, 2015</u>	<u>Sept. 30, 2014</u>
Operating Revenues	\$ 2,391,168	\$ 3,268,193
Operating Expenses	<u>3,640,217</u>	<u>3,576,951</u>
Operating Income (Loss)	(1,249,049)	(308,758)
Nonoperating Revenues	<u>1,039,144</u>	<u>1,033,605</u>
Change in Net Assets	<u>\$ (209,905)</u>	<u>\$ 724,847</u>

The Delinquent Tax Revolving Fund had net position of \$10,664,565 at the end of the 2015 fiscal year. The net position increased \$97,701 during the fiscal year. The fund generated a net income before transfers of \$1,113,702 during the fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the Board of Commissioners approved revisions to the County budget several times. These budget amendments primarily fall into three categories:

1. Amendments approved shortly after the beginning of the fiscal year to reflect actual beginning fund balances and to transfer items from the prior year budget to the current year budget that were still in process.
2. Increases in appropriations to approve budget overruns.
3. Amendments after quarterly reviews to revise initial budget estimates.

A comparison of General Fund's original revenue and expenditure budgets to the final budget follows:

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Change</u>	<u>% Change</u>
Revenue				
Taxes	\$ 7,225,107	\$ 7,225,107	\$ -	0.00%
Licenses and Permits	136,200	136,200	-	0.00%
Intergovernmental	2,690,731	2,805,731	115,000	4.27%
Charges for Services	3,082,608	3,082,608	-	0.00%
Fines or Forfeits	105,400	105,400	-	0.00%
Interest and Rents	6,560	6,560	-	0.00%
Other	279,620	329,620	50,000	17.88%
Other Financing Sources	<u>1,166,000</u>	<u>1,166,000</u>	<u>-</u>	<u>0.00%</u>
Total Revenue and Other Financing Sources	<u>\$ 14,692,226</u>	<u>\$ 14,857,226</u>	<u>\$ 165,000</u>	<u>1.12%</u>
Expenditures				
General Government	\$ 6,967,542	\$ 7,066,142	\$ 98,600	1.42%
Public Safety	5,507,860	5,217,160	(290,700)	-5.28%
Public Works	75,800	75,800	-	0.00%
Health and Welfare	913,109	1,019,743	106,634	11.68%
Community and Economic Development	117,328	128,450	11,122	9.48%
Other	240,500	216,100	(24,400)	-10.15%
Other Financing Uses	<u>1,003,597</u>	<u>1,253,797</u>	<u>250,200</u>	<u>24.93%</u>
Total Expenditures and Other Financing Uses	<u>\$ 14,825,736</u>	<u>\$ 14,977,192</u>	<u>\$ 151,456</u>	<u>1.02%</u>

Actual General Fund revenue and other financing sources ended the 2015 fiscal year \$590,904 less than the final amended budget while actual General Fund expenditures and other financing uses ended the 2015 fiscal year \$336,780 less than the final amended budget.

Description of Significant Capital Asset and Long-Term Debt Activity

As of the 2015 fiscal year, the County had invested nearly \$28 million in a broad range of capital assets, including police equipment, buildings, park facilities, and computer equipment. (See Table A-4)

Table A-4
Montcalm County's Capital Assets

<u>Category</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land and Land Improvements	\$ 86,822	\$ -
Buildings and Additions	22,658,972	437,476
Equipment and Furniture	1,399,531	840,359
Vehicles	803,735	1,723,679
Total at Historical Cost	<u>\$ 24,949,060</u>	<u>\$ 3,001,514</u>

The depreciated value of the assets in total as of September 30, 2015, for Governmental Activities and Business-type Activities was \$7,866,284 and \$943,085, respectively. Capital Asset additions totaled \$222,068 for the Governmental Activities and \$451,422 for the Business-type Activities. Please refer to Note G to the financial statements for additional information on capital assets.

As of September 30, 2015, the County, excluding its component units, had \$8,100,740 in long-term debt outstanding. Of the approximate \$8.1 million in debt remaining, approximately \$7.9 million remains outstanding from the 2005 Building Authority Bonds. Debt related to compensated absences (vacation and sick leave) totaled another \$349,265. Please refer to Note H to the financial statements for additional information on long-term debt.

Economic Factors and Next Year’s Budget and Rates

The County considered the following factors in preparing the budget for the 2016 fiscal year. The following factors are also expected to affect the County’s financial position and operations into the future:

- The County Board of Commissioners originally approved a budget for the General Fund that anticipates a decrease in expenditures while revenues hold relatively steady from the 2015 fiscal year.
- The County has also seen a slight decrease in inmate lodging from other municipalities.
- The funding received from the State of Michigan continues to affect the County’s finances.
- The County will be conservative in their approach of expected the revenue streams until the economy approves.
- The County is reviewing different measures on revenue enhancement by working with the local Economic Development agency to help in job creation and retention.

Contacting the County’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County’s finances and to demonstrate the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the County Controller, 211 W. Main Street, P.O. Box 368, Stanton, MI 48888.

BASIC FINANCIAL STATEMENTS

Montcalm County, Michigan
STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,104,717	\$ 4,119,291	\$ 6,224,008	\$ 3,262,151
Investments	-	3,538,499	3,538,499	1,108,862
Receivables	284,279	261,898	546,177	2,795,435
Delinquent taxes receivable, net	1,888,057	2,977,623	4,865,680	-
Due from other governmental units	410,623	131,259	541,882	-
Internal balances	(1,609,319)	1,609,319	-0-	-
Inventories	-	-	-0-	631,612
Prepays	144,319	867	145,186	67,889
Total current assets	3,222,676	12,638,756	15,861,432	7,865,949
Noncurrent assets				
Internal balances	164,318	(164,318)	-0-	-
Advances to other governmental units	187,016	100,350	287,366	-
Capital assets not being depreciated	81,157	-	81,157	5,347,912
Capital assets, net of accumulated depreciation	7,785,127	943,085	8,728,212	41,066,617
Net pension asset	-	1,626,708	1,626,708	-
Total noncurrent assets	8,217,618	2,505,825	10,723,443	46,414,529
TOTAL ASSETS	11,440,294	15,144,581	26,584,875	54,280,478
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	324,452	-	324,452	-
Deferred outflows of resources related to pensions	30,954	2,786	33,740	564,138
TOTAL DEFERRED OUTFLOWS OF RESOURCES	355,406	2,786	358,192	564,138
LIABILITIES				
Current liabilities				
Accounts payable	261,152	28,288	289,440	815,491
Accrued liabilities	238,242	67,806	306,048	30,571
Due to other governmental units	909,337	7,691	917,028	-
Accrued interest payable	132,311	-	132,311	81,827
Unearned revenue	-	-	-0-	16,902
Compensated absences	336,140	13,125	349,265	143,057
Current portion of long-term debt	703,619	12,174	715,793	606,080
Total current liabilities	2,580,801	129,084	2,709,885	1,693,928
Noncurrent liabilities				
Advances from other governmental units	-	-	-0-	609,716
Noncurrent portion of long-term debt	7,360,134	-	7,360,134	6,110,211
Net other post-employment benefits obligation	178,013	-	178,013	303,246
Net pension liability	14,936,134	-	14,936,134	8,717,356
Total noncurrent liabilities	22,474,281	-0-	22,474,281	15,740,529
TOTAL LIABILITIES	25,055,082	129,084	25,184,166	17,434,457
NET POSITION				
Net investment in capital assets	-	930,911	930,911	39,698,238
Restricted	2,231,938	1,626,708	3,858,646	3,194,221
Unrestricted	(15,491,320)	12,460,664	(3,030,656)	(5,482,300)
TOTAL NET POSITION	<u>\$ (13,259,382)</u>	<u>\$ 15,018,283</u>	<u>\$ 1,758,901</u>	<u>\$ 37,410,159</u>

See accompanying notes to financial statements.

Montcalm County, Michigan
STATEMENT OF ACTIVITIES
Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 8,915,638	\$ 3,371,222	\$ 1,221,512	\$ -	\$ (4,322,904)	\$ -	\$ (4,322,904)	\$ -
Public safety	5,833,192	844,636	745,627	-	(4,242,929)	-	(4,242,929)	-
Public works	194,851	178,614	-	-	(16,237)	-	(16,237)	-
Health and welfare	3,829,260	319,342	734,386	-	(2,775,532)	-	(2,775,532)	-
Community and economic development	298,869	420	212,876	114,179	28,606	-	28,606	-
Recreation and culture	872,943	32,493	-	-	(840,450)	-	(840,450)	-
Interest on long-term debt	370,731	-	-	-	(370,731)	-	(370,731)	-
Total governmental activities	20,315,484	4,746,727	2,914,401	114,179	(12,540,177)	-0-	(12,540,177)	-0-
Business-type activities								
Delinquent tax	228,305	1,215,802	-	-	-	987,497	987,497	-
Inmate Commissary	85,574	107,450	-	-	-	21,876	21,876	-
Building Official	298,176	309,360	-	-	-	11,184	11,184	-
Ambulance	3,640,217	2,314,666	68,987	-	-	(1,256,564)	(1,256,564)	-
Total business-type activities	4,252,272	3,947,278	68,987	-0-	-0-	(236,007)	(236,007)	-0-
Total primary government	<u>\$ 24,567,756</u>	<u>\$ 8,694,005</u>	<u>\$ 2,983,388</u>	<u>\$ 114,179</u>	(12,540,177)	(236,007)	(12,776,184)	-0-
Component units								
Drainage Districts	\$ 1,207,750	\$ 430,518	\$ -	\$ 1,209,087	-	-	-0-	431,855
Central Dispatch Authority	1,560,529	1,590,215	-	-	-	-	-0-	29,686
Road Commission	11,772,975	1,559,854	5,887,759	4,436,423	-	-	-0-	111,061
Total component units	<u>\$ 14,541,254</u>	<u>\$ 3,580,587</u>	<u>\$ 5,887,759</u>	<u>\$ 5,645,510</u>	-0-	-0-	-0-	572,602
General revenues								
Taxes					8,670,259	1,039,120	9,709,379	-
State shared revenue					1,191,311	-	1,191,311	-
Investment earnings					25,071	42,024	67,095	5,251
Other					300,703	92,474	393,177	323,014
Transfers					1,016,001	(1,016,001)	-0-	-
Total general revenues and transfers					11,203,345	157,617	11,360,962	328,265
Change in net position					(1,336,832)	(78,390)	(1,415,222)	900,867
Restated net position, beginning of the year					(11,922,550)	15,096,673	3,174,123	36,509,292
Net position, end of the year					<u>\$(13,259,382)</u>	<u>\$ 15,018,283</u>	<u>\$ 1,758,901</u>	<u>\$ 37,410,159</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

Governmental Funds

BALANCE SHEET

September 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 85,910	\$ 1,857,220	\$ 1,943,130
Accounts receivable	232,459	51,820	284,279
Taxes receivable	1,888,057	-	1,888,057
Due from other governmental units - Federal/State	243,378	167,245	410,623
Due from other funds	13,225	80,562	93,787
Advances to other funds	-	164,318	164,318
Advances to other governmental units	187,016	-	187,016
Prepays	139,748	4,571	144,319
	<u>\$ 2,789,793</u>	<u>\$ 2,325,736</u>	<u>\$ 5,115,529</u>
TOTAL ASSETS			
LIABILITIES			
Accounts payable	\$ 190,919	\$ 70,233	\$ 261,152
Accrued wages	200,439	37,803	238,242
Due to other governmental units	909,337	-	909,337
Due to other funds	1,444,883	256,069	1,700,952
	<u>2,745,578</u>	<u>364,105</u>	<u>3,109,683</u>
TOTAL LIABILITIES			
FUND BALANCES			
Nonspendable	326,764	268,198	594,962
Restricted	-	1,786,493	1,786,493
Unassigned	(282,549)	(93,060)	(375,609)
	<u>44,215</u>	<u>1,961,631</u>	<u>2,005,846</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 2,789,793</u>	<u>\$ 2,325,736</u>	<u>\$ 5,115,529</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

September 30, 2015

Total fund balance - governmental funds \$ 2,005,846

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 as assets in the governmental funds.

The cost of capital assets is	\$ 24,894,286	
Accumulated depreciation is	<u>(17,030,226)</u>	
Capital assets, net		7,864,060

Internal Service Funds are used by management to charge the costs of certain activities, such as the post-employment health and office equipment pool, to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Position.

Net position of governmental activities accounted for in Internal Service Funds	161,657
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Governmental funds report the difference between the carrying amount of defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position. These amounts consist of:

Unamortized defeased debt	324,452
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Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	30,954
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Direct County obligations	(7,915,000)	
Capital lease	(148,753)	
Accrued interest payable	(132,311)	
Compensated absences	(336,140)	
Net other post-employment benefits obligation	(178,013)	
Net pension liability	<u>(14,936,134)</u>	
		<u>(23,646,351)</u>

Net position of governmental activities \$ (13,259,382)

See accompanying notes to financial statements.

Montcalm County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,098,694	\$ 1,571,565	\$ 8,670,259
Licenses and permits	136,051	11,693	147,744
Intergovernmental	2,853,509	1,259,067	4,112,576
Charges for services	2,889,752	457,870	3,347,622
Fines and forfeits	97,910	-	97,910
Interest and rents	18,846	989,263	1,008,109
Other	378,927	69,504	448,431
TOTAL REVENUES	13,473,689	4,358,962	17,832,651
EXPENDITURES			
Current			
General government	6,996,779	868,441	7,865,220
Public safety	5,127,168	28,294	5,155,462
Public works	-	185,371	185,371
Health and welfare	2,028,923	1,446,825	3,475,748
Community and economic development	123,487	160,841	284,328
Recreation and culture	27,390	798,253	825,643
Other	169,741	-	169,741
Capital outlay	-	302,459	302,459
Debt service	-	964,097	964,097
TOTAL EXPENDITURES	14,473,488	4,754,581	19,228,069
EXCESS OF REVENUES (UNDER) EXPENDITURES	(999,799)	(395,619)	(1,395,418)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,100,999	405,757	1,506,756
Transfers out	(506,985)	(87,520)	(594,505)
TOTAL OTHER FINANCING SOURCES (USES)	594,014	318,237	912,251
NET CHANGE IN FUND BALANCES	(405,785)	(77,382)	(483,167)
Fund balances, beginning of year	450,000	2,039,013	2,489,013
Fund balances, end of year	<u>\$ 44,215</u>	<u>\$ 1,961,631</u>	<u>\$ 2,005,846</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2015

Net change in fund balances - total governmental funds \$ (483,167)

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 222,068	
Depreciation expense	<u>(816,122)</u>	
Excess of depreciation expense over capital outlay		(594,054)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues or expenses from governmental activities accounted for in the internal service funds are:

Change in net position from governmental activities accounted for in Internal Service Funds		(7,383)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Related party operating lease		130,000
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Amortization of deferred amounts on debt refunding	(34,446)	
Debt principal retirement	615,000	
Capital lease payments	<u>46,289</u>	
		626,843

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	12,812	
Decrease in accrued compensated absences	15,617	
(Increase) in other post-employment benefits obligation	(167,334)	
(Increase) in net pension liability	(771,120)	
Increase in deferred outflows related to pensions	30,954	
(increase) in related party operating lease	<u>(130,000)</u>	
		<u>(1,009,071)</u>

Change in net position of governmental activities \$ (1,336,832)

See accompanying notes to financial statements.

