

Montcalm County, Michigan

FINANCIAL STATEMENTS

September 30, 2013

Montcalm County, Michigan

September 30, 2013

BOARD OF COMMISSIONERS

Patrick Q. Carr	Chairperson
Ronald Retzloff	Vice-Chairperson
Steve DeWitt	Commissioner
Ronald Blanding	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, 2013, 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 represent 71 percent, 80 percent, and 78 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 Accounting 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, 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, 2013, 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.

Changes in Accounting Principles

As discussed in Note P, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of related organizations in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. Our opinions are not modified with respect to this matter.

As discussed in Note P, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of GASB Statements No. 63 and GASB Statement No. 65, as applicable. 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, and schedules of funding progress and 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 GASB, 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 part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates 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 as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements is 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 November 10, 2014, 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

November 10, 2014

Management's Discussion and Analysis

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, 2013. 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 2013 fiscal year. Net Position decreased \$1,295,406 to \$909,710, a 58.75% decrease. Unrestricted net position decreased from (\$270,923) to (\$1,090,043), a 237% decrease.
- Business-Type Activities Net Position increased \$587,138 to \$13,431,215, a 3.44% increase. Unrestricted Net Position increased from \$11,948,126 to \$12,608,052.
- Governmental Activities expenses totaled \$19,732,158. \$7,727,286 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 \$10,709,466.
- The Ambulance Fund expenses totaled \$3,521,938. Service charges and grants financed \$2,615,669 of that amount. The remaining amount was financed by tax revenue, revenue sharing, and other general revenue.
- The Delinquent Tax Funds generated service charge revenue of \$1,647,786. The revenues exceeded expenses by \$1,315,894 before considering interest earnings and other revenue generated by the funds.
- The depreciated cost of the governmental capital assets at September 30, 2013, was \$8,972,174.
- The Ambulance Fund generated a positive cash flow of \$213,352 during fiscal year 2013.
- Pension Trust Fund net position increased from \$19,081,615 to \$20,613,290. This was primarily due to the increase in market value.

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 	<ul style="list-style-type: none"> • Balance sheet 	<ul style="list-style-type: none"> • Statement of net position 	<ul style="list-style-type: none"> • Statement of fiduciary net position
	<ul style="list-style-type: none"> • Statement of activities 	<ul style="list-style-type: none"> • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • 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 Road Commission, Central Dispatch Authority, Drainage Districts, and the District Health Department.

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 4.71% to \$14,340,925 at September 30, 2013. (See Table A-1)

Table A-1
Montcalm County Net Assets

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2012-2013
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 3,837,234	\$ 4,358,132	\$ 12,782,220	\$ 12,066,940	\$ 16,619,454	\$ 16,425,072	1.2%
Capital assets	8,972,174	9,806,324	875,338	968,996	9,847,512	10,775,320	-8.6%
Total assets	12,809,408	14,164,456	13,657,558	13,035,936	26,466,966	27,200,392	-2.7%
Deferred outflows of resources	393,344	-	-	-	393,344	-	100.0%
Current liabilities	2,044,760	1,932,170	193,237	138,544	2,237,997	2,070,714	8.1%
Noncurrent liabilities	10,248,282	10,007,728	33,106	53,315	10,281,388	10,061,043	2.2%
Total liabilities	12,293,042	11,939,898	226,343	191,859	12,519,385	12,131,757	3.2%
Net Position							
Net investment in capital assets	-	554,114	823,163	895,951	823,163	1,450,065	-43.2%
Restricted	1,999,753	1,941,367	-	-	1,999,753	1,941,367	3.0%
Unrestricted	(1,090,043)	(270,923)	12,608,052	11,948,126	11,518,009	11,677,203	-1.4%
Total net position	\$ 909,710	\$ 2,224,558	\$ 13,431,215	\$ 12,844,077	\$ 14,340,925	\$ 15,068,635	-42%

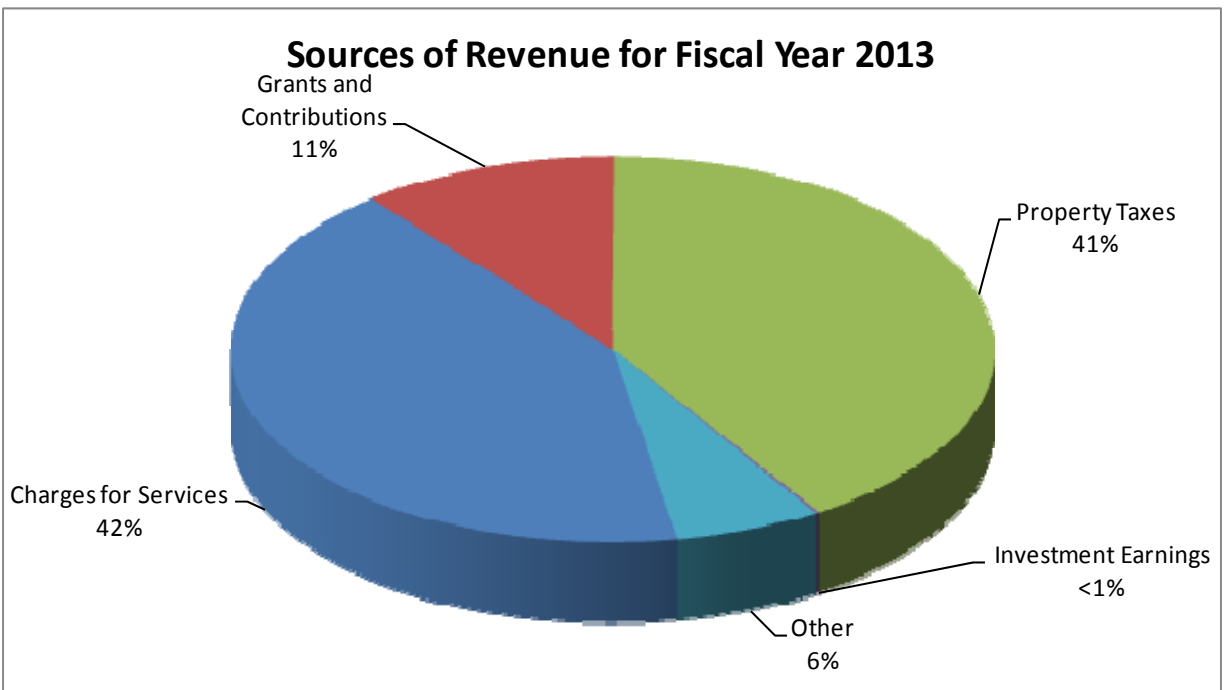
Of the total Current and Other Assets figure of \$16,614,482, \$10,216,822 is cash, cash equivalents, and investments. That represents 61% of the total Current and Other Assets. Of the total cash, cash equivalents, and investments amount, \$6,148,264 was in the Delinquent Tax Revolving Fund. The fund's 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 \$5,236,507 represent another 32% of the Current and Other Assets.

The total depreciated cost of capital assets reported in the governmental activities statement of net position is \$8,972,174, compared to \$9,806,324 in the previous year. The gross cost of those assets is \$25,256,067, compared to \$25,256,067 at the end of the previous year. The accumulated depreciation on those assets is \$16,283,893, compared to \$15,449,743 at the end of the previous year.