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF NET POSITION

September 30, 2015

	Business-type	
	Delinquent Tax Revolving	Ambulance
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,405,162	\$ 519,926
Investments	3,538,499	-
Accounts receivable, net	5,202	256,696
Delinquent taxes receivable, net	2,977,623	-
Due from other governmental units - local	131,259	-
Due from other funds	558,970	1,102,849
Prepays	-	867
Total current assets	10,616,715	1,880,338
Noncurrent assets		
Advances to other governmental units	100,350	-
Capital assets, net of accumulated depreciation	-	942,466
Net pension asset	-	1,626,708
Total noncurrent assets	100,350	2,569,174
TOTAL ASSETS	10,717,065	4,449,512
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	-	2,786
LIABILITIES		
Current liabilities		
Accounts payable	-	22,277
Accrued wages	-	61,620
Due to other governmental units	-	7,691
Due to other funds	52,500	-
Compensated absences	-	13,125
Long-term debt	-	12,174
Total current liabilities	52,500	116,887
Noncurrent liabilities		
Advances from other funds	-	164,318
TOTAL LIABILITIES	52,500	281,205
NET POSITION		
Net investment in capital assets	-	930,292
Restricted	-	1,626,708
Unrestricted	10,664,565	1,614,093
TOTAL NET POSITION	\$ 10,664,565	\$ 4,171,093

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 194,203	\$ 4,119,291	\$ 161,587
-	3,538,499	-
-	261,898	-
-	2,977,623	-
-	131,259	-
-	1,661,819	-
-	867	-
194,203	12,691,256	161,587
-	100,350	-
619	943,085	2,224
-	1,626,708	-
619	2,670,143	2,224
194,822	15,361,399	163,811
-	2,786	-
6,011	28,288	-
6,186	67,806	-
-	7,691	-
-	52,500	2,154
-	13,125	-
-	12,174	-
12,197	181,584	2,154
-	164,318	-
12,197	345,902	2,154
619	930,911	2,224
-	1,626,708	-
182,006	12,460,664	159,433
\$ 182,625	\$ 15,018,283	\$ 161,657

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2015

	Business-type	
	Delinquent Tax Revolving	Ambulance
OPERATING REVENUES		
Charges for services, net	\$ 700,671	\$ 2,314,666
Sales	-	-
Intergovernmental - Federal/State	-	68,987
Penalties and interest on delinquent taxes	515,131	-
Other	84,209	7,515
TOTAL OPERATING REVENUES	1,300,011	2,391,168
OPERATING EXPENSES		
Personal services	-	1,978,213
Fringe benefits	-	576,747
Operating supplies	49,476	285,977
Contractual services	132,222	50,787
Repairs and maintenance	-	128,332
Insurance	-	31,117
Vehicle expense	-	1,440
Communications	-	10,013
Utilities	-	11,463
Training	-	74,975
Indirect operating	46,607	126,411
Other services and charges	-	14,008
Depreciation	-	350,734
TOTAL OPERATING EXPENSES	228,305	3,640,217
OPERATING INCOME (LOSS)	1,071,706	(1,249,049)
NONOPERATING REVENUES (EXPENSES)		
Tax revenue	-	1,039,120
Interest revenue	41,996	24
Gain on sale of capital assets	-	-
TOTAL NONOPERATING REVENUES	41,996	1,039,144
INCOME (LOSS) BEFORE TRANSFERS	1,113,702	(209,905)
TRANSFERS		
Transfers in	-	-
Transfers out	(1,016,001)	-
TOTAL TRANSFERS	(1,016,001)	-0-
CHANGE IN NET POSITION	97,701	(209,905)
Restated net position, beginning of year	10,566,864	4,380,998
Net position, end of year	\$ 10,664,565	\$ 4,171,093

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 309,360	\$ 3,324,697	\$ -
107,450	107,450	-
-	68,987	-
-	515,131	-
-	91,724	16,660
416,810	4,107,989	16,660
193,882	2,172,095	-
63,686	640,433	-
78,842	414,295	2,883
3,087	186,096	98,636
-	128,332	-
2,553	33,670	-
-	1,440	-
641	10,654	-
-	11,463	-
-	74,975	-
-	173,018	-
40,573	54,581	24,140
486	351,220	2,223
383,750	4,252,272	127,882
33,060	(144,283)	(111,222)
-	1,039,120	-
4	42,024	89
750	750	-
754	1,081,894	89
33,814	937,611	(111,133)
-	-0-	103,750
-	(1,016,001)	-
-0-	(1,016,001)	103,750
33,814	(78,390)	(7,383)
148,811	15,096,673	169,040
\$ 182,625	\$ 15,018,283	\$ 161,657

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2015

	Business-type	
	Delinquent Tax Revolving	Ambulance
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,686,928	\$ 2,554,065
Cash receipts from federal operating grants	-	68,987
Cash receipts from other governmental units	138,312	4,080
Cash paid to suppliers	(228,305)	(743,322)
Cash paid for fringe benefits	-	(576,747)
Cash paid to employees	-	(2,056,575)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,596,935	(749,512)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment (receipt) of interfund balances	(215,826)	621,786
Transfers to other funds	(1,016,001)	-
Tax revenue	-	1,039,120
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,231,827)	1,660,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from other funds	-	-
Sale of capital assets	-	-
Capital acquisitions	-	(451,422)
Payments on borrowings	-	(19,131)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	(470,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,538,499)	-
Maturity of investments	3,542,832	8,151
Interest received	41,996	24
NET CASH PROVIDED BY INVESTING ACTIVITIES	46,329	8,175
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	411,437	449,016
Cash and cash equivalents, beginning of year	2,993,725	70,910
Cash and cash equivalents, end of year	<u>\$ 3,405,162</u>	<u>\$ 519,926</u>

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 416,810	\$ 4,657,803	\$ 16,660
-	68,987	-
-	142,392	-
(129,564)	(1,101,191)	(99,623)
(63,686)	(640,433)	(24,140)
<u>(193,882)</u>	<u>(2,250,457)</u>	<u>-</u>
29,678	877,101	(107,103)
-	405,960	(72,327)
-	(1,016,001)	-
-	<u>1,039,120</u>	<u>-</u>
-0-	429,079	(72,327)
-	-0-	103,750
750	750	-
-	(451,422)	-
-	<u>(19,131)</u>	<u>-</u>
750	(469,803)	103,750
-	(3,538,499)	-
-	3,550,983	-
<u>4</u>	<u>42,024</u>	<u>89</u>
4	54,508	89
30,432	890,885	(75,591)
<u>163,771</u>	<u>3,228,406</u>	<u>237,178</u>
<u>\$ 194,203</u>	<u>\$ 4,119,291</u>	<u>\$ 161,587</u>

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended September 30, 2015

	Business-type	
	Delinquent Tax Revolving	Ambulance
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,071,706	\$ (1,249,049)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	-	350,734
(Increase) decrease in:		
Accounts receivable	154,489	231,884
Taxes receivable	232,428	-
Due from other governmental units	138,312	-
Prepays	-	(867)
Net pension asset	-	(83,984)
Deferred charges	-	(2,786)
Increase (decrease) in:		
Accounts payable	-	(7,932)
Accrued liabilities	-	6,215
Due to other governmental units	-	4,080
Compensated absences	-	2,193
	\$ 1,596,935	\$ (749,512)

NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES

\$ 1,596,935 \$ (749,512)

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 33,060	\$ (144,283)	\$ (111,222)
486	351,220	2,223
-	386,373	-
-	232,428	-
-	138,312	-
-	(867)	1,896
-	(83,984)	-
-	(2,786)	-
(4,409)	(12,341)	-
541	6,756	-
-	4,080	-
-	2,193	-
<u>\$ 29,678</u>	<u>\$ 877,101</u>	<u>\$ (107,103)</u>

Montcalm County, Michigan

Fiduciary Funds

STATEMENT OF NET POSITION

September 30, 2015

	<u>Agency Funds</u>	<u>Pension Fund (Dec. 31, 2014)</u>
ASSETS		
Cash and cash equivalents	\$ 6,256,300	\$ 8,052
Investments	-	21,784,650
Due from other governmental units	<u>812,484</u>	<u>516,882</u>
TOTAL ASSETS	<u><u>\$ 7,068,784</u></u>	22,309,584
LIABILITIES		
Due to other governmental units		
Federal/State	\$ 4,237,264	-
Local	2,619,250	-
Due to individuals and agencies	<u>212,270</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>\$ 7,068,784</u></u>	<u>-0-</u>
NET POSITION		
Held in trust for benefits		<u><u>\$ 22,309,584</u></u>

See accompanying notes to financial statements.

Montcalm County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2014

	<u>Pension Fund</u>
ADDITIONS	
Investment income	
Net increase in fair value of investments	\$ 734,086
Interest and dividends	424,206
Less: investment expense	<u>(80,075)</u>
Net investment income	1,078,217
Contributions	
Employer	536,125
Plan Members	<u>400,487</u>
Total contributions	<u>936,612</u>
TOTAL ADDITIONS	2,014,829
DEDUCTIONS	
Benefits	1,368,958
Administrative	<u>7,524</u>
TOTAL DEDUCTIONS	<u>1,376,482</u>
CHANGE IN NET POSITION	638,347
Net position, beginning of year	<u>21,671,237</u>
Net position, end of year	<u><u>\$ 22,309,584</u></u>

Montcalm County, Michigan

Component Units

COMBINING STATEMENT OF NET POSITION

September 30, 2015

	<u>Drainage Districts</u>	<u>Central Dispatch Authority</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,858,813	\$ 276,885
Investments	-	-
Receivables	864,167	354,770
Inventories	-	-
Prepays	-	-
	<u>3,722,980</u>	<u>631,655</u>
Total current assets		
Noncurrent assets		
Capital assets not being depreciated	75,650	-
Capital assets, net of accumulated depreciation	<u>11,056,131</u>	<u>60,032</u>
	<u>11,131,781</u>	<u>60,032</u>
Total noncurrent assets		
	<u>14,854,761</u>	<u>691,687</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	-	167
LIABILITIES		
Current liabilities		
Accounts payable	171,329	2,118
Accrued liabilities	1,694	26,627
Accrued interest payable	68,370	-
Unearned revenue	-	-
Current portion of compensated absences	-	32,288
Current portion of long-term debt	<u>262,356</u>	<u>-</u>
	<u>503,749</u>	<u>61,033</u>
Total current liabilities		
Noncurrent liabilities		
Advances from other governmental units	287,366	-
Advance from State	-	-
Noncurrent portion of long-term debt	5,171,921	-
Other post-employment benefits obligation	-	49,593
Net pension liability	<u>-</u>	<u>1,478,825</u>
	<u>5,459,287</u>	<u>1,528,418</u>
Total noncurrent liabilities		
	<u>5,963,036</u>	<u>1,589,451</u>
TOTAL LIABILITIES		
NET POSITION		
Net investment in capital assets	5,697,504	60,032
Restricted	3,194,221	-
Unrestricted	<u>-</u>	<u>(957,629)</u>
	<u>\$ 8,891,725</u>	<u>\$ (897,597)</u>
TOTAL NET POSITION		

See accompanying notes to financial statements.

<u>Road Commission</u>	<u>Total</u>
\$ 126,453	\$ 3,262,151
1,108,862	1,108,862
1,576,498	2,795,435
631,612	631,612
67,889	67,889
<u>3,511,314</u>	<u>7,865,949</u>
5,272,262	5,347,912
<u>29,950,454</u>	<u>41,066,617</u>
<u>35,222,716</u>	<u>46,414,529</u>
38,734,030	54,280,478
563,971	564,138
642,044	815,491
2,250	30,571
13,457	81,827
16,902	16,902
110,769	143,057
<u>343,724</u>	<u>606,080</u>
1,129,146	1,693,928
-	287,366
322,350	322,350
938,290	6,110,211
253,653	303,246
<u>7,238,531</u>	<u>8,717,356</u>
<u>8,752,824</u>	<u>15,740,529</u>
<u>9,881,970</u>	<u>17,434,457</u>
33,940,702	39,698,238
-	3,194,221
<u>(4,524,671)</u>	<u>(5,482,300)</u>
<u>\$ 29,416,031</u>	<u>\$ 37,410,159</u>

Montcalm County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Drainage Districts	\$ 619,257	\$ 7,673	\$ -	\$ 1,209,087	\$ 597,503	\$ -	\$ 597,503
Central Dispatch Authority	1,560,529	1,590,215	-	-	29,686	-	29,686
Road Commission	11,772,975	1,559,854	5,887,759	4,436,423	111,061	-	111,061
Total governmental activities	13,952,761	3,157,742	5,887,759	5,645,510	738,250	-0-	738,250
Business-type activities							
Drainage Districts	588,493	422,845	-	-	-	(165,648)	(165,648)
Total component units	<u>\$ 14,541,254</u>	<u>\$ 3,580,587</u>	<u>\$ 5,887,759</u>	<u>\$ 5,645,510</u>	738,250	(165,648)	572,602
General revenues							
					793	4,458	5,251
					295,695	27,319	323,014
					<u>296,488</u>	<u>31,777</u>	<u>328,265</u>
					1,034,738	(133,871)	900,867
					<u>32,215,565</u>	<u>4,293,727</u>	<u>36,509,292</u>
					<u>\$ 33,250,303</u>	<u>\$ 4,159,856</u>	<u>\$ 37,410,159</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Montcalm (the County), Michigan, was incorporated in 1850 and covers an area of approximately 710 square miles with the County seat located in the City of Stanton. The County operates under an elected Board of Commissioners and provides services to its more than 61,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance, part of the County's operations, 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 County.

2. Blended Component Units

In accordance with the above criteria, the activities of the following Boards, Commissions, Departments, and Authorities have been blended in with the County's primary government financial statements:

The Montcalm County Commission on Aging
The Montcalm County Department of Human Services
The Montcalm County Building Authority
The Montcalm County Library Board

Separate reports are not prepared for these Boards, Commissions, Departments, and Authorities.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Drainage Districts in the County come under the jurisdiction of the Montcalm County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$5,000 per mile on drain maintenance and may borrow up to \$600,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Local Audit and Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - continued

The County is a member of the Montcalm County Central Dispatch Authority. The Authority is governed by a nine (9) member board. The Authority Board consists of three (3) members appointed by the Montcalm County Board of Commissioners, one (1) member representing the Montcalm Township Association, and two (2) members from the City of Greenville. The three (3) statutory representatives are appointed by the Sheriff, the Fire Chief, and the Michigan State Police. The Authority has responsibility for preparing the annual budget (which is approved by the County) and to carry out all activities of the Authority.

The Authority's intent is to support and operate central dispatch services primarily with funds generated from operations (i.e., telephone surcharge fees). Any required local contributions would be calculated based on a pro-rated scale, which takes into account the impact and use of the system for each participating unit.

The financial activities of the Montcalm County Central Dispatch Authority are reported in the County's audited financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Authority's funds.

The Road Commission for Montcalm County is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The three (3) Board Members of the Road Commission are elected by the people of the County. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office located at 619 West Main Street, Stanton, Michigan 48888.

4. Joint Venture

The following entity described in the subsequent paragraphs is reported in the County's fiduciary funds financial statements since it is material to the County financial statements and the County has some fiduciary responsibility for the entity.

The County participates in the following activity which is considered to be a joint venture in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Mid-Michigan District Health Department - The County is a member of the Mid-Michigan District Health Department, which is a joint venture between Montcalm, Clinton, and Gratiot counties. Each unit appoints two (2) of the six (6) members to the governing Board. The Department has responsibility for preparing the annual budget (which is approved by each County) and to carry out all activities of the Department.

The County is responsible to fund 40% of the required local contribution to cover operational costs. For the year ended September 30, 2015, the County contributed \$482,856 to cover its share of operational costs. Some of the treasury functions for the Department rest with the Montcalm County Treasurer, but for the most part it is simply a fiduciary signer on their bank accounts and the County Treasurer does some investing at the direction of the Department. As a result, in accordance with GASB Statement No. 61, the pooled cash and cash equivalents of the Department that is part of the County's pooled accounts at year-end is reflected in a fiduciary fund in the primary government statements.

The financial activities of the Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended September 30, 2015, are available at the Department's administrative offices. As of September 30, 2015, the Department had a net position of \$1,111,204.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Related Organizations

The County participates in the following activity which is considered to be a related organization in relation to the County due to the County appointing all of the Board Members of the organization. There is no ongoing day-to-day financial interest or responsibility, but the County does sign the grant agreements and would be liable for questioned costs in excess of Commission resources.

Montcalm Care Network - The County appoints all of the twelve (12) Board members. The County does not have an ongoing day-to-day financial interest or responsibility for the Board.

The Montcalm Care Network (formerly the Montcalm Center for Behavioral Health - Mental Health Authority) is legally separate and fiscally independent, for the Network's financial information to be presented within the County's notes to the financial statements only, instead of in the body of the financial statements. The following financial information was obtained from the most recent audited financial statements available of the Board for their year ended September 30, 2015. A copy of the financial statements is available at the administrative offices. As of September 30, 2015, the Network had total assets and deferred outflows of resources of \$4,573,501; total liabilities and deferred inflows of resources of \$4,706,324; and total deficit net position of \$132,823. For year ended September 30, 2015, the Network had total revenues of \$14,078,081; total expenses of \$14,231,049; and a net decrease in net position of \$152,968.

Montcalm County Housing Commission - The County appoints all of the five (5) Commission members. The County does not have an ongoing day-to-day financial interest or responsibility for the Commission and does not approve or sign the Commission's annual grant agreement with the U.S. Department of Housing and Urban Development (HUD). The Commission operates a low income housing project within the County which is subsidized by HUD in accordance with the U.S. Housing Act of 1937 and is regulated by the Department of HUD.

The Commission is legally separate and fiscally independent, for the Commission's financial information to be presented within the County's notes to the financial statements only, instead of in the body of the financial statements. The following financial information was obtained from the most recent audited financial statements available of the Commission for their year ended December 31, 2014. A copy of the financial statements is available at the Commission's administrative offices. As of December 31, 2014, the Commission had total assets of \$678,960; total liabilities of \$39,427, and total net position of \$639,533. For the year ended December 31, 2014, the Commission had total revenues of \$915,088; total expenses of \$1,092,963; and a net decrease in net position of \$177,875.

6. Jointly Governed Organizations

The County participates in the following activities which are considered to be jointly governed organizations in relation to the County due to there being no ongoing financial interest or responsibility.