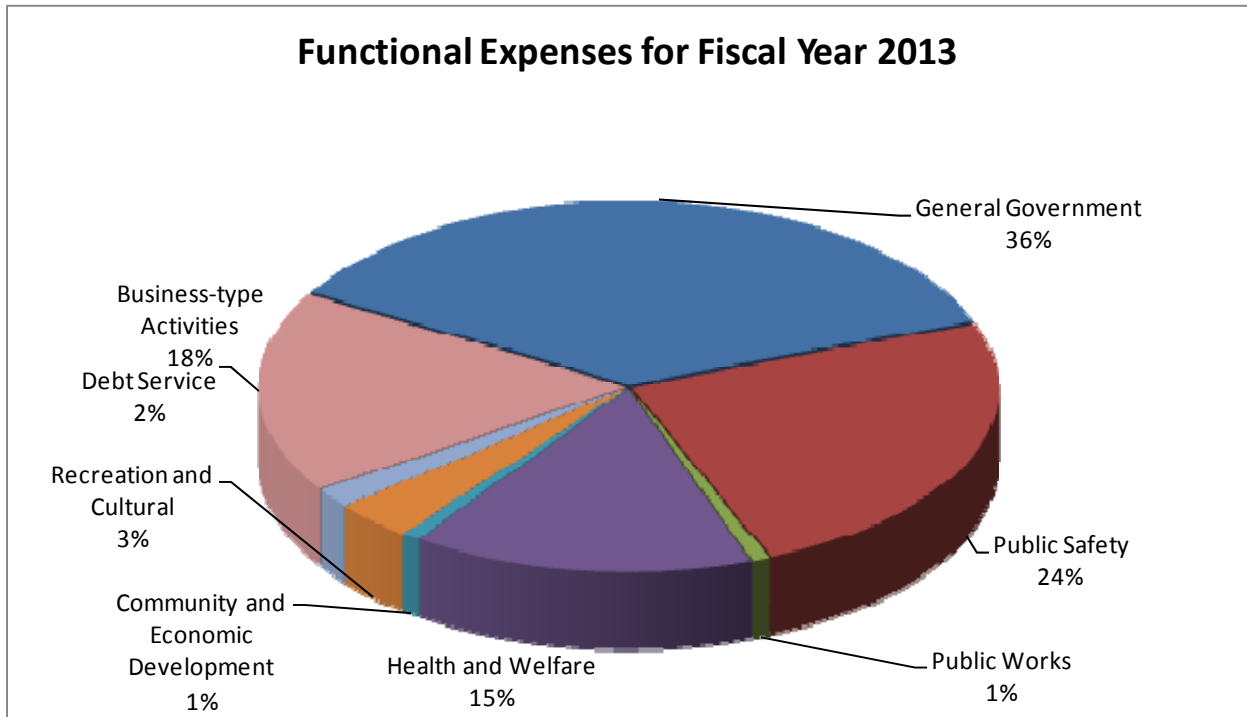
Changes in net position. The County's net position decreased by \$708,269 (See Table A-2). Governmental activities net position decreased \$1,295,406. Business-type activities net position increased by \$587,138

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2012-2013
	2013	2012	2013	2012	2013	2012	
Revenues							
Program Revenues							
Charges for Services	\$ 5,066,064	\$ 5,533,880	\$ 4,671,833	\$ 4,047,075	\$ 9,737,897	\$ 9,580,955	2%
Operating Grants and Contributions	2,532,868	2,685,017	27,468	27,177	2,560,336	2,712,194	-6%
Capital Grants and Contributions	128,354	262,045	-	-	128,354	262,045	100%
General Revenues							
Property Taxes	8,451,045	8,502,289	1,025,753	1,098,076	9,476,798	9,600,365	-1%
State Shared Revenue	948,164	945,462	-	-	948,164	945,462	100%
Investment earnings	18,990	32,963	16,929	23,364	35,919	56,327	-36%
Other	275,174	494,557	100,348	72,293	375,522	566,850	-34%
Total Revenues	17,420,659	18,456,213	5,842,331	5,267,985	23,262,990	23,724,198	-2%
Expenses							
General Government	8,647,572	8,582,754	-	-	8,647,572	8,582,754	1%
Public Safety	5,834,747	6,253,497	-	-	5,834,747	6,253,497	-7%
Public Works	183,330	262,959	-	-	183,330	262,959	-30%
Health and Welfare	3,621,630	3,461,267	-	-	3,621,630	3,461,267	5%
Community and Economic Develop.	186,164	182,608	-	-	186,164	182,608	2%
Recreation and Cultural	829,615	828,336	-	-	829,615	828,336	0%
Debt Service	429,100	456,279	-	-	429,100	456,279	-6%
Delinquent Tax	-	-	331,892	206,105	331,892	206,105	61%
Jail Commissary	-	-	122,388	93,582	122,388	93,582	31%
Building Official	-	-	262,882	262,979	262,882	262,979	0%
Ambulance	-	-	3,521,938	3,371,223	3,521,938	3,371,223	4%
Total Expenses	19,732,158	20,027,700	4,239,100	3,933,889	23,971,258	23,961,589	0%
Excess (deficiency) before transfers	(2,311,499)	(1,571,487)	1,603,231	1,334,096	(708,268)	(237,391)	198%
Transfers	1,016,093	907,130	(1,016,093)	(907,130)	-	-	
Increase (decrease) in net assets	\$ (1,295,406)	\$ (664,357)	\$ 587,138	\$ 426,966	\$ (708,268)	\$ (237,391)	198%

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:



Functional Expenses for Fiscal Year 2013



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, 2013, the County's governmental funds reported a total Fund Balance of \$2,631,365. Of that amount, \$561,415 was nonspendable, \$1,734,895 was restricted, \$10,145 was assigned, and \$324,810 was unassigned.

General Fund. The total General Fund Balance decreased by \$514,948 to (\$631,612) at September 30, 2013. The decrease is allocated to the following categories of Fund Balance:

Nonspendable	\$ 16,439
Restricted	-
Assigned	10,062
Unassigned	<u>(541,449)</u>
	<u>\$ (514,948)</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 2011 fiscal year but benefit periods after the end of the fiscal year, are recorded as prepaid expenditures.

The unassigned fund balance decreased \$541,449 to \$324,910 at September 30, 2013. The year-end unassigned fund balance figure represents (2.3%) of 2013 General Fund expenditures. The decrease was due to the loss of property tax revenue and the decrease in court costs and inmate revenue. The Board of Commissioners also adopted a budget that was conservative in nature so as to protect itself from final results not meeting expectations.

General Fund revenue was less than the final amended budget by \$476,150. General Fund revenue for 2013 totaled \$12,971,403 vs. \$13,532,859 in 2012, a \$561,456 increase. The following items were the reason for the revenue decrease:

- The reason for the decrease was the lowering values of property, which decreased property taxes.

General Fund expenditures were less than the final amended budget by \$77,896. General Fund expenditures totaled \$13,301,560 in 2012 vs. \$13,661,130 in 2012, a \$359,570 decrease.

Special Revenue Funds. The Special Revenue Funds in total ended the 2013 fiscal year with a fund balance of \$1,172,622. 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, 2013, as compared to September 30, 2012, are as follows:

Fund	2013 Fund Balance	2012 Fund Balance	Change
Victim Support Team	\$ 1,712	\$ 1,711	\$ 1
Law Enforcement Trust	33,914	32,317	1,597
Friend of the Court	1,391	605	786
Solid Waste Planning	204,890	186,753	18,137
Homeland Security Grant	48,615	35,985	12,630
Community Information Systems	18,842	19,722	(880)
Homestead Property Tax	393,090	350,238	42,852
Register of Deeds Automation	280,140	273,414	6,726
Local CO Training	17,999	15,125	2,874
Drug Law Enforcement	7,898	10,683	(2,785)
Law Enforcement Trust	463	462	1
Law Library	6,448	8,027	(1,579)
County Libraries	29,558	5,658	23,900
Animal Shelter Donation	14,697	10,207	4,490
CDBG Housing	37,634	12,246	25,388
Commission on Aging	-	2,822	(2,822)
Soldiers and Sailors Relief	72,343	55,055	17,288
Veterans Trust	1,988	710	1,278
Social Welfare	1,000	1,000	-
Total	<u>\$ 1,172,622</u>	<u>\$ 1,022,740</u>	<u>\$ 149,882</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, 2013, of \$13,431,215. Of that amount, \$823,163 was invested in capital assets, net of related debt. Internal Service Funds had net position of \$184,505 at September 30, 2013, with \$6,671 of that amount invested in capital assets, net of related debt.

Enterprise Funds. The Ambulance Fund had net position of \$2,113,427 at September 30, 2013. Of that amount, \$821,339 was invested in capital assets, net of related debt. The net position increased by \$125,526 during the 2013 fiscal year. The Ambulance Fund financial results compared to the prior fiscal year are as follows:

	<u>Sept. 30, 2013</u>	<u>Sept. 30, 2012</u>
Operating Revenues	\$ 2,621,763	\$ 2,361,185
Operating Expenses	<u>3,521,938</u>	<u>3,371,223</u>
Operating Income (Loss)	(900,175)	(1,010,038)
Nonoperating Revenues	<u>1,025,794</u>	<u>1,098,135</u>
Income (Loss) Before Transfers	125,619	88,097
Transfers In (Out)	<u>(93)</u>	<u>(78)</u>
Change in Net Assets	<u>\$ 125,526</u>	<u>\$ 88,019</u>

The Delinquent Tax Revolving Fund had net position of \$11,195,535 at the end of the 2013 fiscal year. The net position increased \$411,033 during the fiscal year. The fund generated a net income before transfers of \$1,427,033 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	\$ 7,227,079	\$ 7,227,079	\$ -	0.00%
Licenses and Permits	152,600	164,600	12,000	7.86%
Intergovernmental	2,284,583	2,391,583	107,000	4.68%
Charges for Services	2,908,599	3,137,599	229,000	7.87%
Fines or Forfeits	75,100	75,100	-	0.00%
Interest and Rents	8,600	8,600	-	0.00%
Other	286,832	356,832	70,000	24.40%
Other Financing Sources	<u>1,190,057</u>	<u>1,190,057</u>	<u>-</u>	<u>0.00%</u>
 Total Revenue and Other Financing Sources	 <u>\$ 14,133,450</u>	 <u>\$ 14,551,450</u>	 <u>\$ 418,000</u>	 <u>2.96%</u>
Expenditures				
General Government	\$ 6,867,850	\$ 6,809,400	\$ (58,450)	-0.85%
Public Safety	5,205,084	5,201,584	(3,500)	-0.07%
Public Works	70,867	70,867	-	0.00%
Health and Welfare	914,031	956,581	42,550	4.66%
Community and Economic Development	18,224	140,524	122,300	671.09%
Other	260,500	200,500	(60,000)	-23.03%
Other Financing Uses	<u>911,878</u>	<u>1,257,478</u>	<u>345,600</u>	<u>37.90%</u>
 Total Expenditures and Other Financing Uses	 <u>\$ 14,248,434</u>	 <u>\$ 14,636,934</u>	 <u>\$ 388,500</u>	 <u>2.73%</u>

Description of Significant Capital Asset and Long-Term Debt Activity

As of the 2013 fiscal year, the County had invested over \$25 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	22,642,422	437,476
Equipment and Furniture	1,720,697	892,190
Vehicles	806,126	2,102,992
Total at Historical Cost	<u>\$ 25,256,067</u>	<u>\$ 3,432,658</u>

The depreciated value of the assets in total as of September 30, 2013, for Governmental Activities and Business-type Activities was \$8,972,174 and \$875,338, respectively. Capital Asset additions totaled \$0 for the Governmental Activities and \$244,477 for the Business-type Activities. Please refer to Note F to the financial statements for additional information on capital assets.

As of September 30, 2013, the County, excluding its component units, had \$9,442,269 in long-term debt outstanding. Of the approximate \$9.4 million in debt remaining, \$270 million and \$8.850 million remains outstanding from the 2000 and 2005 Building Authority Bonds, respectively. Debt related to compensated absences (vacation and sick leave) totaled another \$322,269. Please refer to Note G to the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The County considered these factors in preparing the budget for 2014. The following factors will also affect the County's financial position and operations into the future:

- The State of Michigan's budget problems continue to affect the County's finances. The County has also seen a slight decrease in property taxes due to the economy. Also the County will be conservative in their approach in the revenue areas until the economy approves.

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 St., P.O. Box 368, Stanton, MI 48888.

BASIC FINANCIAL STATEMENTS

Montcalm County, Michigan

STATEMENT OF NET POSITION

September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,924,742	\$ 4,370,003	\$ 6,294,745	\$ 1,878,896
Investments	393,625	3,528,452	3,922,077	1,147,093
Receivables	2,062,409	4,972	2,067,381	1,469,503
Delinquent taxes receivable, net	-	3,174,098	3,174,098	-
Internal balances	(1,420,164)	1,420,164	-0-	-
Due from other governmental units	411,908	347,687	759,595	2,310,709
Inventories	-	-	-0-	699,778
Prepays	113,380	812	114,192	-
Total current assets	3,485,900	12,846,188	16,332,088	7,505,979
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	8,891,017	875,338	9,766,355	40,535,741
Total noncurrent assets	9,323,508	811,370	10,134,878	45,883,653
TOTAL ASSETS	12,809,408	13,657,558	26,466,966	53,389,632
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	393,344	-	393,344	-
LIABILITIES				
Current liabilities				
Accounts payable	393,268	104,175	497,443	882,874
Accrued liabilities	169,122	50,809	219,931	106,759
Due to other governmental units	-	3,611	3,611	20,529
Due to others	412,545	-	412,545	-
Accrued interest payable	157,556	-	157,556	41,731
Unearned revenue	-	3,565	3,565	29,440
Current portion of compensated absences	322,269	10,207	332,476	28,406
Current portion of long-term debt	590,000	20,870	610,870	549,173
Total current liabilities	2,044,760	193,237	2,237,997	1,658,912
Noncurrent liabilities				
Advances from other governmental units	-	-	-0-	434,544
Noncurrent portion of compensated absences	-	1,801	1,801	80,718
Noncurrent portion of long-term debt	8,530,000	31,305	8,561,305	6,718,460
Net other post-employment benefits obligation	18,732	-	18,732	54,027
Net pension liability	1,699,550	-	1,699,550	-
Total noncurrent liabilities	10,248,282	33,106	10,281,388	7,287,749
TOTAL LIABILITIES	12,293,042	226,343	12,519,385	8,946,661
NET POSITION				
Net investment in capital assets	-	823,163	823,163	38,616,020
Restricted	1,999,753	-	1,999,753	5,826,951
Unrestricted	(1,090,043)	12,608,052	11,518,009	-
TOTAL NET POSITION	\$ 909,710	\$ 13,431,215	\$ 14,340,925	\$ 44,442,971

See accompanying notes to financial statements.