West Michigan Regional Planning Commission - Montcalm County, in conjunction with 10 other Counties, has entered into an agreement which created the West Michigan Regional Planning Commission. This organization's Board is composed of 20 members, of which two (2) are appointed by Montcalm County. The County's financial responsibility is to contribute a pro rata share of "local match" funds based on the proportion of State equalized valuation. For the year ended September 30, 2015, the County's contribution to the Commission was \$4,691.

Central Area Michigan Works! Consortium - Montcalm County, in conjunction with three (3) other Counties, has entered into an agreement which created the Central Area Michigan Works! Consortium. This organization's Board is composed of eight (8) members, of which two (2) are appointed by Montcalm County. The organization receives all of its funding from State and Federal grants and, as a result, the County has no financial responsibility other than potential liability related to appropriate use of the funds.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of 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.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. 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.

The major governmental funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

The major enterprise funds of the County are:

- a. The Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent taxes. Revenues are generated by the collection of the delinquent taxes, penalties, and interest.
- b. The Ambulance Fund is used to report ambulance services which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Additionally, the County reports internal service funds to account for the management of fringe benefits provided to various departments of the County on cost reimbursement basis and to account for the management of an office equipment pool provided to other departments of the County on a cost reimbursement basis.

The Pension Fund accounts for the activities of the County's pension plan, which accumulates resources for pension benefit payments to qualified former County employees. The Pension Fund is reported as of December 31, 2014.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND FINANCIAL STATEMENTS - CONTINUED

7. Basis of Presentation - continued

The County also reports agency funds to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The County's agency funds are the Trust and Agency, Inmate Trust, District Health Department, and Library Funds.

8. Measurement Focus

The government-wide, proprietary, and pension trust fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for fiduciary agency funds since assets equal liabilities.

9. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is sixty (60) days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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 are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the County's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements 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 an original maturity of ninety (90) days or less and mutual funds.

11. Investments

Investments during the year consisted of Pension Fund securities, commercial paper, certificates of deposit, and U.S. Government Securities with original maturities of greater than ninety (90) days. Investments are recorded at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

12. Receivables

Receivables consist of amount due from governmental units for various financial assistance programs and accounts receivable related to charges for services.

13. Prepays

Prepays consist of certain insurance premiums and other expenditures representing costs applicable to future periods. Reported prepaid expenditures are equally offset by nonspendable fund balance, which indicates they do not constitute "available spendable resources" even though they are a component of fund balance.

14. Inventories

Inventory of the Road Commission (component unit) consist of various operating parts, supplies, and road material, and the cost is recognized using the consumption method (inventories recorded as expenditures when they are used). Inventories are priced at cost as determined on the average cost valuation method.

15. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one (1) year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 years
Buildings and additions	5 - 50 years
Equipment and furniture	4 - 20 years
Vehicles	4 - 10 years
Drain infrastructure	10 - 50 years

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Capital Assets - continued

COMPONENT UNIT - ROAD COMMISSION

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by Montcalm County Road Commission as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of five (5) years. However, all equipment items (regardless of purchase price or useful life) that have a Schedule C code and rate (Michigan Department of Transportation's "Equipment Rental Rates" report) are capitalized. Capital assets are stated at historical cost or estimated historical cost of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 - 50 years
Road Equipment	5 - 8 years
Shop Equipment	10 years
Engineering Equipment	4 - 10 years
Office Equipment	4 - 10 years
Infrastructure - Roads	5 - 30 years
Infrastructure - Bridges	12 - 50 years

16. Unearned Revenue

Unearned revenue consists of amounts that have been received but have not been earned. The Statement of Net Position reports unearned revenue to indicate that revenue has not been recognized because it has not been earned.

17. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

18. Treatment Rights

Little Whitefish Lake (Component Unit) Fund has contracted with Big Whitefish Lake (Component Unit) Fund for the right to distribute wastewater through the sewer system to the Big Whitefish Lake treatment plant and for the treatment of its wastewater.

These rights are being amortized over the period of the related contract.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

19. Advances to Other Funds/Governmental Units

Long-term advances to other funds/component units are made to finance new activities during their initial operations, to finance the purchase of real property taxes receivable from the municipalities within the County, and to finance capital acquisitions. Advances are equally offset by nonspendable fund balance to reflect the amount of fund balance not currently available for expenditure within the governmental funds.

20. Accrued Compensated Absences

In accordance with the County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of September 30, 2015, including related payroll taxes, is recorded in the government-wide financial statements.

Vested vacation and sick leave earned as of September 30, 2015, for the Road Commission (component unit) is recorded in the respective component unit government-wide financial statements.

21. Net Pension Liability and Net Other Post-Employment Benefits Obligation

The net pension liability and net other post-employment benefits obligation are deemed to be noncurrent liabilities and are recognized in the government-wide financial statements.

22. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Internal Service Funds are used to record charges for services to all County departments and funds as charges for services. All County funds record these payments to the Internal Service Funds as operating expenditures/expenses.

23. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The County reports deferred amounts which correspond to the County's net pension liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred in the government-wide financial statements and are recognized as an outflow or inflow of resources in the period to which they apply.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

23. Deferred Outflows/Inflows of Resources - continued

The County reports deferred inflows of resources, unavailable revenue, in the General Operating Fund in connection with long-term receivables that are not considered available to liquidate liabilities of the current period, and which arises only under a modified accrual basis of accounting. These amounts are recognized as an inflow of resources in the period that the amounts become available.

24. Budgets and Budgetary Accounting

Budgets are adopted for the General and Special Revenue Funds and are prepared on a basis consistent with the modified accrual basis used to reflect actual results. The County employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to July 1, the County departments, in conjunction with the Controller's office, prepare and submit their proposed operating budgets to the Finance Committee for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is held to obtain taxpayers' comments.
- c. Prior to September 30, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the activity level for the General Fund and the fund level for the Special Revenue Funds. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level. The Board must preapprove transfers of budget amounts between accounts.
- e. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were adopted.

25. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the basic financial statements.

26. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately fifty (50) funds. The County's pooled cash and investments consist of a common checking account, savings, treasury notes, and mutual funds.

The County's pooled cash and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds (except for the Delinquent Tax Revolving Funds), Internal Service Funds, Trust and Agency Funds, and Component Unit Funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the financial statements.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit and mutual funds are separately held by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Deposits

As of September 30, 2015, the carrying amounts and bank balance for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings	\$ 4,378,911	\$ 4,474,134
Certificates of deposit	<u>1,033,813</u>	<u>1,033,813</u>
TOTAL PRIMARY GOVERNMENT	5,412,724	5,507,947

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Deposits - continued

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
FIDUCIARY FUNDS		
Checking	\$ 2,349,467	\$ 2,528,651
Certificates of deposit	14,765	14,765
	<u>2,364,232</u>	<u>2,543,416</u>
TOTAL FIDUCIARY FUNDS		
COMPONENT UNITS		
Checking	2,644,188	2,644,205
Certificates of deposit	4,947	4,947
	<u>2,649,135</u>	<u>2,649,152</u>
TOTAL COMPONENT UNITS		
	<u>\$ 10,426,091</u>	<u>\$ 10,700,515</u>
TOTAL REPORTING ENTITY		

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of September 30, 2015, the primary government and component unit accounts were insured by the FDIC for \$1,029,547 and the amount of \$9,670,968 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the current period, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at September 30, 2015.

As of September 30, 2015, the market values, which are the carrying values for each investment, are as follows:

Investments

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's/ S&P Rating</u>	<u>Weighted Average Maturity</u>
PRIMARY GOVERNMENT				
U.S. Government Securities	\$ 1,502,679	\$ 1,502,679	AA+	2.94 years
Uncategorized pooled investment funds	1,843,062	1,843,062	AAAm	55 days
Uncategorized pooled investment funds	<u>1,002,007</u>	<u>1,002,007</u>	N/A	N/A
Total primary government	4,347,748	4,347,748		

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments - continued

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's/ S&P Rating</u>	<u>Weighted Average Maturity</u>
FIDUCIARY FUNDS				
U.S. Government Securities	\$ 1,454,819	\$ 1,454,819	AA+	2.84 years
Corporate Bonds and Notes	388,116	388,116	A	4.31 years
Corporate Bonds and Notes	303,309	303,309	A+	4.31 years
Corporate Bonds and Notes	491,850	491,850	A-	4.31 years
Corporate Bonds and Notes	261,378	261,378	A-1	4.31 years
Corporate Bonds and Notes	282,615	282,615	A-1+	4.31 years
Corporate Bonds and Notes	576,626	576,626	A-2	4.31 years
Corporate Bonds and Notes	344,976	344,976	BBB+	4.31 years
Corporate Bonds and Notes	294,330	294,330	BBB-	4.31 years
Corporate Bonds and Notes	267,925	267,925	NR	4.31 years
Municipal Bonds	166,262	166,262	AA-	3.50 years
Common Stock	6,854,634	6,854,634	N/A	N/A
Uncategorized pooled investment funds	3,900,120	3,900,120	AAAm	55 days
Uncategorized pooled investment funds	3,799,667	3,799,667	N/A	N/A
Uncategorized pooled investment funds	6,298,143	6,298,143	N/A	N/A
Total Fiduciary Funds	25,684,770	25,684,770		
COMPONENT UNITS				
Uncategorized pooled investment funds	612,816	612,816	AAAm	55 days
Uncategorized pooled investment funds	1,108,862	1,108,862	N/A	N/A
Total component units	1,721,678	1,721,678		
Total reporting entity	\$ 31,754,196	\$ 31,754,196		

The pension investments in U.S. Treasury Notes and other Governmental Securities, corporate bonds and notes, common stock, foreign stock, and guaranteed annuity contracts are insured or registered for which the applicable securities are held by the Macatawa Bank and Raymond James Financial Services, Inc.

The County has investments purchased for the County employee's Pension Trust Fund through two (2) banks. Michigan Compiled Law, Section 38.1121, authorizes the County to invest pension assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. As of December 31, 2014, the market value, which is the carrying amount of the pension trust plan assets were \$21,784,650.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of September 30, 2015, rating information on the County's investments is presented above.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Interest rate risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operating funds primarily in shorter-term securities, liquid asset funds, money market, mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

Concentration of credit risk

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The County will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by:

- Limiting investments to the types of securities listed in this investment policy.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the County will do business in accordance with this investment policy.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of September 30, 2015:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 6,224,008	\$ 6,264,352	\$ 3,262,151	\$ 15,750,511
Investments	<u>3,538,499</u>	<u>21,784,650</u>	<u>1,108,862</u>	<u>26,432,011</u>
	<u>\$ 9,762,507</u>	<u>\$ 28,049,002</u>	<u>\$ 4,371,013</u>	<u>\$ 42,182,522</u>

The primary government cash and cash equivalents captions on the financial statements include \$2,035 in imprest cash. The component unit cash and cash equivalents captions on the financial statements includes \$200 in imprest cash.

NOTE C: ACCOUNTS RECEIVABLE

The following is an analysis of accounts receivable for the Delinquent Tax Fund and Ambulance Fund as of December 31, 2015:

	<u>Delinquent Tax Revolving</u>	<u>Ambulance</u>
Receivable, gross	\$ 3,069,068	\$ 619,290
Less: allowance for doubtful accounts	<u>(86,243)</u>	<u>(362,594)</u>
Accounts receivable, net	<u>\$ 2,982,825</u>	<u>\$ 256,696</u>

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables related to the primary government at September 30, 2015:

Due to General Fund from:	
Nonmajor governmental funds	<u>\$ 13,225</u>
Due to Delinquent Tax Revolving Fund from:	
General Fund	<u>\$ 558,970</u>
Due to Ambulance Fund from:	
General Fund	\$ 857,851
Nonmajor governmental funds	242,844
Internal service funds	<u>2,154</u>
	<u>\$ 1,102,849</u>
Due to nonmajor governmental funds from:	
General Fund	\$ 28,062
Delinquent Tax Revolving Fund	<u>52,500</u>
	<u>\$ 80,562</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at September 30, 2015:

Advance from nonmajor governmental funds to:	
Ambulance Fund	<u>\$ 164,318</u>

The advances were made to finance capital acquisitions.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and business-type funds have been eliminated.

Transfer to General Fund from:	
Nonmajor governmental funds	\$ 84,998
Delinquent Tax Revolving Fund	<u>1,016,001</u>
	<u>\$ 1,100,999</u>
Transfer to nonmajor governmental funds from:	
General Fund	\$ 403,235
Nonmajor governmental funds	<u>2,522</u>
	<u>\$ 405,757</u>
Transfer to internal service funds from:	
General Fund	<u>\$ 103,750</u>

The transfers made to the General Fund from nonmajor governmental funds were to offset a portion of indirect costs. The transfers made to nonmajor governmental funds from the General Fund and nonmajor governmental funds were to fund current year operations. The transfers made from the General Fund to the Internal Service Funds were to cover the cost of post-employment health care. Transfers made from the Delinquent Tax Revolving Fund to the General Fund were to fund current year operations.

NOTE G: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

PRIMARY GOVERNMENT

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 81,157	\$ -	\$ -	\$ 81,157
Capital assets being depreciated				
Land improvements	5,665	-	-	5,665
Buildings and additions	22,642,422	16,550	-	22,658,972
Equipment and furniture	1,557,504	63,869	(221,842)	1,399,531
Vehicles	<u>873,903</u>	<u>141,649</u>	<u>(211,817)</u>	<u>803,735</u>
Subtotal	25,079,494	222,068	(433,659)	24,867,903

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Governmental Activities - continued				
Less accumulated depreciation for:				
Land improvements	\$ (5,665)	\$ -	\$ -	\$ (5,665)
Buildings and additions	(14,602,524)	(657,574)	-	(15,260,098)
Equipment and furniture	(1,331,921)	(92,003)	221,842	(1,202,082)
Vehicles	(757,980)	(65,434)	208,483	(614,931)
Subtotal	<u>(16,698,090)</u>	<u>(815,011)</u>	<u>430,325</u>	<u>(17,082,776)</u>
Net capital assets being depreciated	<u>8,381,404</u>	<u>(592,943)</u>	<u>(3,334)</u>	<u>7,785,127</u>
Total Net Capital Assets	<u>\$ 8,462,561</u>	<u>\$ (592,943)</u>	<u>\$ (3,334)</u>	<u>\$ 7,866,284</u>

Depreciation expense was charged to the following governmental activities:

Governmental activities:	
General government	\$ 353,447
Public safety	414,069
Health and welfare	45,755
Recreation and culture	5,074
	<u>\$ 818,345</u>

The current period depreciation expense of \$815,011 has been adjusted by \$3,334 for the loss on disposal of capital assets during the period, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Business-type Activities				
Capital assets being depreciated				
Buildings and improvements	\$ 437,476	\$ -	\$ -	\$ 437,476
Equipment and furniture	700,468	139,891	-	840,359
Vehicles	1,597,821	311,531	(185,673)	1,723,679
Subtotal	2,735,765	451,422	(185,673)	3,001,514
Less accumulated depreciation for:				
Buildings and improvements	(207,160)	(22,129)	-	(229,289)
Equipment and furniture	(590,992)	(81,544)	-	(672,536)
Vehicles	(1,094,729)	(247,548)	185,673	(1,156,604)
Subtotal	<u>(1,892,881)</u>	<u>(351,221)</u>	<u>185,673</u>	<u>(2,058,429)</u>
Total Net Capital Assets	<u>\$ 842,884</u>	<u>\$ 100,201</u>	<u>\$ -0-</u>	<u>\$ 943,085</u>

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G: CAPITAL ASSETS - CONTINUED

COMPONENT UNITS

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Drainage Districts				
Capital assets not being depreciated				
Land	\$ 75,650	\$ -	\$ -	\$ 75,650
Capital assets being depreciated				
Drains	13,464,229	130,000	-	13,594,229
Less accumulated depreciation for:				
Drains	<u>(2,222,424)</u>	<u>(315,674)</u>	<u>-</u>	<u>(2,538,098)</u>
Net capital assets being depreciated	<u>11,241,805</u>	<u>(185,674)</u>	<u>-0-</u>	<u>11,056,131</u>
Total Net Capital Assets	<u>\$ 11,317,455</u>	<u>\$ (185,674)</u>	<u>\$ -0-</u>	<u>\$ 11,131,781</u>
Central Dispatch Authority				
Capital assets being depreciated				
Equipment and furniture	\$ 783,849	\$ -	\$ (68,844)	\$ 715,005
Vehicles	<u>16,490</u>	<u>-</u>	<u>-</u>	<u>16,490</u>
Subtotal	800,339	-0-	(68,844)	731,495
Less accumulated depreciation for:				
Equipment and furniture	(705,257)	(18,560)	68,844	(654,973)
Vehicles	<u>(16,490)</u>	<u>-</u>	<u>-</u>	<u>(16,490)</u>
Subtotal	<u>(721,747)</u>	<u>(18,560)</u>	<u>68,844</u>	<u>(671,463)</u>
Total Net Capital Assets	<u>\$ 78,592</u>	<u>\$ (18,560)</u>	<u>\$ -0-</u>	<u>\$ 60,032</u>
Road Commission				
Capital assets not being depreciated				
Land	\$ 45,227	\$ -	\$ -	\$ 45,227
Infrastructure - land improvements	5,227,035	-	-	5,227,035
Construction in progress	<u>25,711</u>	<u>-</u>	<u>(25,711)</u>	<u>-0-</u>
Subtotal	5,297,973	-0-	(25,711)	5,272,262