Montcalm County, Michigan
STATEMENT OF ACTIVITIES
Year Ended September 30, 2013

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	\$ 8,647,572	\$ 3,173,603	\$ 1,156,390	\$ -	\$ (4,317,579)	\$ -	\$ (4,317,579)	\$ -
Public safety	5,834,747	1,356,614	713,146	21,931	(3,743,056)	-	(3,743,056)	-
Public works	183,330	191,087	-	-	7,757	-	7,757	-
Health and welfare	3,621,630	291,839	629,180	-	(2,700,611)	-	(2,700,611)	-
Community and economic development	186,164	33,146	34,152	106,423	(12,443)	-	(12,443)	-
Recreation and culture	829,615	19,775	-	-	(809,840)	-	(809,840)	-
Interest on long-term debt	429,100	-	-	-	(429,100)	-	(429,100)	-
Total governmental activities	19,732,158	5,066,064	2,532,868	128,354	(12,004,872)	-0-	(12,004,872)	-0-
Business-type activities								
Delinquent tax	331,892	1,647,786	-	-	-	1,315,894	1,315,894	-
Inmate Commissary	122,388	146,327	-	-	-	23,939	23,939	-
Building Official	262,882	289,519	-	-	-	26,637	26,637	-
Ambulance	3,521,938	2,588,201	27,468	-	-	(906,269)	(906,269)	-
Total business-type activities	4,239,100	4,671,833	27,468	-0-	-0-	460,201	460,201	-0-
Total primary government	\$ 23,971,258	\$ 9,737,897	\$ 2,560,336	\$ 128,354	(12,004,872)	460,201	(11,544,671)	-0-
Component units								
Drainage Districts	\$ 1,778,808	\$ 470,865	\$ -	\$ 931,624	-	-	-0-	(376,319)
Central Dispatch Authority	1,935,870	1,619,817	-	-	-	-	-0-	(316,053)
Road Commission	10,508,394	1,303,159	5,507,735	4,239,051	-	-	-0-	541,551
Total component units	\$ 14,223,072	\$ 3,393,841	\$ 5,507,735	\$ 5,170,675	-0-	-0-	-0-	(150,821)
General revenues								
Taxes					8,451,045	1,025,753	9,476,798	-
State shared revenue					948,164	-	948,164	-
Investment earnings					18,990	16,929	35,919	5,546
Other					275,174	100,348	375,522	159,888
Transfers					1,016,093	(1,016,093)	-0-	-
Total general revenues and transfers					10,709,466	126,937	10,836,403	165,434
Change in net position					(1,295,406)	587,138	(708,268)	14,613
Restated net position, beginning of the year					2,205,116	12,844,077	15,049,193	44,428,358
Net position, end of the year					\$ 909,710	\$ 13,431,215	\$ 14,340,925	\$ 44,442,971

See accompanying notes to financial statements.

Montcalm County, Michigan

Governmental Funds

BALANCE SHEET

September 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 241,403	\$ 1,590,942	\$ 1,832,345
Investments	33,056	277,674	310,730
Accounts receivable	82,306	60,128	142,434
Taxes receivable	1,866,875	-	1,866,875
Land contract receivable	26,550	26,550	53,100
Due from other funds	-	31,005	31,005
Due from other governmental units - Federal/State	321,475	90,433	411,908
Advances to other funds	-	164,318	164,318
Advances to other governmental units	187,016	-	187,016
Prepays	109,541	1,297	110,838
	<u>2,868,222</u>	<u>2,242,347</u>	<u>5,110,569</u>
TOTAL ASSETS	\$ 2,868,222	\$ 2,242,347	\$ 5,110,569
LIABILITIES			
Accounts payable	\$ 277,334	\$ 115,934	\$ 393,268
Accrued wages	142,333	26,789	169,122
Due to other funds	1,377,848	73,321	1,451,169
Due to others	412,545	-	412,545
	<u>2,210,060</u>	<u>216,044</u>	<u>2,426,104</u>
TOTAL LIABILITIES	2,210,060	216,044	2,426,104
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	26,550	26,550	53,100
FUND BALANCES			
Nonspendable	296,557	264,858	561,415
Restricted	-	1,734,895	1,734,895
Assigned	10,145	-	10,145
Unassigned	324,910	-	324,910
	<u>631,612</u>	<u>1,999,753</u>	<u>2,631,365</u>
TOTAL FUND BALANCES	631,612	1,999,753	2,631,365
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,868,222	\$ 2,242,347	\$ 5,110,569

See accompanying notes to financial statements.

Montcalm County, Michigan

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

September 30, 2013

Total fund balance - governmental funds \$ 2,631,365

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	\$ 25,256,067	
Accumulated depreciation is	<u>(16,283,893)</u>	
Capital assets, net		8,972,174

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	184,505	
Net capital assets of Internal Service Funds included in total capital assets above	<u>(6,671)</u>	177,834

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

Unavailable revenue		53,100
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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		393,344
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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	(9,120,000)	
Accrued interest payable	(157,556)	
Compensated absences	(322,269)	
Net other post-employment benefits obligation	(18,732)	
Net pension liability	<u>(1,699,550)</u>	
		<u>(11,318,107)</u>

Net position of governmental activities \$ 909,710

Montcalm County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 6,906,493	\$ 1,544,552	\$ 8,451,045
Licenses and permits	131,238	6,435	137,673
Intergovernmental	2,462,298	1,057,478	3,519,776
Charges for services	3,307,322	462,115	3,769,437
Fines and forfeits	85,498	6,500	91,998
Interest and rents	4,688	984,126	988,814
Other	304,796	66,770	371,566
TOTAL REVENUES	13,202,333	4,127,976	17,330,309
EXPENDITURES			
Current			
General government	6,843,001	886,209	7,729,210
Public safety	5,166,141	26,953	5,193,094
Public works	-	176,312	176,312
Health and welfare	1,978,135	1,320,052	3,298,187
Community and economic development	137,117	41,921	179,038
Recreation and culture	20,389	769,114	789,503
Other	199,930	-	199,930
Capital outlay	-	182,162	182,162
Debt service	-	966,086	966,086
TOTAL EXPENDITURES	14,344,713	4,368,809	18,713,522
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,142,380)	(240,833)	(1,383,213)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,103,897	406,558	1,510,455
Transfers out	(476,465)	(87,897)	(564,362)
TOTAL OTHER FINANCING SOURCES (USES)	627,432	318,661	946,093
NET CHANGE IN FUND BALANCES	(514,948)	77,828	(437,120)
Fund balances, beginning of year	1,146,560	1,941,367	3,087,927
Prior period adjustment	-	(19,442)	(19,442)
Fund balances, end of year	\$ 631,612	\$ 1,999,753	\$ 2,631,365

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, 2013

Net change in fund balances - total governmental funds **\$ (437,120)**

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	(834,150)
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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	\$ (16,058)	
Depreciation expense of Internal Service Funds included in the total above	<u>2,225</u>	
		(13,833)

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:

Change in unavailable revenue	(39,650)	
Related party operating lease	<u>130,000</u>	
		90,350

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	<u>560,000</u>	
		525,554

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	11,432	
(Increase) in accrued compensated absences	(25,987)	
Decrease in other post-employment benefits obligation	9,636	
(Increase) in net pension liability	(491,288)	
(Increase) in related party operating lease	<u>(130,000)</u>	
		<u>(626,207)</u>

Change in net position of governmental activities **\$ (1,295,406)**

See accompanying notes to financial statements.

Montcalm County, Michigan
Proprietary Funds
STATEMENT OF NET POSITION
September 30, 2013

	Business-type	
	Delinquent Tax Revolving	Ambulance
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,663,686	\$ 1,580,240
Investments	3,484,578	39,903
Accounts receivable	4,972	-
Delinquent taxes receivable, net	3,174,098	-
Due from other governmental units - local	347,687	-
Due from other funds	1,420,164	-
Prepays	-	812
	11,095,185	1,620,955
Noncurrent assets		
Advances to other governmental units	100,350	-
Capital assets, net of accumulated depreciation	-	873,514
	100,350	873,514
TOTAL ASSETS	11,195,535	2,494,469
LIABILITIES		
Current liabilities		
Accounts payable	-	99,271
Accrued wages	-	46,094
Due to other governmental units	-	3,611
Unearned revenue	-	3,565
Current portion of compensated absences	-	10,207
Current portion of long-term debt	-	20,870
	-0-	183,618
Noncurrent liabilities		
Advances from other funds	-	164,318
Noncurrent portion of compensated absences	-	1,801
Noncurrent portion of long-term debt	-	31,305
	-0-	197,424
TOTAL LIABILITIES	-0-	381,042
NET POSITION		
Net investment in capital assets	-	821,339
Unrestricted	11,195,535	1,292,088
	11,195,535	1,292,088
TOTAL NET POSITION	\$ 11,195,535	\$ 2,113,427

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 126,077	\$ 4,370,003	\$ 92,397
3,971	3,528,452	82,895
-	4,972	-
-	3,174,098	-
-	347,687	-
-	1,420,164	-
-	812	2,542
130,048	12,846,188	177,834
-	100,350	-
1,824	875,338	6,671
1,824	975,688	6,671
131,872	13,821,876	184,505
4,904	104,175	-
4,715	50,809	-
-	3,611	-
-	3,565	-
-	10,207	-
-	20,870	-
9,619	193,237	-0-
-	164,318	-
-	1,801	-
-	31,305	-
-0-	197,424	-0-
9,619	390,661	-0-
1,824	823,163	6,671
120,429	12,608,052	177,834
<u>\$ 122,253</u>	<u>\$ 13,431,215</u>	<u>\$ 184,505</u>

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2013

	Business-type	
	Delinquent Tax Revolving	Ambulance
OPERATING REVENUES		
Charges for services	\$ 1,014,159	\$ 2,588,201
Sales	-	-
Intergovernmental - Federal/State	-	27,468
Penalties and interest on delinquent taxes	633,627	-
Other	94,254	6,094
TOTAL OPERATING REVENUES	1,742,040	2,621,763
OPERATING EXPENSES		
Personal services	-	1,746,416
Fringe benefits	-	650,012
Operating supplies	61,486	340,336
Contractual services	105,909	53,788
Repairs and maintenance	-	159,095
Insurance	-	35,303
Vehicle expense	-	2,725
Communications	-	8,099
Utilities	-	10,705
Training	-	17,906
Indirect operating	164,497	143,661
Other	-	16,476
Depreciation	-	337,416
TOTAL OPERATING EXPENSES	331,892	3,521,938
OPERATING INCOME (LOSS)	1,410,148	(900,175)
NONOPERATING REVENUES		
Tax revenue	-	1,025,753
Interest revenue	16,885	41
TOTAL NONOPERATING REVENUES	16,885	1,025,794
INCOME (LOSS) BEFORE TRANSFERS	1,427,033	125,619
TRANSFERS		
Transfers in	-	-
Transfers out	(1,016,000)	(93)
TOTAL TRANSFERS	(1,016,000)	(93)
CHANGE IN NET POSITION	411,033	125,526
Net position, beginning of year	10,784,502	1,987,901
Net position, end of year	\$ 11,195,535	\$ 2,113,427

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 289,519	\$ 3,891,879	\$ -
146,327	146,327	-
-	27,468	-
-	633,627	-
-	100,348	23,506
<u>435,846</u>	<u>4,799,649</u>	<u>23,506</u>
165,244	1,911,660	-
54,635	704,647	-
113,106	514,928	2,837
5,681	165,378	72,739
-	159,095	-
2,886	38,189	-
-	2,725	-
128	8,227	-
-	10,705	-
-	17,906	-
-	308,158	-
42,871	59,347	31,829
719	338,135	2,225
<u>385,270</u>	<u>4,239,100</u>	<u>109,630</u>
50,576	560,549	(86,124)
-	1,025,753	-
3	16,929	66
<u>3</u>	<u>1,042,682</u>	<u>66</u>
50,579	1,603,231	(86,058)
-	-0-	70,000
-	(1,016,093)	-
<u>-0-</u>	<u>(1,016,093)</u>	<u>70,000</u>
50,579	587,138	(16,058)
71,674	12,844,077	200,563
<u>\$ 122,253</u>	<u>\$ 13,431,215</u>	<u>\$ 184,505</u>

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2013

	Business-type	
	Delinquent Tax Revolving	Ambulance
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 2,086,650	\$ 2,597,860
Cash receipts from federal operating grants	-	31,079
Cash receipts from other governmental units	215,803	-
Cash paid to suppliers	(331,892)	(759,695)
Cash paid for fringe benefits	-	(650,012)
Cash paid to employees	-	(1,729,235)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,970,561	(510,003)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
(Receipt) of interfund balances	(738,660)	-
Transfers to other funds	(1,016,000)	(93)
Tax revenue	-	1,025,753
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,754,660)	1,025,660
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from other funds	-	-
Capital acquisitions	-	(243,548)
Payments on borrowings	-	(20,870)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	(264,418)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(961,955)	(37,928)
Maturity of investments	-	-
Interest received	16,885	41
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(945,070)	(37,887)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(729,169)	213,352
Cash and cash equivalents, beginning of year	3,392,855	1,366,888
Cash and cash equivalents, end of year	<u>\$ 2,663,686</u>	<u>\$ 1,580,240</u>

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 435,846	\$ 5,120,356	\$ 23,506
-	31,079	-
-	215,803	-
(162,074)	(1,253,661)	(78,306)
(54,635)	(704,647)	(31,829)
<u>(165,244)</u>	<u>(1,894,479)</u>	<u>-</u>
53,893	1,514,451	(86,629)
-	(738,660)	-
-	(1,016,093)	-
-	<u>1,025,753</u>	<u>-</u>
-0-	(729,000)	-0-
-	-0-	70,000
(929)	(244,477)	-
-	<u>(20,870)</u>	<u>-</u>
(929)	(265,347)	70,000
(3,971)	(1,003,854)	(65)
3,968	3,968	-
<u>3</u>	<u>16,929</u>	<u>66</u>
-0-	<u>(982,957)</u>	<u>1</u>
52,964	(462,853)	(16,628)
<u>73,113</u>	<u>4,832,856</u>	<u>109,025</u>
<u>\$ 126,077</u>	<u>\$ 4,370,003</u>	<u>\$ 92,397</u>

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended September 30, 2013

	Business-type	
	Delinquent Tax Revolving	Ambulance
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,410,148	\$ (900,175)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	-	337,416
(Increase) decrease in:		
Accounts receivable	(2,254)	-
Taxes receivable	346,864	-
Due from other governmental units	215,803	-
Prepays	-	-
Increase (decrease) in:		
Accounts payable	-	28,399
Accrued liabilities	-	12,771
Due to other governmental units	-	3,611
Unearned revenue	-	3,565
Compensated absences	-	4,410
	<u>\$ 1,970,561</u>	<u>\$ (510,003)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 1,970,561</u>	 <u>\$ (510,003)</u>

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 50,576	\$ 560,549	\$ (86,124)
719	338,135	2,225
-	(2,254)	-
-	346,864	-
-	215,803	-
-	-0-	(2,542)
1,397	29,796	(188)
1,201	13,972	-
-	3,611	-
-	3,565	-
-	4,410	-
<u>\$ 53,893</u>	<u>\$ 1,514,451</u>	<u>\$ (86,629)</u>

Montcalm County, Michigan

Fiduciary Funds

STATEMENT OF NET POSITION

September 30, 2013

	Agency Funds	Pension Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 5,607,863	\$ 8,047
Investments	-	20,193,711
Due from other governmental units	661,347	-
Due from others	-	412,073
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 6,269,210</u>	20,613,831
LIABILITIES		
Accounts payable	\$ -	541
Due to other governmental units		
Federal/State	696,030	-
Local	1,848,157	-
Due to individuals and agencies	3,725,023	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 6,269,210</u>	541
NET POSITION		
Held in trust for benefits and other purposes		<u>\$ 20,613,290</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended September 30, 2013