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G: CAPITAL ASSETS - CONTINUED

COMPONENT UNITS - CONTINUED

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Road Commission - continued				
Capital assets being depreciated				
Buildings	\$ 2,595,508	\$ 235,213	\$ -	\$ 2,830,721
Road equipment	8,396,750	926,823	(569,096)	8,754,477
Shop equipment	93,925	7,847	-	101,772
Office equipment	155,112	2,771	-	157,883
Engineer's equipment	71,636	-	-	71,636
Yard and storage	366,508	-	-	366,508
Infrastructure - bridges	12,432,386	86,628	-	12,519,014
Infrastructure - roads	37,750,600	2,806,765	(1,459,682)	39,097,683
Subtotal	61,862,425	4,066,047	(2,028,778)	63,899,694
Less accumulated depreciation for:				
Buildings	(972,138)	(57,748)	-	(1,029,886)
Road equipment	(6,758,718)	(794,101)	534,948	(7,017,871)
Shop equipment	(71,183)	(3,944)	-	(75,127)
Office equipment	(139,226)	(2,390)	-	(141,616)
Engineer's equipment	(42,212)	(4,426)	-	(46,638)
Yard and storage	(359,683)	-	-	(359,683)
Infrastructure - bridges	(4,886,892)	(254,459)	-	(5,141,351)
Infrastructure - roads	(19,487,225)	(2,109,525)	1,459,682	(20,137,068)
Subtotal	(32,717,277)	(3,226,593)	1,994,630	(33,949,240)
Net capital assets being depreciated	29,145,148	839,454	(34,148)	29,950,454
Total Net Capital Assets	<u>\$ 34,443,121</u>	<u>\$ 839,454</u>	<u>\$ (59,859)</u>	<u>\$ 35,222,716</u>

Depreciation expense was charged to the following activities:

Net equipment expense	
Direct equipment	\$ 794,099
Indirect equipment	
Buildings	57,748
Shop equipment	3,944
Distributive expense - overhead	2,390
Net administrative expense	
Office equipment and furniture	4,426
Infrastructure	2,363,986
	<u>\$ 3,226,593</u>

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the County for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct County obligations	\$ 8,530,000	\$ -	\$ (615,000)	\$ 7,915,000	\$ 655,000
Capital lease	195,042	-	(46,289)	148,753	48,619
Compensated absences	351,757	396,296	(411,913)	336,140	336,140
Total governmental activities	9,076,799	396,296	(1,073,202)	8,399,893	1,039,759
Business-type Activities					
Installment purchase agreement	31,305	-	(19,131)	12,174	12,174
Compensated absences	10,933	43,795	(41,603)	13,125	13,125
Total business-type activities	42,238	43,795	(60,734)	25,299	25,299
TOTAL PRIMARY GOVERNMENT	9,119,037	440,091	(1,133,936)	8,425,192	1,065,058
COMPONENT UNITS					
Central Dispatch					
Compensated absences	33,697	71,731	(73,140)	32,288	32,288
Drainage Districts					
Governmental Activities					
Drain bonds	1,347,298	130,000	(194,021)	1,283,277	148,356
Business-type Activities					
Little Whitefish Lake Drain bonds	1,096,000	-	(27,000)	1,069,000	27,000
Sidney Township Sewer bond	3,369,000	-	(287,000)	3,082,000	87,000
Road Commission					
Installment purchase agreements	1,024,549	500,067	(242,602)	1,282,014	343,724
Compensated absences	95,008	15,761	-	110,769	110,769
TOTAL COMPONENT UNITS	6,965,552	717,559	(823,763)	6,859,348	749,137
TOTAL REPORTING ENTITY	\$ 16,084,589	\$ 1,157,650	\$ (1,957,699)	\$ 15,284,540	\$ 1,814,195

Direct County Obligations

The Montcalm County Board of Commissioners is party to a long-term lease agreement for rental of the Montcalm Center for Behavioral Health facility from the Montcalm County Building Authority. The lease agreements stipulate that the annual rentals be paid by the County to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired for the buildings, the rentals will cease, title to the buildings will be transferred to the County, and any cash balances remaining with the Building Authority will be returned to the County.

The Montcalm County Board of Commissioners is also party to long-term loan agreements. The proceeds of these loans are used to defray the cost of capital acquisition and construction.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: LONG-TERM DEBT - CONTINUED

Bonds and loans payable at September 30, 2015, are as follows:

\$9,320,000 Building Authority Refunding Bonds dated October 4, 2005, due in annual installments ranging from \$655,000 to \$945,000 through May 1, 2025, with interest ranging from 4.00 percent to 4.10 percent, payable semi-annually. \$ 7,915,000

Capital Lease

\$199,613 Capital lease dated January 31, 2014, due in monthly installments of \$4,571 through April 1, 2018. \$ 148,753

Installment Purchase Agreement

\$104,349 Installment Purchase Agreement, dated March 31, 2011, due in monthly installments of \$1,739 through May 2, 2016. \$ 12,174

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. All of the total liability of \$336,140 and \$13,125 for Governmental and Business-type activities, respectively, has been reported as a current liability.

COMPONENT UNIT - CENTRAL DISPATCH

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$32,288 for vacation at September 30, 2015. All of the total liability of \$32,288 has been reported as a current liability.

COMPONENT UNIT - DRAINAGE DISTRICTS

The County has irrevocably pledged its full faith and credit as collateral for the following drain bonds and notes. These projects are administered by the Montcalm County Drain Commission for various local drainage districts. The drain bonds and notes were issued to finance the various Construction Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Drain Bonds

Bonds payable at September 30, 2015, per respective Drain projects serviced from the Component Unit Debt Service Funds are as follows:

\$1,151,000 Duck Lake Drain District Bonds, Series A, dated March 17, 2004, due in annual installments ranging from \$22,000 to \$45,000 through March 1, 2034, with interest of 4.50 percent, payable semi-annually. \$ 582,000

\$761,772 Greenville West Drain District Bonds, Series 2008, dated February 7, 2008, due in annual installments of \$50,785, through June 1, 2023, with interest of 3.84 percent, payable semi-annually. 406,277

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED

Drain Bonds - continued

\$385,000 Perry Drain Bonds, Series 2010, dated October 1, 2010, due in annual installments of \$55,000 through June 1, 2018, with interest of 6.00 percent, payable annually.	\$ 165,000
\$130,000 Tow Drain Bonds, Series 2015, dated August 12, 2015, due in annual installments of \$18,571, through June 1, 2022, with interest ranging from 1.00 percent to 2.75 percent payable annually	<u>130,000</u>
	<u>\$ 1,283,277</u>

Bonds payable at September 30, 2015, per respective Drain projects serviced from the Component Unit proprietary funds are as follows:

\$1,262,000 Little Whitefish Lake Sanitary Sewer System G.O. Bonds dated March 18, 1997 due in annual installments ranging from \$27,000 to \$55,000 through November 1, 2036, with interest of 5.0 percent, payable semi-annually.	\$ 966,000
\$121,500 Little Whitefish Lake Sanitary Sewer System G.O. Bonds dated January 24, 2003 due in annual installments ranging from \$2,000 to \$8,000 through May 1, 2043, with interest of 4.625 percent, payable semi-annually.	103,000
\$3,632,000 Sidney Township Sewage Disposal Bond dated December 20, 2010, due in annual installments ranging from \$87,000 to \$97,000 through June 1, 2050, with interest of 3.00 percent, payable annually.	<u>3,082,000</u>
	<u>\$ 4,151,000</u>

COMPONENT UNIT - ROAD COMMISSION

Installment Purchase Agreements

On April 29, 2013, the Road Commission borrowed \$620,296 from Chemical bank at an annual interest rate of 1.99% for five (5) years with an annual payment of \$131,563. The installment purchase agreement is for the purchase of two (2) 2014 Model 367 Peterbilt Trucks and three (3) 2014 Model Peterbilt Trucks with PACCAR MX 13L from Peterbilt.	\$ 379,486
On April 29, 2013, the Road Commission borrowed \$475,469 from Chemical bank at an annual interest rate of 1.99% for five (5) years with an annual payment of \$100,845. The installment purchase agreement is for the purchase of two (2) 2014 Single-axle units 2/7-ft RH Jr. Paraglide Wings, two (2) Tandem-axle units with single wings, and one (1) Tandem-axle unit with wings on both sides from Truck & Trailer Specialties, Inc.	290,883
On July 15, 2014, the Road Commission entered into an installment purchase agreement with Caterpillar Financial in the amount of \$132,177 at an annual interest rate of 2.19% for five (5) years with monthly payments of \$2,328. The installment purchase agreement is for the purchase of a 2014 Cat 930k Loader.	100,476

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Installment Purchase Agreements - continued

On September 18, 2014, the Road Commission entered into an installment purchase agreement with Capital Advantage Leasing, who later assigned the agreement to The Bank of Holland, for the purchase, delivery, and installation of telecommunications equipment from Millennia Telecom in the amount of \$13,751 at an annual interest rate of 6.785% for five (5) years with monthly payments of \$271. \$ 11,101

On November 3, 2014, the Road Commission entered into an installment purchase agreement with JX Enterprises, Inc., and Chemical bank, as assignee of JX Enterprises, Inc. The purchase agreement is for the purchase of two (2) 2015 Model 367 Peterbilt Trucks. The total purchase price was \$266,762. The lease agreement calls for an annual interest rate of 1.99% for five (5) years with annual payments of \$56,579. 266,762

On March 9, 2015, the Road Commission entered into an installment purchase agreement with Truck & Trailer Specialties, Inc., and Chemical bank, as assignee of Truck & Trailer Specialties, Inc. The installment purchase agreement is for the purchase of: two (2) 9' Paraglide Wing Plows, two (2) Central Hydraulic Systems, two (2) Dickey-John Controllers, two (2) Custom Lighting and two (2) Crysteel Dumps with Marathon Hoists and Other Miscellaneous Parts for a purchase price of \$233,306. The lease agreement calls for an annual interest rate of 1.99% for five years with annual payments of \$49,484. 233,306

\$ 1,282,014

Compensated Absences

In accordance with Commission personnel policies and/or contracts negotiated with various employee groups of the Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounts to \$110,769 at September 30, 2015.

The annual requirements to pay the debt principal and interest outstanding for the following Bonds, Notes, and Leases are as follows:

Year Ending September 30,	Primary Government			
	Direct County Obligations		Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
2016	\$ 655,000	\$ 317,545	\$ 12,174	\$ -
2017	675,000	291,345	-	-
2018	705,000	264,345	-	-
2019	740,000	236,145	-	-
2020	770,000	206,545	-	-
2021-2025	<u>4,370,000</u>	<u>543,525</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,915,000</u>	<u>\$ 1,859,450</u>	<u>\$ 12,174</u>	<u>\$ -0-</u>

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: LONG-TERM DEBT - CONTINUED

Year Ending September 30,	Component Units			
	Drain Bonds		Road Commission Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
2016	\$ 262,356	\$ 213,499	\$ 343,724	\$ 25,932
2017	264,356	200,476	350,756	18,898
2018	267,356	190,182	357,940	11,715
2019	214,356	179,768	125,601	4,390
2020	217,857	169,281	103,993	2,070
2021-2025	975,996	732,118	-	-
2026-2030	918,500	554,068	-	-
2031-2035	907,500	374,500	-	-
2036-2040	622,000	224,354	-	-
2041-2045	499,000	132,893	-	-
2046-2050	285,000	58,200	-	-
	<u>\$ 5,434,277</u>	<u>\$ 3,029,339</u>	<u>\$ 1,282,014</u>	<u>\$ 63,005</u>

Advance Refunding - Prior

The County has issued various refunding bonds to defease bonded debt. These refundings were accomplished by establishing irrevocable trusts with escrow agents composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The various refunding bonds were used to fund escrow amounts, pay the cost of issuance of the refunding bonds, and to pay the remaining balances the defeased obligations. Accordingly, the various trust account assets and liabilities for the defeased bonds are not included in the County's financial statements.

NOTE I: EMPLOYEE RETIREMENT SYSTEMS

Plan Description

Montcalm County is in a combined County single employer defined-benefit pension plan covering substantially all of its employees. The plan is administered by the Montcalm County Controller/Administrator and the County Pension Trust Committee. The plan is funded through the purchase of various investment vehicles. To be eligible for the plan, any employee whose employment is for 1,000 hours or more each plan year or who received more than 50% of all compensation from the employer and provided the required employee contributions commence, except non-union and AFSCME employees hired after December 31, 2003 are not eligible to participate in the plan; also, employees hired prior to January 1, 2004 who elected during 2004 to participate in the defined contribution plan no longer participate in this plan; employees of MCCDA are ineligible if hired after July 6, 2005.

Summary of Significant Accounting Policies

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

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Benefits Provided

Benefits provided include plans with multipliers ranging from 2.00% to 2.50%.

Vesting period ranging from 5 to 8 years depending on bargaining unit.

Normal retirement age is 60 with 10 years of service or early unreduced retirement at 55 with 25 years of service for Officers/Sherriff and Central Dispatch. Normal retirement age is 60 or 10 years of service for all other participants. A reduced benefit is available age 55 with 25 years of service.

Final average compensation is 2% or 2.5% of average monthly compensation reduced by 1/2% per month for early retirement with a maximum of 75% of final average annual compensation. Member contributions range from 3.5% to 11.96%.

At the December 31, 2014, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>109</u>
	<u>209</u>

Contributions

Employees will contribute a fixed portion of their pay at rates specified in the plan document, and the employer will contribute any remaining required amounts as determined by an annual actuarial valuation.

Employer contribution rate is at 9.93%. There were no divisions closed to new hires as of December 31, 2014.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 0%

Salary increases: 3.0% annual increases

Investment rate of return: 5.76%, net of investment expenses

Mortality rates used were based on the RP-2000 Mortality table adjusted with Scale AA, with pre-retirement rates adjusted for mortality improvement through the year of valuation with a further projection period of 15 years; and post-retirement rates adjusted for mortality improvement through the year of valuation with a further projection period of 7 years.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Actuarial Assumptions - continued

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of December 31, 2014 are summarized in the following table (target allocations and expected rates of return were provide separately by the two asset managers and combined for purposes of the whole plan):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Macatawa	33.00%	8.00%
International Equity Macatawa	9.00%	7.50%
Fixed Income Macatawa	28.00%	3.50%
Real Estate Macatawa	1.00%	7.50%
Cash Macatawa	1.00%	1.00%
Domestic Equity Raymond James	12.00%	5.50%
International Equity Raymond James	4.00%	7.60%
Fixed Income Raymond James	12.00%	3.50%

Discount Rate

The discount rate used to measure the total pension liability is 5.16%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the most recent actual county contribution expressed as a percentage of covered payroll. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total Pension Liability.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Changes in Net Pension Liability

Calculating the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2013	\$ 35,160,471	\$ 21,135,705	\$ 14,024,766
Changes for the year			
Service cost	1,006,943	-	1,006,943
Interest on total pension liability	1,779,050	-	1,779,050
Changes in benefits	-	-	-0-
Difference between expected and actual experience	-	-	-0-
Changes in assumptions	-	-	-0-
Employer contributions	-	554,145	(554,145)
Employee contributions	-	390,146	(390,146)
Net investment income	-	1,160,603	(1,160,603)
Benefit payments, including employee refunds	(1,365,511)	(1,365,511)	-0-
Administrative expense	-	(82,386)	82,386
Other changes	-	-	-0-
Net changes	<u>1,420,482</u>	<u>656,997</u>	<u>763,485</u>
Balances as of December 31, 2014	<u>\$ 36,580,953</u>	<u>\$ 21,792,702</u>	<u>\$ 14,788,251</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rates of 5.16%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (4.16%) or 1% higher (6.16%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 19,815,024	\$ 14,788,251	\$ 10,612,600

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

For the year ended December 31, 2014, the employer recognized pension expenses of \$1,281,215. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	33,907	-
Contributions subsequent to the measurement date*	<u>-</u>	<u>-</u>
Total	<u>\$ 33,907</u>	<u>\$ -0-</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2016.