	<u>Pension Fund</u>
ADDITIONS	
Investment income	
Net increase in fair value of investments	\$ 1,604,472
Interest and dividends	411,173
Less: investment expense	<u>(77,878)</u>
Net investment income	1,937,767
Contributions	
Employer	550,778
Plan Members	<u>393,075</u>
Total contributions	<u>943,853</u>
TOTAL ADDITIONS	2,881,620
DEDUCTIONS	
Benefits	1,328,845
Administrative	<u>21,100</u>
TOTAL DEDUCTIONS	<u>1,349,945</u>
CHANGE IN NET POSITION	1,531,675
Net position, beginning of year	<u>19,081,615</u>
Net position, end of year	<u><u>\$ 20,613,290</u></u>

Montcalm County, Michigan

Component Units

COMBINING STATEMENT OF NET POSITION

September 30, 2013

	Drainage Districts	Central Dispatch Authority
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,822,291	\$ -
Investments	566,592	120,071
Receivables	1,154,850	314,653
Due from other governmental units	-	-
Inventories	-	-
	3,543,733	434,724
Total current assets		
Noncurrent assets		
Capital assets not being depreciated	75,650	-
Capital assets, net of accumulated depreciation	11,554,880	173
	11,630,530	173
Total noncurrent assets		
	15,174,263	434,897
TOTAL ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	43,669	6,234
Accrued liabilities	888	18,366
Due to other governmental units	-	10,926
Accrued interest payable	41,731	-
Unearned revenue	-	-
Current portion of compensated absences	-	28,406
Current portion of long-term debt	338,570	-
	424,858	63,932
Total current liabilities		
Noncurrent liabilities		
Advances from other governmental units	287,366	-
Advance from State	-	-
Noncurrent portion of compensated absences	-	-
Noncurrent portion of long-term debt	5,833,298	-
Other post-employment benefits obligation	-	-
	6,120,664	-0-
Total noncurrent liabilities		
	6,545,522	63,932
TOTAL LIABILITIES		
NET POSITION		
Net investment in capital assets	5,458,662	173
Restricted	3,170,079	370,792
	\$ 8,628,741	\$ 370,965
TOTAL NET POSITION		

See accompanying notes to financial statements.

<u>Road Commission</u>	<u>Total</u>
\$ 56,605	\$ 1,878,896
460,430	1,147,093
-	1,469,503
2,310,709	2,310,709
<u>699,778</u>	<u>699,778</u>
3,527,522	7,505,979
5,272,262	5,347,912
<u>28,980,688</u>	<u>40,535,741</u>
<u>34,252,950</u>	<u>45,883,653</u>
37,780,472	53,389,632
832,971	882,874
87,505	106,759
9,603	20,529
-	41,731
29,440	29,440
-	28,406
<u>210,603</u>	<u>549,173</u>
1,170,122	1,658,912
-	287,366
147,178	147,178
80,718	80,718
885,162	6,718,460
<u>54,027</u>	<u>54,027</u>
<u>1,167,085</u>	<u>7,287,749</u>
<u>2,337,207</u>	<u>8,946,661</u>
33,157,185	38,616,020
<u>2,286,080</u>	<u>5,826,951</u>
<u>\$ 35,443,265</u>	<u>\$ 44,442,971</u>

Montcalm County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended September 30, 2013

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	\$ 982,052	\$ 15,717	\$ -	\$ 931,624	\$ (34,711)	\$ -	\$ (34,711)
Central Dispatch Authority	1,935,870	1,619,817	-	-	(316,053)	-	(316,053)
Road Commission	10,508,394	1,303,159	5,507,735	4,239,051	541,551	-	541,551
Total governmental activities	13,426,316	2,938,693	5,507,735	5,170,675	190,787	-0-	190,787
Business-type activities							
Drainage Districts	796,756	455,148	-	-	-	(341,608)	(341,608)
Total component units	<u>\$ 14,223,072</u>	<u>\$ 3,393,841</u>	<u>\$ 5,507,735</u>	<u>\$ 5,170,675</u>	190,787	(341,608)	(150,821)
General revenues							
					565	4,981	5,546
					89,231	70,657	159,888
					<u>89,796</u>	<u>75,638</u>	<u>165,434</u>
					280,583	(265,970)	14,613
					<u>39,756,457</u>	<u>4,671,901</u>	<u>44,428,358</u>
					<u>\$ 40,037,040</u>	<u>\$ 4,405,931</u>	<u>\$ 44,442,971</u>

See accompanying notes to financial statements.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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, 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, 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.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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, 2013, the County contributed \$463,143 to cover its share of operational costs. Some of the treasury functions for the Mid-Michigan Health 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 health 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 Mid-Michigan District Health Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended September 30, 2013, are available at the Department's administrative offices. As of September 30, 2013, the Department had net position of \$1,633,660.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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 Center for Behavioral Health - Mental Health Authority - 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 Authority is legally separate and fiscally independent, for the Authority'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, 2013. A copy of the financial statements is available at the Board's administrative offices. As of September 30, 2013, the Board had total assets of \$3,164,305; total liabilities of \$1,371,496; and total net position of \$1,792,809. For year ended September 30, 2013, the Board had total revenues of \$9,960,213; total expenses of \$9,844,613; and a net increase in net position of \$115,600.

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, 2013. A copy of the financial statements is available at the Commission's administrative offices. As of December 31, 2013, the Commission had total assets of \$867,808; total liabilities of \$50,400, and total net position of \$817,408. For the year ended December 31, 2013, the Commission had total revenues of \$1,071,868; total expenses of \$1,173,313; and a net decrease in net position of \$101,445.

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, 2013, the County's contribution to the Commission was \$3,871.

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, 2013

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 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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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 unearned 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.

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.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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 UNIT - DRAINAGE DISTRICTS

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:

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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 long-term.

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, 2013

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, 2013, including related payroll taxes, is recorded in the government-wide financial statements.

Vested vacation and sick leave earned as of September 30, 2013, for the Road Commission (component unit) is recorded in the respective component unit government-wide financial statements.

21. 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.

22. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or fund level balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The County has one type of item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide financial statement of net position. A deferred charge on refunding results from a difference in the carrying value of the refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and/or fund level balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The County has one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues from revenues collected subsequent to 60 days after year end. These amounts are deferred and recognized as deferred inflows of resources in the period that the amount becomes available.

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

23. 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.

24. 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.

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.

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, Internal Service Funds (except for the Delinquent Tax Revolving 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.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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, 2013, 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	\$ 6,429,780	\$ 6,334,384
Certificates of deposit	1,022,136	1,022,136
	<hr/>	<hr/>
TOTAL PRIMARY GOVERNMENT	7,451,916	7,356,520
FIDUCIARY FUNDS		
Checking	2,095,033	1,539,767
Certificates of deposit	6,044	6,044
	<hr/>	<hr/>
TOTAL FIDUCIARY FUNDS	2,101,077	1,545,811
COMPONENT UNITS		
Checking	2,239,260	2,774,278
Certificates of deposit	4,912	4,912
	<hr/>	<hr/>
TOTAL COMPONENT UNITS	2,244,172	2,779,190
	<hr/>	<hr/>
TOTAL REPORTING ENTITY	<u>\$ 11,797,165</u>	<u>\$ 11,681,521</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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, 2013, the primary government and component unit accounts were insured by the FDIC for \$779,261 and the amount of \$10,902,260 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, 2013.

As of September 30, 2013, 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 Rating</u>	<u>Weighted Average Maturity</u>
PRIMARY GOVERNMENT				
U.S. Government Securities	\$ 973,410	\$ 973,410	AAAm	4.90 years
Uncategorized pooled investment funds	143,911	143,911	AAAm	42 days
Uncategorized pooled investment funds	<u>2,618,860</u>	<u>2,618,860</u>	N/A	N/A
Total primary government	2,762,771	2,762,771		
FIDUCIARY FUNDS				
U.S. Government Securities	991,400	991,400	AAAm	2.73 years
Corporate Bonds and Notes	4,335,802	4,335,802	A3	4.36 years
Common Stock	6,772,815	6,772,815	N/A	N/A
Uncategorized pooled investment funds	3,514,833	3,514,833	AAAm	42 days
Uncategorized pooled investment funds	2,480,778	2,480,778	N/A	N/A
Uncategorized pooled investment funds	<u>5,612,916</u>	<u>5,612,916</u>	N/A	N/A
Total Fiduciary Funds	23,708,544	23,708,544		
COMPONENT UNITS				
Uncategorized pooled investment funds	661,546	661,546	AAAm	42 days
Uncategorized pooled investment funds	<u>120,071</u>	<u>120,071</u>	N/A	N/A
Total component units	<u>781,617</u>	<u>781,617</u>		
Total reporting entity	<u><u>\$ 27,252,932</u></u>	<u><u>\$ 27,252,932</u></u>		

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 September 30, 2013, the market value, which is the carrying amount of the pension trust plan assets were \$20,193,711.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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, 2013, rating information on the County's investments is presented above.

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, 2013:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 6,294,745	\$ 5,615,910	\$ 1,878,896	\$ 13,789,551
Investments	<u>3,922,077</u>	<u>20,193,711</u>	<u>1,147,093</u>	<u>25,262,881</u>
	<u>\$ 10,216,822</u>	<u>\$ 25,809,621</u>	<u>\$ 3,025,989</u>	<u>\$ 39,052,432</u>

The primary government cash and cash equivalents captions on the financial statements include \$2,135 in imprest cash. The component unit cash and cash equivalents captions on the financial statements includes \$200 in imprest cash.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables related to the primary government at September 30, 2013:

Due to Delinquent Tax Revolving Fund from:	
General Fund	\$ 1,364,209
Nonmajor governmental funds	<u>55,955</u>
	<u>\$ 1,420,164</u>
Due to nonmajor governmental funds from:	
General Fund	\$ 13,639
Nonmajor governmental funds	<u>17,366</u>
	<u>\$ 31,005</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 D: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at September 30, 2013:

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

The advances were made to finance capital acquisitions.

NOTE E: 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	\$ 87,897
Delinquent Tax Revolving Fund	<u>1,016,000</u>
	<u>\$ 1,103,897</u>
Transfer to nonmajor governmental funds from:	
General Fund	\$ 406,465
Ambulance Fund	<u>93</u>
	<u>\$ 406,558</u>
Transfer to internal service funds from:	
General Fund	<u>\$ 70,000</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE E: INTERFUND TRANSFERS - CONTINUED

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, Ambulance Fund, and other 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 F: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

PRIMARY GOVERNMENT

	Balance Oct. 1, 2012	Additions	Deletions	Balance Sept. 30, 2013
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	-	-	22,642,422
Equipment and furniture	1,720,697	-	-	1,720,697
Vehicles	806,126	-	-	806,126
Subtotal	25,174,910	-0-	-0-	25,174,910
Less accumulated depreciation for:				
Land improvements	(4,532)	(567)	-	(5,099)
Buildings and additions	(13,288,139)	(657,193)	-	(13,945,332)
Equipment and furniture	(1,562,901)	(77,357)	-	(1,640,258)
Vehicles	(594,171)	(99,033)	-	(693,204)
Subtotal	(15,449,743)	(834,150)	-0-	(16,283,893)
Net capital assets being depreciated	9,725,167	(834,150)	-0-	8,891,017
Total Net Capital Assets	<u>\$ 9,806,324</u>	<u>\$ (834,150)</u>	<u>\$ -0-</u>	<u>\$ 8,972,174</u>

Depreciation expense was charged to the following governmental activities:

Governmental activities:	
General government	\$ 328,359
Public safety	434,945
Health and welfare	62,160
Recreation and culture	8,686
	<u>\$ 834,150</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE F: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

	Balance Oct. 1, 2012	Additions	Deletions	Balance Sept. 30, 2013
Business-type Activities				
Capital assets being depreciated				
Buildings and improvements	\$ 434,092	\$ 3,384	\$ -	\$ 437,476
Equipment and furniture	858,697	33,493	-	892,190
Vehicles	1,939,507	207,600	(44,115)	2,102,992
Subtotal	3,232,296	244,477	(44,115)	3,432,658
Less accumulated depreciation for:				
Buildings and improvements	(162,903)	(22,128)	-	(185,031)
Equipment and furniture	(689,887)	(72,210)	-	(762,097)
Vehicles	(1,410,510)	(243,797)	44,115	(1,610,192)
Subtotal	(2,263,300)	(338,135)	44,115	(2,557,320)
Total Net Capital Assets	\$ 968,996	\$ (93,658)	\$ -0-	\$ 875,338

COMPONENT UNITS

Drainage Districts				
Capital assets not being depreciated				
Land	\$ 75,650	\$ -	\$ -	\$ 75,650
Capital assets being depreciated				
Drains	13,464,229	-	-	13,464,229
Less accumulated depreciation for:				
Drains	(1,598,964)	(310,385)	-	(1,909,349)
Net capital assets being depreciated	11,865,265	(310,385)	-0-	11,554,880
Total Net Capital Assets	\$ 11,940,915	\$ (310,385)	\$ -0-	\$ 11,630,530
Central Dispatch Authority				
Capital assets being depreciated				
Equipment and furniture	\$ 691,050	\$ -	\$ -	\$ 691,050
Vehicles	16,490	-	-	16,490
Subtotal	707,540	-0-	-0-	707,540
Less accumulated depreciation for:				
Equipment and furniture	(682,957)	(7,920)	-	(690,877)
Vehicles	(16,490)	-	-	(16,490)
Subtotal	(699,447)	(7,920)	-0-	(707,367)
Total Net Capital Assets	\$ 8,093	\$ (7,920)	\$ -0-	\$ 173

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE F: CAPITAL ASSETS - CONTINUED

COMPONENT UNITS - CONTINUED

	Restated Balance Oct. 1, 2012	Additions	Deletions	Balance Sept. 30, 2013
Road Commission				
Capital assets not being depreciated				
Land	\$ 45,227	\$ -	\$ -	\$ 45,227
Infrastructure - land improvements	5,227,035	-	-	5,227,035
Subtotal	5,272,262	-0-	-0-	5,272,262
Capital assets being depreciated				
Buildings	2,583,448	9,610	-	2,593,058
Road equipment	7,440,670	1,373,393	(269,174)	8,544,889
Shop equipment	78,145	14,850	-	92,995
Office equipment	139,631	1,730	-	141,361
Engineer's equipment	40,656	2,080	-	42,736
Yard and storage	366,508	-	-	366,508
Infrastructure - bridges	10,976,016	1,058,454	-	12,034,470
Infrastructure - roads	63,550,150	1,551,784	(28,135,718)	36,966,216
Subtotal	85,175,224	4,011,901	(28,404,892)	60,782,233
Less accumulated depreciation for:				
Buildings	(864,976)	(53,310)	-	(918,286)
Road equipment	(6,924,423)	(219,516)	251,044	(6,892,895)
Shop equipment	(69,619)	(1,772)	-	(71,391)
Office equipment	(130,314)	(4,391)	-	(134,705)
Engineer's equipment	(39,906)	(250)	-	(40,156)
Yard and storage	(359,683)	-	-	(359,683)
Infrastructure - bridges	(4,387,087)	(247,078)	-	(4,634,165)
Infrastructure - roads	(44,962,082)	(1,923,900)	28,135,718	(18,750,264)
Subtotal	(57,738,090)	(2,450,217)	28,386,762	(31,801,545)
Net capital assets being depreciated	27,437,134	1,561,684	(18,130)	28,980,688
Total Net Capital Assets	<u>\$ 32,709,396</u>	<u>\$ 1,561,684</u>	<u>\$ (18,130)</u>	<u>\$ 34,252,950</u>