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

<u>Year Ended September 30,</u>	<u>Pension Expense</u>
2015	\$ 8,477
2016	8,477
2017	8,477
2018	8,476

COMPONENT UNIT - ROAD COMMISSION

The Road Commission participates in a separately defined benefit pension plan through the Municipal Employees Retirement Systems (MERS) of Michigan which provides certain retirement, disability, and death benefits to plan members and beneficiaries. Details applicable to the Road Commission pension plan are available in their separately issued financial statements. The actuarially determined contribution requirements have been met.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE J: OTHER POST-EMPLOYMENT BENEFITS

COUNTY GENERAL AND CENTRAL DISPATCH AUTHORITY

Plan Description

Montcalm County provides certain retiree health care benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The following are the Governmental Accounting Standards Board (GASB) Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the Commission. In accordance with the union agreement and personnel policy, the County provides a monthly credit of \$8 multiplied by the number of years of service for the employee (capped at 25 years) toward the premium cost of the County's health insurance plan with the retiree paying any difference. The credit is not available for a retiree's spouse, but may be purchased by the retiree at cost. OPEB is available to County employees retiring with 25 years of service or age 60 and 10 years of plan participation. OPEB expires for all retirees who become eligible for Medicare or who have comparable coverage through another employer or spouse's employer. For the year ended September 30, 2015, County expended \$7,480 for 73 participants currently eligible to receive benefits. The County's policy is to finance these benefits on a pay-as-you-go basis.

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The County's annual OPEB cost is calculated based on the *annual required contribution of the employer* (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The County has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The current contributions being made are based on an actuarial calculated valuation. The amount of the annual required contribution is reflected in the schedule that follows. Administrative costs of the plan are paid for by the County.

Funding Progress

For the year ended September 30, 2015, the County has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of September 30, 2015. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed thirty (30) years.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COUNTY GENERAL AND CENTRAL DISPATCH AUTHORITY - CONTINUED

Funding Progress - continued

The County's computed contribution and actual funding is summarized as follows:

	<u>County</u>	<u>Central Dispatch</u>	<u>Total</u>
Annual required contribution	\$ 173,958	\$ 45,754	\$ 219,712
Interest on net OPEB obligation	390	98	488
Adjustment to ARC	<u>(1,091)</u>	<u>(273)</u>	<u>(1,364)</u>
Annual OPEB cost	173,257	45,579	218,836
Amounts contributed:			
Payments of current premiums (gross of employee reimbursement)	<u>5,923</u>	<u>1,557</u>	<u>7,480</u>
Increase in net OPEB obligation	167,334	44,022	211,356
Net OPEB obligation - Beginning of year	<u>10,679</u>	<u>5,571</u>	<u>16,250</u>
Net OPEB obligation - End of year	<u>\$ 178,013</u>	<u>\$ 49,593</u>	<u>\$ 227,606</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the year ended September 30, 2015 was as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual OPEB costs	\$ 22,193	\$ 23,287	\$ 218,836
Percentage contributed	143.4%	110.7%	3.4%
Net OPEB obligation	\$ 18,732	\$ 16,250	\$ 227,606

The current funding progress of the plan as of September 30, 2015, the most recent valuation date, is as follows:

	<u>2008</u>	<u>2011</u>	<u>2015</u>
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial value of liability (AAL)	190,261	131,903	1,719,774
Unfunded AAL (UAAL)	190,261	131,903	1,719,774
Funded ratio	0.0%	0.0%	0.0%
Annual covered payroll	\$ 3,802,387	\$ 3,899,679	\$ 3,640,445
Ratio of UAAL to covered payroll	5.0%	3.4%	47.2%

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COUNTY GENERAL AND CENTRAL DISPATCH AUTHORITY - CONTINUED

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to continual revisions as actual results are compared with past expectations and new estimates and assumptions are made about the future.

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 of benefit costs between the County 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.

In the September 30, 2015, actuarial valuation, the projected unit credit service cost method was used. The actuarial assumptions include a 3.0 percent per year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets. A discount rate of 3.0 percent was also used. There was also an inflationary rate assumption factored into the calculation.

COMPONENT UNIT - ROAD COMMISSION

In addition to the pension benefits, the Montcalm County Road Commission provides post-employment health care insurance benefits to all retired employees by a group insurance plan. The benefits are provided in accordance with articles of the labor contract and personnel policy to all employees who retire from the Road Commission. The Road Commission's obligation ceases upon the employee attaining the minimum age for Medicare coverage. Details applicable to the Road Commission plan are available in their separately issued financial statements.

NOTE K: FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the fiscal year ended September 30, 2015, the Federal aid received and expended by the Road Commission was \$1,309,527 for contracted projects and \$181,741 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are projects that are performed by the Road Commission employees or private contractors paid for and administered by the Road Commission and are subject to single audit requirements, if the amount expended is \$500,000 or more. A single audit was not performed for the Road Commission during for the fiscal year ended September 30, 2015.

NOTE L: RISK MANAGEMENT

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing the County with loss protection for general liability, vehicle physical damage, property damage, and losses due to crime. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three (3) fiscal years.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE L: RISK MANAGEMENT - CONTINUED

The County also carries commercial insurance for the risk of loss due to workers' compensation and healthcare professional liability claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three (3) years.

Road Commission (Component Unit)

The Road Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical benefits provided to employees and natural disasters. The Road commission has purchased commercial insurance for medical benefits claims other than dental and participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers' compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three (3) years.

The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool) pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State. The Montcalm County Road Commission became a charter member in 1982.

The Michigan County Road Commission Self-Insurance Pool Program (Pool) operates as a common risk-sharing management program for road commissions in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. If for any reason, the Pool's resources available to pay losses are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The County's Winter 2014 and Summer 2015 ad valorem taxes were levied and collectible on December 1, 2014, and July 1, 2015, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Winter 2014 and Summer 2015 tax levies have been recognized as revenue in the current fiscal year. The 2015 taxable value of Montcalm County amounted to \$1,666,234,647 on which ad valorem taxes levied for County general operating purposes consisted of 4.4082 mills for Summer 2015. For the year ended September 30, 2015, the County levied 0.4500 mills for the Commission on Aging, 0.6500 mills for Ambulance Services, 0.5000 mills for the library, and 0.0200 mills for Veterans on December 1, 2014, using the 2014 taxable value of \$1,641,697,068.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the 2014 real property taxes receivable returned delinquent on March 1, 2015. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE N: CONTINGENT LIABILITIES

The County participates in a number of Federal and State assisted grant programs that are subject to compliance audits. The Single Audit of the Federal programs and the periodic program compliance audits of many of the State programs have not yet been conducted, completed, or resolved. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are potential legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Corporation Counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. These actions, for which a reasonable estimate can be determined of the potential liability, if any, are considered by County management and legal counsel to be immaterial.

NOTE O: RESTRICTED NET POSITION

Restrictions on net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source preclude their use for unrestricted purposes. The following are the various net position restrictions as of September 30, 2015:

PRIMARY GOVERNMENT	
Governmental Activities	
Restricted	
Public safety	
Law enforcement trust	\$ 27,279
Homeland Security	48,615
Local correction officer training	23,605
Drug law enforcement	7,898
Law enforcement	465
	<u>\$ 107,862</u>
Public works	
Solid waste planning	<u>\$ 235,108</u>
Health and welfare	
Child Care	\$ 1,715
Victim Support	86,671
Soldiers and Sailors Relief	2,759
Veterans' Trust	<u>\$ 91,145</u>

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE O: RESTRICTED NET POSITION - CONTINUED

PRIMARY GOVERNMENT - CONTINUED	
Governmental Activities - continued	
Restricted - continued	
Other purposes	
General purposes	\$ 187,016
Community Information Systems	18,605
Homestead Property Tax Exemption	506,885
Register of Deeds	264,219
Law library	1,040
County libraries	12,182
Animal Shelter	16,983
CDBG - Housing	104,223
Social Welfare	1,000
Debt service	1,050
Capital projects	585,311
Cemetery - nonexpendable	<u>99,309</u>
	<u>\$ 1,797,823</u>
Business-type Activities	
Restricted	
Pension Trust	<u>\$ 1,626,708</u>
COMPONENT UNITS	
Restricted	
Other purposes	
Drainage Districts	<u>\$ 3,194,221</u>

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five (5) fund balance classifications under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

Fund Balance Classification Policies and Procedures

For committed fund balance, the Montcalm County's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the Board of Commissioners.

For assigned fund balance, the Montcalm County has not adopted a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Commissioners.

Montcalm County has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, the County considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, and then unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepays	\$ 139,748	\$ 4,571	\$ 144,319
Advances	187,016	164,318	351,334
Trust activities	-	99,309	99,309
	<hr/>	<hr/>	<hr/>
Total nonspendable	326,764	268,198	594,962
Restricted			
Victim Support	-	1,715	1,715
Law enforcement trust	-	27,279	27,279
Solid waste planning	-	235,108	235,108
Homeland Security	-	48,615	48,615
Community Information Systems	-	18,605	18,605
Homestead Property Tax Exemption	-	506,885	506,885
Register of Deeds	-	264,219	264,219
Concealed Pistol Licensing	-	5,198	5,198
Local correction officer training	-	23,605	23,605
Drug Law Enforcement	-	7,898	7,898
Law enforcement	-	465	465
Law library	-	1,040	1,040
County libraries	-	12,182	12,182
Animal Shelter donation	-	16,983	16,983
CDBG - Housing	-	104,223	104,223
Soldiers and Sailors Relief	-	86,671	86,671
Veterans' Trust	-	2,759	2,759
Social Welfare	-	1,000	1,000
Debt service	-	1,050	1,050
Capital projects	-	420,993	420,993
	<hr/>	<hr/>	<hr/>
Total restricted	-0-	1,786,493	1,786,493
Unassigned	<hr/> (282,549)	<hr/> (93,060)	<hr/> (375,609)
TOTAL FUND BALANCE	<hr/> <u>\$ 44,215</u>	<hr/> <u>\$ 1,961,631</u>	<hr/> <u>\$ 2,005,846</u>

Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE Q: FUND BALANCE DEFICITS

The following funds of the County reported an unassigned fund balance deficit as of September 30, 2015:

Governmental Funds	
General Fund	\$ 282,549
Friend of the Court Fund	37,139
Commission on Aging Fund	48,175
Equipment Purchase and Replacement Fund	5,552
Cemetery Fund	2,194

NOTE R: RESTATEMENT OF NET POSITION

Beginning net position has been restated for the governmental activities, business-type activities, Ambulance Fund, Central Dispatch (component unit), and Road Commission (component unit) due to a change in accounting principles.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Ambulance Fund</u>
Beginning net position	\$ 182,271	\$ 13,553,949	\$ 2,838,274
Net pension asset	-	1,542,724	1,542,724
Deferred outflows of resources related to contributions	-	-	-
Net pension liability	<u>(12,104,821)</u>	<u>-</u>	<u>-</u>
Net restatement/prior period adjustment	<u>(12,104,821)</u>	<u>1,542,724</u>	<u>1,542,724</u>
Restated beginning net position	<u><u>\$ (11,922,550)</u></u>	<u><u>\$ 15,096,673</u></u>	<u><u>\$ 4,380,998</u></u>

	<u>Component Units</u>	
	<u>Central Dispatch</u>	<u>Road Commission</u>
Beginning net position	\$ 475,107	\$ 35,535,043
Net pension asset	-	-
Deferred outflows of resources related to contributions	-	355,077
Net pension liability	<u>(1,402,477)</u>	<u>(6,850,224)</u>
Net restatement/prior period adjustment	<u>(1,402,477)</u>	<u>(6,495,147)</u>
Restated beginning net position	<u><u>\$ (927,370)</u></u>	<u><u>\$ 29,039,896</u></u>

NOTE S: SUBSEQUENT EVENT

In November 2015, the County issued a General Obligation Limited Tax Refunding Bonds for \$8,025,000, with interest ranging from .90% to 2.65% payable annually. Future revenue is anticipated to be sufficient to pay these bonds.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE T: CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented during the year. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI).

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, was implemented during the year as it is required to be applied simultaneously with the provisions of GASB Statement No. 68. The statement addresses an issue regarding the application of the transition provisions of GASB Statement No. 68 and amends paragraph 137 of GASB Statement No. 68 and requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

NOTE U: UPCOMING ACCOUNTING PRONOUNCEMENTS

In March 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2015-2016 year.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The statement will establish accounting and financial reporting requirements related to other postemployment benefit plans and specify the required approach to measuring the OPEB liability of employers. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. This statement will be effective for the 2016-2017 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The statement replaces the requirements of GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2015-2016 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Montcalm County, Michigan

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) - GENERAL FUND

Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Current property taxes	\$ 7,205,599	\$ 7,205,599	\$ 7,086,629	\$ (118,970)
Delinquent property taxes	12,000	12,000	2,810	(9,190)
Payments in lieu of taxes	3,000	3,000	5,671	2,671
Mobile home park taxes	4,200	4,200	3,584	(616)
Other taxes	308	308	-	(308)
Total taxes	7,225,107	7,225,107	7,098,694	(126,413)
Licenses and permits				
Dog licenses	100,900	100,900	108,792	7,892
Cremation permits	12,500	12,500	11,070	(1,430)
Marriage license fees	2,800	2,800	2,845	45
Gun permits	20,000	20,000	13,344	(6,656)
Total licenses and permits	136,200	136,200	136,051	(149)
Intergovernmental - Federal/State				
Cooperative reimbursement - Prosecutor	60,000	60,000	55,072	(4,928)
Title IV E - Prosecutor	63,071	63,071	12,957	(50,114)
Central Michigan Enforcement Team	16,520	16,520	15,825	(695)
Probate Judge's salary	103,441	103,441	103,273	(168)
Judicial salary standardization	137,172	137,172	137,172	-0-
Case flow assistance	18,300	18,300	8,349	(9,951)
Sheriff secondary road patrol	70,224	70,224	69,536	(688)
Marine safety	41,500	41,500	22,400	(19,100)
Victims Rights Act	50,300	50,300	50,835	535
Juvenile officer grant	32,317	32,317	25,569	(6,748)
State remonumentation	100,000	100,000	97,551	(2,449)
Convention and tourism tax	250,000	350,000	363,268	13,268
Cigarette tax	3,500	3,500	-	(3,500)
Liquor license fees	9,000	9,000	7,965	(1,035)
Michigan justice training	4,856	4,856	4,780	(76)
BVP grant	16,000	16,000	-	(16,000)
Community corrections grant	82,024	82,024	79,978	(2,046)
Court equity	290,000	290,000	276,757	(13,243)
State revenue sharing	1,242,506	1,242,506	1,191,311	(51,195)
Homeland security	-	-	1,138	1,138
Brownfield grant	100,000	115,000	114,179	(821)
Total intergovernmental - Federal/State	2,690,731	2,805,731	2,637,915	(167,816)

Montcalm County, Michigan

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) - GENERAL FUND - CONTINUED

Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONTINUED				
Charges for services				
District Court	\$ 634,400	\$ 634,400	\$ 745,435	\$ 111,035
Circuit Court	121,000	121,000	110,764	(10,236)
Probate Court	37,150	37,150	42,739	5,589
County Treasurer	18,100	18,100	8,965	(9,135)
County Clerk	138,000	138,000	149,255	11,255
Register of Deeds	498,950	498,950	560,760	61,810
Sheriff department	536,558	536,558	544,287	7,729
Care of prisoners	628,100	628,100	139,204	(488,896)
Animal shelter	11,000	11,000	12,610	1,610
Central services	450,000	450,000	464,090	14,090
Mapping services	2,500	2,500	24,248	21,748
Other	6,850	6,850	12,245	5,395
Total charges for services	3,082,608	3,082,608	2,814,602	(268,006)
Fines and forfeits				
Ordinance fines and costs	105,400	105,400	97,910	(7,490)
Interest and rents				
Interest revenue	5,060	5,060	3,646	(1,414)
Rental fees	1,500	1,500	15,200	13,700
Total interest and rents	6,560	6,560	18,846	12,286
Other				
Insurance dividends	10,000	10,000	-	(10,000)
Sale of capital assets	1,000	1,000	8,277	7,277
Reimbursement and refunds	239,620	289,620	288,438	(1,182)
Remonumentation contribution	20,000	20,000	31,400	11,400
Other	9,000	9,000	33,190	24,190
Total other	279,620	329,620	361,305	31,685
TOTAL REVENUES	13,526,226	13,691,226	13,165,323	(525,903)
OTHER FINANCING SOURCES				
Transfers in	1,166,000	1,166,000	1,100,999	(65,001)
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,692,226	14,857,226	14,266,322	(590,904)

Montcalm County, Michigan

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) - GENERAL FUND - CONTINUED

Year Ended September 30, 2015

EXPENDITURES	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
Current				
General government				
Board of commissioners	\$ 131,334	\$ 133,384	\$ 133,357	\$ 27
Circuit Court	353,143	398,143	398,134	9
Circuit Court probation	3,050	3,050	2,941	109
District Court	752,320	707,520	707,422	98
District Court probation	132,862	132,862	128,071	4,791
Probate Court	997,718	986,718	985,696	1,022
Jury Board	5,200	5,950	5,890	60
Witness fees	9,300	11,100	11,059	41
Elections	57,088	52,088	60,903	(8,815)
Clerk	384,568	384,568	375,787	8,781
Professional consultants	67,500	80,500	77,379	3,121
Controller	407,766	403,766	403,287	479
Equalization	326,436	379,936	375,466	4,470
Prosecuting Attorney	590,317	576,317	575,977	340
Register of Deeds	266,588	259,088	255,611	3,477
Information Systems	29,000	26,000	25,655	345
Central services	14,100	14,900	14,647	253
Survey and remonumentation	120,000	120,000	81,238	38,762
Treasurer	315,123	310,123	306,533	3,590
Cooperative extension	111,179	111,179	108,711	2,468
Building and grounds	836,026	813,026	812,681	345
Building rent	865,308	964,308	964,098	210
Drain Commission	191,616	191,616	186,236	5,380
Total general government	6,967,542	7,066,142	6,996,779	69,363
Public safety				
Sheriff - general	2,156,432	2,110,432	2,080,050	30,382
Sheriff - road patrol	73,583	73,583	71,253	2,330
Contracted police service	521,014	471,014	423,228	47,786
Justice training	4,856	6,056	6,001	55
Building security	29,969	35,469	33,948	1,521
Marine safety	48,260	51,860	50,778	1,082
Jail	2,533,601	2,331,101	2,324,769	6,332
Emergency management relief	-	-	122	(122)
Animal control	140,145	137,645	137,019	626
Total public safety	5,507,860	5,217,160	5,127,168	89,992
Community and economic development				
West Michigan Planning	3,328	6,228	4,691	1,537
Planning commission	4,000	4,000	574	3,426
Brownfield	100,000	112,822	112,822	-0-
Economic development	10,000	5,400	5,400	-0-
Total community and economic development	117,328	128,450	123,487	4,963

Montcalm County, Michigan

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) - GENERAL FUND - CONTINUED

Year Ended September 30, 2015

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Current - continued				
Health and welfare				
Contagious diseases	\$ 6,500	\$ 2,400	\$ 2,398	\$ 2
Medical examiner	120,000	143,500	143,424	76
Veterans burials	7,700	7,700	9,225	(1,525)
Substance Abuse Commission	97,000	181,634	181,634	-0-
Health services	8,000	10,600	10,595	5
Mental Health	188,053	188,053	188,053	-0-
District Health Department	485,856	485,856	482,856	3,000
Total health and welfare	913,109	1,019,743	1,018,185	1,558
Public works				
Drains at large	75,800	75,800	-	75,800
Other				
Insurance	165,500	216,100	169,741	46,359
Miscellaneous	75,000	-	-	-0-
Total other	240,500	216,100	169,741	46,359
TOTAL EXPENDITURES	13,822,139	13,723,395	13,435,360	288,035
OTHER FINANCING USES				
Transfers to other funds				
Friend of the Court Fund	20,000	35,000	33,790	1,210
Law Library Fund	5,000	5,000	4,163	837
Child Care Fund	713,828	764,028	668,067	95,961
Register of Deeds Automation Fund	75,000	75,000	74,954	46
Equipment Purchase and Replacement Fund	124,769	259,769	290,328	(30,559)
Office Equipment Pool Fund	65,000	115,000	103,750	11,250
TOTAL OTHER FINANCING USES	1,003,597	1,253,797	1,175,052	78,745
TOTAL EXPENDITURES AND OTHER FINANCING USES	14,825,736	14,977,192	14,610,412	366,780
Net change in fund balance (prior to adjustments for GASB Statement No. 54)	\$ (133,510)	\$ (119,966)	(344,090)	\$ (224,124)
Adjustments for GASB Statement No. 54			(61,695)	
Net change in fund balance, end of year			\$ (405,785)	

Montcalm County, Michigan

SCHEDULE OF CHANGES IN COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

Last Measurement Date (Ultimately ten years will be displayed)
 (Amounts were determined as of 12/31 each year)

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 1,006,943
Interest	1,779,050
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including employee refunds	(1,365,511)
Other	<u>-</u>
Net Change in Total Pension Liability	1,420,482
Total Pension Liability, beginning	<u>35,160,471</u>
Total Pension Liability, ending	<u><u>\$ 36,580,953</u></u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 554,145
Contributions-employee	390,146
Net Investment income	1,160,603
Benefit payments including employee refunds	(1,365,511)
Administrative expense	<u>(82,386)</u>
Net Change in Plan Fiduciary Net Position	656,997
Plan Fiduciary Net Position, beginning	<u>21,135,705</u>
Plan Fiduciary Net Position, ending	<u><u>\$ 21,792,702</u></u>
County's Net Pension Liability	<u><u>\$ 14,788,251</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	59.6%
Covered employee payroll	\$ 5,344,449
County's Net Pension Liability as a percentage of covered employee payroll	276.7%

Montcalm County, Michigan

SCHEDULE OF COUNTY CONTRIBUTIONS

Last Fiscal Year (Ultimately ten fiscal years will be displayed)
(Amounts were determined as of 9/30 each fiscal year)

	<u>2015</u>
Actuarially determined contributions	\$ 601,492
Contributions in relation to the actuarially determined contribution	<u>536,125</u>
Contribution deficiency (excess)	<u>\$ 65,367</u>
Covered employee payroll	\$ 5,252,949
Contributions as a percentage of covered employee payroll	10%

Montcalm County, Michigan

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2015

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the budgetary comparison schedules shown as required supplementary information to the financial statements, the County's budgeted expenditures in the General Fund have been shown at the functional classification level. The approved budgets of the County have been adopted at the activity level for the General Fund and the fund level for the Special Revenue Funds.

During the year ended September 30, 2015, the County incurred expenditures in the General Fund and Special Revenue Funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Elections	\$ 52,088	\$ 60,903	\$ 8,815
Public Safety			
Emergency management relief	-	122	122
Health and Welfare			
Veterans burials	7,700	9,225	1,525
Other Financing Uses			
Equipment Purchase and Replacement Fund	259,769	290,328	30,559
Homestead Property Tax Exemption Fund	600	1,359	759
Commission on Aging	1,378,205	1,403,978	25,773
Law Enforcement Trust	-	7,198	7,198
Solid Waste Planning	183,015	185,371	2,356

NOTE B: BUDGET/GAAP RECONCILIATION

The amounts presented in the General Fund budgetary comparison schedule were adopted by the Board of Commissioners on a basis prior to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The reconciliation on the General Fund budgetary comparison schedule reconciles the difference between the budget legally adopted by the Board of Commissioners to the actual amount presented in the basic financial statements in accordance with accounting principles generally accepted in the United States of America.

Net change in fund balance (budgetary basis)	\$ (344,090)
To adjust for the change in fund balance pertaining to the Parks and Recreation Fund	5,103
To adjust for the change in fund balance pertaining to the Juvenile Child Care Fund	<u>(66,798)</u>
Net change in fund balance (GAAP basis)	<u>\$ (405,785)</u>

OTHER SUPPLEMENTARY INFORMATION

Montcalm County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
 September 30, 2015

	Special		
	Victim Support Team	Law Enforcement Trust	Friend of the Court
ASSETS			
Cash and cash equivalents	\$ 1,494	\$ 27,279	\$ 580
Accounts receivable	-	-	1,577
Due from other funds	221	-	-
Due from other governmental units - Federal/State	-	-	79,823
Advances to other funds	-	-	-
Prepays	-	-	-
	<u>\$ 1,715</u>	<u>\$ 27,279</u>	<u>\$ 81,980</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 297
Accrued wages	-	-	16,078
Due to other funds	-	-	102,744
	<u>-0-</u>	<u>-0-</u>	<u>119,119</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	1,715	27,279	-
Unassigned	-	-	(37,139)
	<u>1,715</u>	<u>27,279</u>	<u>(37,139)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,715</u>	<u>\$ 27,279</u>	<u>\$ 81,980</u>

							Revenue
Solid Waste Planning	Homeland Security Grant	Community Information Systems	Homestead Property Tax Exemption	Register of Deeds Automation	Concealed Pistol Licensing	Local Correction Training	
\$ 195,115	\$ 52,977	\$ 18,605	\$ 509,290	\$ 262,219	\$ 5,198	\$ 23,815	
50,243	-	-	-	-	-	-	
-	-	-	-	2,000	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 245,358</u>	<u>\$ 52,977</u>	<u>\$ 18,605</u>	<u>\$ 509,290</u>	<u>\$ 264,219</u>	<u>\$ 5,198</u>	<u>\$ 23,815</u>	
\$ 10,250	\$ 4,362	\$ -	\$ -	\$ -	\$ -	\$ 210	
-	-	-	-	-	-	-	
-	-	-	2,405	-	-	-	
10,250	4,362	-0-	2,405	-0-	-0-	210	
-	-	-	-	-	-	-	
235,108	48,615	18,605	506,885	264,219	5,198	23,605	
-	-	-	-	-	-	-	
<u>235,108</u>	<u>48,615</u>	<u>18,605</u>	<u>506,885</u>	<u>264,219</u>	<u>5,198</u>	<u>23,605</u>	
<u>\$ 245,358</u>	<u>\$ 52,977</u>	<u>\$ 18,605</u>	<u>\$ 509,290</u>	<u>\$ 264,219</u>	<u>\$ 5,198</u>	<u>\$ 23,815</u>	

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2015

	Special		
	Drug Law Enforcement	Law Enforcement	Law Library
ASSETS			
Cash and cash equivalents	\$ 7,898	\$ 8,909	\$ 2,420
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental units - Federal/State	-	-	-
Advances to other funds	-	-	-
Prepays	-	-	-
TOTAL ASSETS	\$ 7,898	\$ 8,909	\$ 2,420
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,380
Accrued wages	-	-	-
Due to other funds	-	8,444	-
TOTAL LIABILITIES	-0-	8,444	1,380
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	7,898	465	1,040
Unassigned	-	-	-
TOTAL FUND BALANCES (DEFICITS)	7,898	465	1,040
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 7,898	\$ 8,909	\$ 2,420

Revenue

County Libraries	Animal Shelter Donation	CDBG - Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Social Welfare Fund
\$ 16,952	\$ 17,717	\$ 106,806	\$ 487	\$ 86,910	\$ 2,759	\$ 1,000
-	-	-	-	-	-	-
1,380	-	14	52,500	-	-	-
-	-	-	87,422	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 18,332</u>	<u>\$ 17,717</u>	<u>\$ 106,820</u>	<u>\$ 140,409</u>	<u>\$ 86,910</u>	<u>\$ 2,759</u>	<u>\$ 1,000</u>
\$ 6,150	\$ 734	\$ 2,597	\$ 33,886	\$ 239	\$ -	\$ -
-	-	-	21,725	-	-	-
-	-	-	132,973	-	-	-
6,150	734	2,597	188,584	239	-0-	-0-
-	-	-	-	-	-	-
12,182	16,983	104,223	-	86,671	2,759	1,000
-	-	-	(48,175)	-	-	-
<u>12,182</u>	<u>16,983</u>	<u>104,223</u>	<u>(48,175)</u>	<u>86,671</u>	<u>2,759</u>	<u>1,000</u>
<u>\$ 18,332</u>	<u>\$ 17,717</u>	<u>\$ 106,820</u>	<u>\$ 140,409</u>	<u>\$ 86,910</u>	<u>\$ 2,759</u>	<u>\$ 1,000</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2015

	Debt Service	Capital	
	Building Authority	Public Improvement	Equipment Purchase and Replacement
ASSETS			
Cash and cash equivalents	\$ 3,425	\$ 43,385	\$ 1,096
Accounts receivable	-	-	-
Due from other funds	-	-	10,608
Due from other governmental units - Federal/State	-	-	-
Advances to other funds	-	-	-
Prepays	-	-	4,571
TOTAL ASSETS	\$ 3,425	\$ 43,385	\$ 16,275
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 10,128
Accrued wages	-	-	-
Due to other funds	2,375	-	7,128
TOTAL LIABILITIES	2,375	-0-	17,256
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	4,571
Restricted	1,050	43,385	-
Unassigned	-	-	(5,552)
TOTAL FUND BALANCES (DEFICITS)	1,050	43,385	(981)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 3,425	\$ 43,385	\$ 16,275

Projects				Permanent	
Jail Improvement	General Projects	Park Improvements	Building Authority	Cemetery	Total
\$ 12,309	\$ 150,452	\$ 161,767	\$ 39,241	\$ 97,115	\$ 1,857,220
-	-	-	-	-	51,820
-	-	-	13,839	-	80,562
-	-	-	-	-	167,245
-	164,318	-	-	-	164,318
-	-	-	-	-	4,571
<u>\$ 12,309</u>	<u>\$ 314,770</u>	<u>\$ 161,767</u>	<u>\$ 53,080</u>	<u>\$ 97,115</u>	<u>\$ 2,325,736</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,233
-	-	-	-	-	37,803
-	-	-	-	-	256,069
-0-	-0-	-0-	-0-	-0-	364,105
-	164,318	-	-	99,309	268,198
12,309	150,452	161,767	53,080	-	1,786,493
-	-	-	-	(2,194)	(93,060)
<u>12,309</u>	<u>314,770</u>	<u>161,767</u>	<u>53,080</u>	<u>97,115</u>	<u>1,961,631</u>
<u>\$ 12,309</u>	<u>\$ 314,770</u>	<u>\$ 161,767</u>	<u>\$ 53,080</u>	<u>\$ 97,115</u>	<u>\$ 2,325,736</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2015

	Victim Support Team	Special Law Enforcement Trust	Friend of the Court
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	6,495
Intergovernmental	-	-	584,570
Charges for services	-	-	130,184
Interest and rents	2	-	9
Other	-	-	-
TOTAL REVENUES	2	-0-	721,258
EXPENDITURES			
Current			
General government	-	-	791,589
Public safety	-	7,198	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	7,198	791,589
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2	(7,198)	(70,331)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	33,790
Transfers out	-	-	(996)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	32,794
NET CHANGE IN FUND BALANCES	2	(7,198)	(37,537)
Fund balances, beginning of year	1,713	34,477	398
Fund balances (deficits), end of year	<u>\$ 1,715</u>	<u>\$ 27,279</u>	<u>\$ (37,139)</u>

	Revenue					
<u>Solid Waste Planning</u>	<u>Homeland Security Grant</u>	<u>Community Information Systems</u>	<u>Homestead Property Tax Exemption</u>	<u>Register of Deeds Automation</u>	<u>Concealed Pistol Licensing</u>	<u>Local Correction Training Officer</u>
\$ -	\$ -	\$ -	\$ 20,490	\$ -	\$ -	\$ -
-	-	-	-	-	5,198	-
-	-	-	-	-	-	-
178,614	-	-	-	-	-	18,350
-	-	5	20,889	288	-	-
3,401	-	-	-	-	-	-
<u>182,015</u>	<u>-0-</u>	<u>5</u>	<u>41,379</u>	<u>288</u>	<u>5,198</u>	<u>18,350</u>
-	-	129	1,359	58,196	-	-
-	-	-	-	-	-	21,096
185,371	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	7,272	-	-
-	-	-	-	-	-	-
<u>185,371</u>	<u>-0-</u>	<u>129</u>	<u>1,359</u>	<u>65,468</u>	<u>-0-</u>	<u>21,096</u>
(3,356)	-0-	(124)	40,020	(65,180)	5,198	(2,746)
-	-	-	-	76,739	-	-
-	-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>76,739</u>	<u>-0-</u>	<u>-0-</u>
(3,356)	-0-	(124)	40,020	11,559	5,198	(2,746)
<u>238,464</u>	<u>48,615</u>	<u>18,729</u>	<u>466,865</u>	<u>252,660</u>	<u>-</u>	<u>26,351</u>
<u>\$ 235,108</u>	<u>\$ 48,615</u>	<u>\$ 18,605</u>	<u>\$ 506,885</u>	<u>\$ 264,219</u>	<u>\$ 5,198</u>	<u>\$ 23,605</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2015

	Special		
	Drug Law Enforcement	Law Enforcement	Law Library
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest and rents	-	1	-
Other	-	-	-
TOTAL REVENUES	-0-	1	-0-
EXPENDITURES			
Current			
General government	-	-	8,193
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	-0-	8,193
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	1	(8,193)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	4,163
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	4,163
NET CHANGE IN FUND BALANCES	-0-	1	(4,030)
Fund balances, beginning of year	7,898	464	5,070
Fund balances (deficits), end of year	\$ 7,898	\$ 465	\$ 1,040

Revenue						
County Libraries	Animal Shelter Donation	CDBG - Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Social Welfare Fund
\$ 798,386	\$ -	\$ -	\$ 720,806	\$ 31,883	\$ -	\$ -
-	-	-	-	-	-	-
-	-	212,876	448,001	-	13,620	-
-	-	420	130,302	-	-	-
-	-	9	-	-	-	-
-	8,104	-	57,999	-	-	-
798,386	8,104	213,305	1,357,108	31,883	13,620	-0-
-	4,988	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,403,978	30,199	12,648	-
-	-	160,841	-	-	-	-
798,253	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
798,253	4,988	160,841	1,403,978	30,199	12,648	-0-
133	3,116	52,464	(46,870)	1,684	972	-0-
-	-	-	-	-	-	-
-	-	-	(1,525)	-	-	-
-0-	-0-	-0-	(1,525)	-0-	-0-	-0-
133	3,116	52,464	(48,395)	1,684	972	-0-
12,049	13,867	51,759	220	84,987	1,787	1,000
\$ 12,182	\$ 16,983	\$ 104,223	\$ (48,175)	\$ 86,671	\$ 2,759	\$ 1,000

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2015

	Debt Service	Capital	
	Building Authority	Public Improvement	Equipment Purchase and Replacement
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest and rents	964,098	3,755	1
Other	-	-	-
	964,098	3,755	1
TOTAL REVENUES	964,098	3,755	1
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	292,395
Debt service	964,097	-	-
	964,097	-0-	292,395
TOTAL EXPENDITURES	964,097	-0-	292,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1	3,755	(292,394)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	291,065
Transfers out	-	-	-
	-0-	-0-	291,065
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	291,065
NET CHANGE IN FUND BALANCES	1	3,755	(1,329)
Fund balances, beginning of year	1,049	39,630	348
Fund balances (deficits), end of year	\$ 1,050	\$ 43,385	\$ (981)

Projects				Permanent	
Jail Improvement	General Projects	Park Improvements	Building Authority	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,571,565
-	-	-	-	-	11,693
-	-	-	-	-	1,259,067
-	-	-	-	-	457,870
6	96	3	31	70	989,263
-	-	-	-	-	69,504
6	96	3	31	70	4,358,962
-	-	-	-	3,987	868,441
-	-	-	-	-	28,294
-	-	-	-	-	185,371
-	-	-	-	-	1,446,825
-	-	-	-	-	160,841
-	-	-	-	-	798,253
-	-	2,792	-	-	302,459
-	-	-	-	-	964,097
-0-	-0-	2,792	-0-	3,987	4,754,581
6	96	(2,789)	31	(3,917)	(395,619)
-	-	-	-	-	405,757
-	(84,999)	-	-	-	(87,520)
-0-	(84,999)	-0-	-0-	-0-	318,237
6	(84,903)	(2,789)	31	(3,917)	(77,382)
12,303	399,673	164,556	53,049	101,032	2,039,013
\$ 12,309	\$ 314,770	\$ 161,767	\$ 53,080	\$ 97,115	\$ 1,961,631

Montcalm County

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION

September 30, 2015

	<u>Inmate Commissary</u>	<u>Building Official</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 129,440	\$ 64,763	\$ 194,203
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	619	619
TOTAL ASSETS	129,440	65,382	194,822
LIABILITIES			
Current liabilities			
Accounts payable	3,746	2,265	6,011
Accrued wages	-	6,186	6,186
TOTAL LIABILITIES	3,746	8,451	12,197
NET POSITION			
Net investment in capital assets	-	619	619
Unrestricted	125,694	56,312	182,006
TOTAL NET POSITION	<u>\$ 125,694</u>	<u>\$ 56,931</u>	<u>\$ 182,625</u>

Montcalm County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2015

	Inmate Commissary	Building Official	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ 309,360	\$ 309,360
Sales	107,450	-	107,450
TOTAL OPERATING REVENUES	107,450	309,360	416,810
OPERATING EXPENSES			
Personal services	-	193,882	193,882
Fringe benefits	-	63,686	63,686
Operating supplies	77,027	1,815	78,842
Contractual services	-	3,087	3,087
Insurance	-	2,553	2,553
Communication	-	641	641
Other services and charges	8,547	32,026	40,573
Depreciation	-	486	486
TOTAL OPERATING EXPENSES	85,574	298,176	383,750
OPERATING INCOME	21,876	11,184	33,060
NONOPERATING REVENUES			
Interest revenue	-	4	4
Gain on sale of capital asset	-	750	750
TOTAL NONOPERATING REVENUES	-0-	754	754
CHANGE IN NET POSITION	21,876	11,938	33,814
Net position, beginning of year	103,818	44,993	148,811
Net position, end of year	<u>\$ 125,694</u>	<u>\$ 56,931</u>	<u>\$ 182,625</u>

Montcalm County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2015

	Inmate Commissary	Building Official	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 107,450	\$ 309,360	\$ 416,810
Cash paid to suppliers	(91,388)	(38,176)	(129,564)
Cash paid for fringe benefits	-	(63,686)	(63,686)
Cash paid to employees	-	(193,882)	(193,882)
	<u>16,062</u>	<u>13,616</u>	<u>29,678</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
	16,062	13,616	29,678
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Sale of capital assets	-	750	750
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	4	4
	<u>-0-</u>	<u>4</u>	<u>4</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES			
	-0-	4	4
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	16,062	14,370	30,432
Cash and cash equivalents, beginning of year	<u>113,378</u>	<u>50,393</u>	<u>163,771</u>
Cash and cash equivalents, end of year	<u>\$ 129,440</u>	<u>\$ 64,763</u>	<u>\$ 194,203</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 21,876	\$ 11,184	\$ 33,060
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	-	486	486
Increase (decrease) in:			
Accounts payable	(5,814)	1,405	(4,409)
Accrued liabilities	-	541	541
	<u>-</u>	<u>541</u>	<u>541</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
	<u>\$ 16,062</u>	<u>\$ 13,616</u>	<u>\$ 29,678</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

September 30, 2015

	Office Equipment Pool	Post- Employment Health	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 161,587	\$ 161,587
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>2,224</u>	<u>-</u>	<u>2,224</u>
TOTAL ASSETS	2,224	161,587	163,811
LIABILITIES			
Current liabilities			
Due to other funds	<u>2,154</u>	<u>-</u>	<u>2,154</u>
NET POSITION			
Net investment in capital assets	2,224	-	2,224
Unrestricted	<u>(2,154)</u>	<u>161,587</u>	<u>159,433</u>
TOTAL NET POSITION	<u>\$ 70</u>	<u>\$ 161,587</u>	<u>\$ 161,657</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2015

	Office Equipment Pool	Post- Employment Health	Total
OPERATING REVENUES			
Miscellaneous	\$ -	\$ 16,660	\$ 16,660
OPERATING EXPENSES			
Operating supplies	2,883	-	2,883
Contractual services	98,636	-	98,636
Other services and charges	-	24,140	24,140
Depreciation	2,223	-	2,223
TOTAL OPERATING EXPENSES	<u>103,742</u>	<u>24,140</u>	<u>127,882</u>
OPERATING (LOSS)	(103,742)	(7,480)	(111,222)
NONOPERATING REVENUES			
Interest revenue	<u>-</u>	<u>89</u>	<u>89</u>
(LOSS) BEFORE TRANSFERS	(103,742)	(7,391)	(111,133)
TRANSFERS IN	<u>103,750</u>	<u>-</u>	<u>103,750</u>
CHANGE IN NET POSITION	8	(7,391)	(7,383)
Net position, beginning of year	<u>62</u>	<u>168,978</u>	<u>169,040</u>
Net position, end of year	<u>\$ 70</u>	<u>\$ 161,587</u>	<u>\$ 161,657</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2015

	Office Equipment Pool	Post- Employment Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ -	\$ 16,660	\$ 16,660
Cash paid to suppliers	(99,623)	-	(99,623)
Cash paid for fringe benefits	-	(24,140)	(24,140)
	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	(99,623)	(7,480)	(107,103)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment of interfund balances	(72,327)	-	(72,327)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer from other funds	103,750	-	103,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	89	89
	<u> </u>	<u> </u>	<u> </u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,200)	(7,391)	(75,591)
Cash and cash equivalents, beginning of year	<u>68,200</u>	<u>168,978</u>	<u>237,178</u>
Cash and cash equivalents, end of year	<u>\$ -0-</u>	<u>\$ 161,587</u>	<u>\$ 161,587</u>
Reconciliation of operating (loss) to net cash (used) by operating activities			
Operating (loss)	\$ (103,742)	\$ (7,480)	\$ (111,222)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	2,223	-	2,223
Decrease in: Prepays	<u>1,896</u>	<u>-</u>	<u>1,896</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (99,623)</u>	<u>\$ (7,480)</u>	<u>\$ (107,103)</u>

Montcalm County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2015

	Trust and Agency	Inmate Trust	Library Fund	District Health Department	Total
ASSETS					
Cash and cash equivalents	\$ 3,628,335	\$ 8,715	\$ 108,556	\$ 2,510,694	\$ 6,256,300
Due from other governmental units	812,484	-	-	-	812,484
TOTAL ASSETS	<u>\$ 4,440,819</u>	<u>\$ 8,715</u>	<u>\$ 108,556</u>	<u>\$ 2,510,694</u>	<u>\$ 7,068,784</u>
LIABILITIES					
Due to other governmental units					
Federal/State	\$ 4,237,264	\$ -	\$ -	\$ -	\$ 4,237,264
Local	-	-	108,556	2,510,694	2,619,250
Due to individuals and agencies	203,555	8,715	-	-	212,270
TOTAL LIABILITIES	<u>\$ 4,440,819</u>	<u>\$ 8,715</u>	<u>\$ 108,556</u>	<u>\$ 2,510,694</u>	<u>\$ 7,068,784</u>

Montcalm County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET/STATEMENT OF NET POSITION - DRAINAGE DISTRICTS

September 30, 2015

	Debt Service	Capital	
	Regular Drain	Regular Drain	Drain Revolving
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,160,391	\$ 218,091
Accounts receivable	-	-	-
Special assessments receivable	751,241	-	-
Due from other funds	-	199,209	-
Capital assets not being depreciated	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	<u>\$ 751,241</u>	<u>\$ 1,359,600</u>	<u>\$ 218,091</u>
LIABILITIES			
Accounts payable	\$ -	\$ 25,465	\$ 48,075
Accrued wages	-	1,694	-
Due to other funds	143,829	-	-
Accrued interest payable	-	-	-
Advances from other governmental units	-	-	170,016
Bonds and notes payable	-	-	-
TOTAL LIABILITIES	143,829	27,159	218,091
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	774,000	-	-
FUND EQUITY			
Net position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Fund balances (deficits)			
Restricted			
Capital Projects	-	1,332,441	-
Unassigned	(166,588)	-	-
TOTAL FUND EQUITY	<u>(166,588)</u>	<u>1,332,441</u>	<u>-0-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY			
	<u>\$ 751,241</u>	<u>\$ 1,359,600</u>	<u>\$ 218,091</u>

Drain Maintenance Revolving	Projects		Enterprise			Total
	Lake Level	Lake Level Revolving	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
\$ -	\$ 906,640	\$ 10,308	\$ 364,613	\$ 118,826	\$ 79,944	\$ 2,858,813
-	-	5,174	-	1,770	591	7,535
-	-	-	-	105,391	-	856,632
-	-	1,518	-	-	-	200,727
-	-	-	75,650	-	-	75,650
-	-	-	449,514	1,747,975	5,544,566	7,742,055
<u>\$ -0-</u>	<u>\$ 906,640</u>	<u>\$ 17,000</u>	<u>\$ 889,777</u>	<u>\$ 1,973,962</u>	<u>\$ 5,625,101</u>	<u>\$ 11,741,412</u>
\$ 978	\$ 74,107	\$ -	\$ 6,870	\$ 6,160	\$ 9,674	\$ 171,329
-	-	-	-	-	-	1,694
55,380	1,518	-	-	-	-	200,727
-	-	-	-	22,110	32,820	54,930
-	-	17,000	100,350	-	-	287,366
-	-	-	-	1,069,000	3,082,000	4,151,000
<u>56,358</u>	<u>75,625</u>	<u>17,000</u>	<u>107,220</u>	<u>1,097,270</u>	<u>3,124,494</u>	<u>4,867,046</u>
-	-	-	-	-	-	774,000
-	-	-	525,164	678,975	2,462,566	3,666,705
-	-	-	257,393	197,717	38,041	493,151
-	831,015	-	-	-	-	2,163,456
<u>(56,358)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,946)</u>
<u>(56,358)</u>	<u>831,015</u>	<u>-0-</u>	<u>782,557</u>	<u>876,692</u>	<u>2,500,607</u>	<u>6,100,366</u>
<u>\$ -0-</u>	<u>\$ 906,640</u>	<u>\$ 17,000</u>	<u>\$ 889,777</u>	<u>\$ 1,973,962</u>	<u>\$ 5,625,101</u>	<u>\$ 11,741,412</u>

Montcalm County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO THE
STATEMENT OF NET POSITION - DRAINAGE DISTRICTS

September 30, 2015

Total fund balance - governmental funds \$ 1,940,510

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 as assets in the governmental funds.

The cost of capital assets is	4,017,300	
Accumulated depreciation is	<u>(703,224)</u>	
Capital assets, net		3,314,076

Long-term receivables are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds. These consist of:

Unavailable revenue	774,000
---------------------	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	(1,283,277)	
Accrued interest payable	<u>(13,440)</u>	
		<u>(1,296,717)</u>

Net position of governmental activities \$ 4,731,869

Montcalm County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUND TYPES - DRAINAGE DISTRICTS

Year Ended September 30, 2015

	Debt Service	Capital	
	Regular Drain	Regular Drain	Drain Revolving
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest	-	485	-
Other			
Special assessments	82,423	708,668	-
Other	-	30,421	-
TOTAL REVENUES	82,423	739,574	-0-
EXPENDITURES			
Current			
Public works	-	151,101	-
Debt service			
Principal	194,022	-	-
Interest and fiscal charges	54,989	-	-
TOTAL EXPENDITURES	249,011	151,101	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(166,588)	588,473	-0-
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	130,000	-
NET CHANGE IN FUND BALANCES	(166,588)	718,473	-0-
Fund balances, beginning of year	-	613,968	-
Fund balances (deficit), end of year	<u>\$ (166,588)</u>	<u>\$ 1,332,441</u>	<u>\$ -0-</u>

Projects			
Drain Maintenance Revolving	Lake Level	Lake Level Revolving	Total
\$ 6,495	\$ -	\$ -	\$ 6,495
1,178	-	-	1,178
-	221	-	706
-	513,996	-	1,305,087
-	200	-	30,621
7,673	514,417	-0-	1,344,087
64,031	400,336	-	615,468
-	-	-	194,022
-	-	-	54,989
64,031	400,336	-0-	864,479
(56,358)	114,081	-0-	479,608
-	-	-	130,000
(56,358)	114,081	-0-	609,608
-	716,934	-	1,330,902
<u>\$ (56,358)</u>	<u>\$ 831,015</u>	<u>\$ -0-</u>	<u>\$ 1,940,510</u>

Montcalm County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended September 30, 2015

Net change in fund balances - total governmental funds \$ 609,608

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 130,000	
Depreciation expense	<u>(80,346)</u>	
Excess of capital outlay over depreciation expense		49,654

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

(Decrease) in unavailable revenue	(96,000)
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financial resources in the governmental fund, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond proceeds	(130,000)	
Debt principal retirement	<u>194,021</u>	
		64,021

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>1,547</u>
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Change in net position of governmental activities \$ 628,830

Montcalm County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS - DRAINAGE DISTRICTS

Year Ended September 30, 2015

	Enterprise			Total
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
OPERATING REVENUES				
Charges for services	\$ 111,416	\$ 59,563	\$ 251,866	\$ 422,845
Other	5,332	21,764	223	27,319
TOTAL OPERATING REVENUES	116,748	81,327	252,089	450,164
OPERATING EXPENSES				
Contractual services	39,943	30,991	46,417	117,351
Other	34,414	18,567	31,998	84,979
Depreciation	16,956	51,411	166,961	235,328
TOTAL OPERATING EXPENSES	91,313	100,969	245,376	437,658
OPERATING INCOME (LOSS)	25,435	(19,642)	6,713	12,506
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	-	3,988	470	4,458
Interest expense	-	(53,222)	(97,613)	(150,835)
TOTAL NONOPERATING REVENUES (EXPENSES)	-0-	(49,234)	(97,143)	(146,377)
CHANGE IN NET POSITION	25,435	(68,876)	(90,430)	(133,871)
Net position, beginning of year	757,122	945,568	2,591,037	4,293,727
Net position, end of year	<u>\$ 782,557</u>	<u>\$ 876,692</u>	<u>\$ 2,500,607</u>	<u>\$ 4,159,856</u>

Montcalm County, Michigan

Component Unit Funds

COMBINING STATEMENT CASH FLOWS - PROPRIETARY FUNDS - DRAINAGE DISTRICTS

Year Ended September 30, 2015

	Enterprise			Total
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from users	\$ 116,748	\$ 86,419	\$ 252,378	\$ 455,545
Cash paid to suppliers	(76,220)	(48,320)	(69,589)	(194,129)
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,528	38,099	182,789	261,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	-	(53,781)	(98,483)	(152,264)
Payments of borrowings	-	(27,000)	(287,000)	(314,000)
NET CASH (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES	-0-	(80,781)	(385,483)	(466,264)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	3,988	470	4,458
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	40,528	(38,694)	(202,224)	(200,390)
Cash and cash equivalents, beginning of year	324,085	157,520	282,168	763,773
Cash and cash equivalents, end of year	<u>\$ 364,613</u>	<u>\$ 118,826</u>	<u>\$ 79,944</u>	<u>\$ 563,383</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 25,435	\$ (19,642)	\$ 6,713	\$ 12,506
Adjustments to reconcile operating income (loss) net cash provided by operating activities				
Depreciation	16,956	51,411	166,961	235,328
(Increase) decrease in:				
Accounts receivable	-	(1,770)	289	(1,481)
Special assessments receivable	-	6,862	-	6,862
Increase (decrease) in:				
Accounts payable	(1,863)	1,238	8,826	8,201
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 40,528	\$ 38,099	\$ 182,789	\$ 261,416

Montcalm County, Michigan

Component Unit Funds

BALANCE SHEET - CENTRAL DISPATCH AUTHORITY

September 30, 2015

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	\$ 276,885
Accounts receivable	<u>354,770</u>
 TOTAL ASSETS	 <u><u>\$ 631,655</u></u>
 LIABILITIES	
Accounts payable	\$ 2,118
Accrued liabilities	<u>26,627</u>
 TOTAL LIABILITIES	 28,745
 FUND BALANCE	
Restricted	
Wireless surcharge	248,798
Wireless training	5,774
Public safety	<u>348,338</u>
 TOTAL FUND BALANCE	 <u>602,910</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 631,655</u></u>

Montcalm County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF
NET POSITION - CENTRAL DISPATCH AUTHORITY

September 30, 2015

Total fund balance - governmental fund \$ 602,910

Amounts reported for the 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 as assets in the governmental fund.

The cost of capital assets is	\$ 731,495	
Accumulated depreciation is	<u>(671,463)</u>	
Capital assets, net		60,032

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	167
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Compensated absences	(32,288)	
Net other post-employment benefits obligation	(49,593)	
Net pension liability	<u>(1,478,825)</u>	
		<u>(1,560,706)</u>

Net position of governmental activities \$ (897,597)

Montcalm County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - CENTRAL DISPATCH AUTHORITY

Year Ended September 30, 2015

	<u>Special Revenue</u>
REVENUES	
Charges for services	\$ 1,590,215
Interest	<u>87</u>
TOTAL REVENUES	1,590,302
EXPENDITURES	
Current	
Public safety	<u>1,423,175</u>
NET CHANGE IN FUND BALANCE	167,127
Fund balance, beginning of year	<u>435,783</u>
Fund balance, end of year	<u><u>\$ 602,910</u></u>

Montcalm County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES - CENTRAL DISPATCH AUTHORITY

Year Ended September 30, 2015

Net change in fund balance - governmental fund \$ 167,127

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (18,560)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued compensated absences	\$ 1,409
(Increase) in other post-employment benefits obligation	(44,022)
(Increase) in net pension liability	(76,348)
Increase in deferred outflows of resources related to pensions	<u>167</u>
	<u>(118,794)</u>

Change in net position of governmental activities \$ 29,773

Montcalm County, Michigan

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

September 30, 2015

Montcalm County, Michigan

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

To the Board of Commissioners
of Montcalm County
Stanton, Michigan

Report on Compliance for Each Major Federal Program

We have audited Montcalm County, Michigan's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended September 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Montcalm County Road Commission, a discretely presented component unit, which expended \$1,491,268 in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2015. The Montcalm County Road Commission did not have a single audit required because the Michigan Department of Transportation (MDOT) requires that road commissions report all federal and state grants pertaining to their county whether it is subject to single audit at their level or not. During the year ended September 30, 2015, the federal aid received and expended by the Montcalm County Road Commission was \$1,309,527 for contracted projects and \$181,741 for negotiated projects. Contracted projects are defined as projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by road commission employees or private contractors paid for an administered by the road commission.

Management's Responsibility

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

Auditor's 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 Nonprofit 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, Montcalm County, Michigan, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2015.

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. 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.

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 purposes.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 the County as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We did not audit the financial statements of the Montcalm County Road Commission, which represents 71 percent, 79 percent, and 79 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We issued our report thereon dated May 31, 2016, 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 31, 2016

Montcalm County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Michigan Department of Natural Resources Schools and Roads - Grants to States 2014	10.665	N/A	\$ 3,854
Passed-through Michigan Department of Commerce Community Development Block Grants (CDBG) ^(c) State's Program Housing	14.228	MSC-2011-0765-HOA	<u>188,974</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			192,828
U.S. DEPARTMENT OF JUSTICE			
Passed-through Michigan Department of Community Health Office of Drug Control Policy and County of Newaygo Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-MU-BX-0051	15,825
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Award Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00E00895-0	114,179
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through Michigan Department Office on Services to the Aging and Area Agency of Aging of Western Michigan, Inc. Title III-D Special Programs for the Aging (Disease Prevention/Health Promotion) FY 2014/2015	93.043	61.76	500
Title III-B Special Programs for the Aging ^(d) (Grants for Supportive Services and Senior Centers) FY 2014/2015	93.044	61.76	30,172
Title III-C Special Programs for the Aging ^(d) (Nutrition Services) FY 2014/2015 Nutrition Congregate FY 2014/2015 Nutrition Home Delivered Meals	93.045	61.76 61.76	53,267 <u>62,890</u>
			116,157
Nutrition Services Incentive Programs ^(d) FY 2014/2015 Nutrition Congregate FY 2014/2015 Nutrition Home Delivered Meals	93.053	61.76 61.76	11,172 <u>37,434</u>
			<u>48,606</u>
Cluster total			194,935
Title III-E National Family Caregiver Support (Adult Day Care) FY 2014/2015	93.052	61.76	22,000

Montcalm County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Passed-through Michigan Department of Human Services			
Child Support Enforcement (Title IV-D) ^(c)	93.563		
Cooperative Reimbursement - 2015 - Friend of the Court ^(a)		CS/FOC-13-59001	\$ 366,003
Cooperative Reimbursement - 2015 - Prosecuting Attorney ^(a)		CS/PA-13-59002	54,952
Federal Incentive Payments ^(b) 2014-2015		N/A	<u>126,843</u>
			547,798
Passed-through Spectrum Health Hospitals			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care provider Quality Improvement Program	93.912	HR-RHNDP14-02	<u>8,000</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			773,233
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-through Michigan Department of Natural Resources			
Marine Safety Grant 2015	97.012	N/A	19,000
Passed-through Michigan Department of State			
Emergency Management Performance Grants	97.042		
2015 Emergency Management Grant		2015-EP-00029	15,901
2014 Emergency Management Grant		2014-EP-00023	<u>16,483</u>
			<u>32,384</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>51,384</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,147,449</u>

Montcalm County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2015

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Montcalm County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements, which are reconciled in Note C.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) - (d) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Reimbursement of these contracts is passed through the State Department of Human Services (DHS). The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of Title IV-D eligible expenditures for the applicable grants. The entire amount paid by DHS for the reimbursed expenditures is considered Federal.
- (b) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues and are 100% Federal.
- (c) Denotes program tested as a "major program".
- (d) Programs considered a cluster by the U.S. Department of Health and Human Services.

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the federal revenues reported in the September 30, 2015, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	<u>Federal/State Revenue</u>	<u>Less: State Revenue</u>	<u>Adjustments</u>	<u>Federal Expenditures</u>
PRIMARY GOVERNMENT				
GENERAL FUND				
Prosecuting Attorney				
Cooperative Reimbursement	\$ 55,072	\$ (120)	\$ -	\$ 54,952
Central Michigan Enforcement Team	15,825	-	-	15,825
Marine Safety	22,400	(3,400)	-	19,000
Brownfield	114,179	-	-	114,179
Other Programs	<u>2,646,033</u>	<u>(2,646,033)</u>	<u>-</u>	<u>-0-</u>
TOTAL GENERAL FUND	2,853,509	(2,649,553)	-0-	203,956

Montcalm County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

September 30, 2015

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

	Federal/State Revenue	Less: State Revenue	Adjustments	Federal Expenditures
PRIMARY GOVERNMENT - CONTINUED				
NONMAJOR GOVERNMENTAL FUNDS				
Friend of the Court	\$ 584,570	\$ (91,724)	\$ -	\$ 492,846
CDBG - Housing	212,876	(23,902)	-	188,974
Commission on Aging	448,001	(230,566)	-	217,435
Other Programs	13,620	(13,620)	-	-0-
TOTAL NONMAJOR GOVERNMENTAL FUNDS	1,259,067	(359,812)	-0-	899,255
ENTERPRISE FUNDS				
Ambulance	68,987	(28,603)	-	40,384
TRUST AND AGENCY FUNDS				
Trust and Agency	-	-	3,854 ^(b)	3,854
TOTAL PRIMARY GOVERNMENT	4,181,563	(3,037,968)	3,854	1,147,449
COMPONENT UNITS				
Road Commission	8,059,121	(6,567,853)	(1,491,268) ^(a)	-0-
TOTAL REPORTING ENTITY	\$ 12,240,684	\$ (9,605,821)	\$ (1,487,414)	\$ 1,147,449

Following is a summary of the adjustments in the above schedule:

- (a) The total adjustment of \$1,491,268 in Federal funds represents amounts that are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2015, for the Montcalm County Road Commission because they are not subject to single audit. The Michigan Department of Transportation (MDOT) requires road commissions to report all Federal and State grants pertaining to their county whether it is subject to single audit at their level or not.
- (b) The total adjustment related to amounts reported as an increase when received and a decrease when disbursed within the trust and agency fund's activity because the County acts in a trustee capacity of these funds and distributes them to the local units of government and therefore does not recognize the funds as revenue or expenditures, but recognizes the amounts as expenditures in the Schedule of Expenditures of Federal Awards as of September 30, 2015, in accordance with OMB Circular A-133.

Principals

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INDEPENDENT AUDITOR'S 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*

To the Board of Commissioners
of Montcalm County
Stanton, Michigan

We have audited, 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, 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 Montcalm County, Michigan (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 31, 2016. Our report includes a reference to other auditors who audited the financial statements of the Montcalm County Road Commission, 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 certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and questioned costs as 2015-001 and 2015-004 to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2015-002, 2015-003, 2015-005, and 2015-006.

Montcalm County, Michigan's Responses to Findings

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

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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 31, 2016

Montcalm County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies)? Yes None reported

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

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant
93.563	Cooperative Reimbursement Program

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

2015-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries to cash, accounts receivable, special assessment receivable and related deferred revenue, fund balance, and pension liability and deferred outflows of resources were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger. A similar issue was noted and reported in our audit comments last year.

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, where applicable, including the recording of all appropriate journal entries so that the trial balances reflect amounts that are in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2015

Section II - Financial Statement Findings - Continued

2015-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS - CONTINUED

Cause: Misstatement were not identified and corrected by management.

Effect: Without the recording of these journal entries the financial statements would have been materially misstated.

Recommendation: We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: The County will work toward having all material journal entries completed before auditing fieldwork commences in the future.

2015-002 UNFAVORABLE BUDGET VARIANCES

Condition: As noted in the annual financial statements, some of the budgeted activities of the County exceeded the amounts appropriated. The variances noted were in the General Fund and four (4) Special Revenue Funds. A similar issue was noted and reported in our audit comments last year.

Criteria: The Uniform Budgeting and Accounting Act (Public Act 621 of 1978) requires the County to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body." The County adopted the budget for the General Fund at the department level and the total expenditure level for the Special Revenue funds.

Cause: The County did not amend its budget when it became apparent spending was going to exceed the amounts appropriated in the over budget areas.

Effect: The County is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the County monitor expenditures against adopted budgets in all applicable funds and make appropriated budget adjustments as needed.

Corrective Action Response: Management of the County is continually reviewing and modifying procedures related to budgetary compliance in accordance with State law.

2015-003 DELINQUENT ANNUAL FINANCIAL REPORT

Condition: Annual audited financial statements are due to the State of Michigan six (6) months subsequent to the fiscal year end. For the year ended September 30, 2015, the audited financial statements are approximately two (2) months delinquent to the State of Michigan. A similar issue was noted and reported in our audit comments last year.

Criteria: Michigan Public Act 2 of 1968 requires that the annual financial report shall be filed within six (6) months after the end of the fiscal year of the local unit.

Cause: The County was unable to reconcile some of its accounts prior to the six (6) month deadline for submission of the annual financial report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2015

Section II - Financial Statement Findings - Continued

2015-003 DELINQUENT ANNUAL FINANCIAL REPORT - CONTINUED

Effect: The County will be required to file the "long form" for any borrowing requiring State approval for the next fiscal year. Additional costs are associated with the filing for long form as opposed to filing the Qualifying Statement. In addition, for financial information to be beneficial to the users of the financial statements it needs to be timely, when the audit is submitted so late it becomes less relevant.

Recommendation: We recommend the County assure that the audit is completed six (6) months subsequent to the fiscal year end.

Corrective Action Response: The County will attempt to have year-end financial information available for audit in a timely manner so the County's audited financial statements may be released prior to the State's deadline.

2015-004 BANK RECONCILIATIONS

Condition: During our review of the County's internal controls, we noted that the reconciliation for the pooled cash bank account was not being completed or reviewed in a timely manner.

Criteria: The reconciliation process is an important part of the County's internal control and accounting procedures. The purpose of reconciliations is to ensure that general ledger account balances are supported by underlying transaction detail or third-party information. They also provide an important internal control, in that any differences identified between the underlying detail and an account balance through the reconciliation process may be indicative of an erroneous entry having been posted.

Cause: Management did not complete its reconciliation of the pooled cash bank account maintained by the County.

Effect: Without timely reconciliations and review procedures, there is an increased risk of misstatement of assets.

Recommendation: We recommend that all bank reconciliations be completed and reviewed in a timely manner (within one month of receiving bank statements) and any discrepancies be investigated and resolved at that time.

Corrective Action Response: The County is in the process of installing new procedures to control discrepancies and reconcile all bank accounts to the general ledger on a timely basis.

2015-005 FUND BALANCE DEFICIT

Condition: As indicated in Note Q of the notes to the financial statements, various funds of the County ended the year with an unassigned fund balance deficit.

Criteria: Michigan Public Act 275 of 1980 provides that the County shall not have deficits in one or more of the County's unrestricted fund balances/unrestricted net position.

Cause: The liabilities and deferred inflows of resources of these activities exceeded their assets and deferred outflows of resources.

Effect: The County is not in compliance with Public Act 275 of 1980. As a result the County will be required to prepare and submit a Deficit Elimination Plan to the State of Michigan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2015

Section II - Financial Statement Findings - Continued

2015-005 FUND BALANCE DEFICIT - CONTINUED

Recommendation: We recommend the County utilize budgetary controls to limit expenditures and/or transfer funds as needed to alleviate deficits. We also recommend that the County prepare budgets that do not plan for funds to end the fiscal year in a deficit.

Corrective Action Response: The County intends to place emphasis on monitoring these expenditures and transferring funds as needed in the coming year. The County has experienced a favorable reduction in the quantity of departments and total amounts in deficit over the last few years.

2015-006 CEMETERY FUND CORPUS

Condition: During the course of the audit, it was noted that the Cemetery Perpetual Care Fund has expended portions of the non-expendable corpus.

Criteria: Public Act 81 of 1903 requires that at least 15% of all burial sales be deposited in a fund for cemetery maintenance and that these funds be maintained in perpetuity. The Act also requires that only future interest may be spent on cemetery maintenance.

Cause: The County distributed more interest than what was actually earned.

Effect: The Cemetery Fund's fund balance is less than the non-expendable corpus allocated to each cemetery within the County.

Recommendation: We recommend that the County examine ways to supplement the fund until the corpus has been fully restored.

Corrective Action Response: The County is reviewing the process by which the fund is charged and new procedures to control discrepancies and reconcile all bank accounts to the general ledger on a timely basis.

Section III - Federal Award Findings and Questioned Costs

None noted.

Montcalm County, Michigan

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2015

FINDINGS/NONCOMPLIANCE

Significant Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

2014-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries to cash, accounts receivable, capital assets, notes payable, unavailable revenue, fund balance, and federal revenue were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger.

Resolution: This issue is evaluated separately each year and was not resolved during the current audit. This condition is reported for fiscal year 2015.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

2014-002 UNFAVORABLE BUDGET VARIANCES

Condition: As noted in the annual financial statements, some of the budgeted activities of the County exceeded the amounts appropriated. The variances noted were in the General Fund and three (3) Special Revenue Funds.

Resolution: This issue was not resolved during the current audit. This condition is reported for fiscal year 2015.

2014-003 DELINQUENT ANNUAL FINANCIAL REPORT

Condition: Annual audited financial statements are due to the State of Michigan six (6) months subsequent to the fiscal year end. For the year ended September 30, 2014, the audited financial statements are approximately five (5) months delinquent to the State of Michigan.

Resolution: This issue is evaluated separately each year and was not resolved during the current audit. This condition is reported for fiscal year 2015.

Findings Related to Compliance with Requirements Applicable to Federal Awards and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.