Depreciation expense was charged to the following activities:

Net equipment expense	
Direct equipment	\$ 219,516
Indirect equipment	
Buildings	52,567
Shop equipment	1,773
Distributive expense - overhead	250
Net administrative expense	
Office equipment and furniture	4,391
Infrastructure	2,171,720
	<u>\$ 2,450,217</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G: 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, 2013:

	Balance Oct. 1, 2012	Additions	Deletions	Balance Sept. 30, 2013	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct County obligations	\$ 9,680,000	\$ -	\$ (560,000)	\$ 9,120,000	\$ 590,000
Compensated absences	296,282	508,519	(482,532)	322,269	322,269
	9,976,282	508,519	(1,042,532)	9,442,269	912,269
Less: deferred amounts on refunding	(427,790)	-	34,446	(393,344)	(34,446)
Total governmental activities	9,548,492	508,519	(1,008,086)	9,048,925	877,823
Business-type Activities					
Installment purchase agreement	73,045	-	(20,870)	52,175	20,870
Compensated absences	7,598	4,410	-	12,008	10,207
Total business-type activities	80,643	4,410	(20,870)	64,183	31,077
TOTAL PRIMARY GOVERNMENT	9,629,135	512,929	(1,028,956)	9,113,108	908,900
COMPONENT UNITS					
Central Dispatch					
Compensated absences	25,233	79,506	(76,333)	28,406	28,406
Drainage Districts					
Governmental Activities					
Drain bonds and notes	1,906,082	-	(312,214)	1,593,868	225,570
Business-type Activities					
Little Whitefish Lake Drain bonds	1,146,500	-	(24,500)	1,122,000	26,000
Sidney Township Sewer Note	3,543,000	-	(87,000)	3,456,000	87,000
Road Commission					
Michigan transportation revenue note	200,000	-	(200,000)	-0-	-
Installment purchase agreements	-	1,095,765	-	1,095,765	210,603
Compensated absences	86,129	-	(5,411)	80,718	-
TOTAL COMPONENT UNITS	6,906,944	1,175,271	(705,458)	7,376,757	577,579
TOTAL REPORTING ENTITY	\$ 16,536,079	\$ 1,688,200	\$ (1,734,414)	\$ 16,489,865	\$ 1,486,479

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 two (2) long-term loan agreements. The proceeds of these loans were used to defray the cost of capital acquisition and construction.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G: LONG-TERM DEBT - CONTINUED

Direct County Obligations - continued

Bonds and loans payable at September 30, 2013, are as follows:

\$15,000,000 Montcalm County Building Authority - Jail Expansion Bonds Series 2000, dated September 1, 2000, with the last annual installment of \$270,000 being due May 1, 2014, with interest of 5.00 percent, payable semi-annually.	\$ 270,000
\$9,320,000 Building Authority Refunding Bonds dated October 4, 2005, due in annual installments ranging from \$320,000 to \$945,000 through May 1, 2025, with interest ranging from 4.00 percent to 5.00 percent, payable semi-annually.	<u>8,850,000</u>
	<u>\$ 9,120,000</u>

Installment Purchase Agreement

\$104,349 Installment Purchase Agreement, dated March 31, 2011, due in monthly installments of \$1,739 through May 2, 2016.	<u>\$ 52,175</u>
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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. The dollar amount of these vested rights, including related payroll taxes, amounted to \$239,662 and \$94,615 for vacation and sick, respectively, at September 30, 2013. Of the total liability of \$334,277, \$332,476 has been reported as a current liability and \$1,801 has been reported as a noncurrent 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 \$28,406 for vacation at September 30, 2013. All of the total liability of \$28,406 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.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED

Drain Bonds and Notes

Bonds and notes payable at September 30, 2013, 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 \$20,000 to \$45,000 through March 1, 2034, with interest of 4.50 percent, payable semi-annually.	\$ 670,000
\$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.	507,847
\$288,657 Number Five Drain District Bonds, Series 2008, dated July 30, 2008, due in annual installments of \$41,237 through June 1, 2015, with interest of 3.69 percent, payable semi-annually.	82,473
\$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.	275,000
\$252,900 Fresh Drain Note, Series 2007, dated July 23, 2007, due in an annual installment of \$36,128 on June 1, 2014, with interest of 4.27 percent, payable annually.	36,128
\$112,100 Townline Lake Note, Series 2010, dated March 4, 2010, due in an annual installment of \$22,420 on June 1, 2014, with interest of 3.55 percent, payable annually.	<u>22,420</u>
	<u>\$ 1,593,868</u>

Bonds and notes payable at September 30, 2013, 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 \$24,000 to \$55,000 through November 1, 2036, with interest of 5.0 percent, payable semi-annually.	\$ 1,015,000
\$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.	107,000
\$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>3,456,000</u>
	<u>\$ 4,578,000</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - ROAD COMMISSION

Installment Purchase Agreement - Chemical Bank

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. \$ 620,296

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. 475,469

\$ 1,095,765

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 \$80,718 at September 30, 2013.

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
2014	\$ 590,000	\$ 378,133	\$ 20,870	\$ -
2015	615,000	348,295	20,870	-
2016	655,000	317,545	10,435	-
2017	675,000	291,345	-	-
2018	705,000	264,345	-	-
2019-2023	4,025,000	872,325	-	-
2024-2025	1,855,000	113,890	-	-
	<u>\$ 9,120,000</u>	<u>\$ 2,585,878</u>	<u>\$ 52,175</u>	<u>\$ -0-</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G: LONG-TERM DEBT - CONTINUED

Year Ending September 30,	Component Units			
	Drain		Road Commission	
	Bonds and Notes		Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
2014	\$ 338,570	\$ 225,992	\$ 210,603	\$ 21,805
2015	282,023	212,032	214,793	17,615
2016	243,785	200,290	219,068	13,340
2017	245,785	189,950	223,427	8,981
2018	248,785	179,490	227,874	4,534
2019-2023	1,063,920	769,161	-	-
2024-2028	863,500	587,677	-	-
2029-2033	976,500	409,957	-	-
2034-2038	719,500	249,662	-	-
2039-2043	510,500	148,622	-	-
2044-2048	485,000	72,750	-	-
2049-2050	194,000	8,730	-	-
	<u>\$ 6,171,868</u>	<u>\$ 3,254,313</u>	<u>\$ 1,095,765</u>	<u>\$ 66,275</u>

NOTE H: EMPLOYEE RETIREMENT SYSTEMS

COUNTY GENERAL

Defined Benefit Plan

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 as described in Note B. To be eligible for the plan, an employee must be a regular full-time employee who is not employed on a contract or fee basis with the County, provided such employee is not eligible for coverage, by reason of compensation received from the County, under any pension plan or retirement system other than that provided by the Social Security Act. The County's contributions for the year ended September 30, 2013, and 2012, were based on the payroll for employees covered by the plan for the year ending December 31, 2012 and 2011. The covered payroll for 2013 and 2012 was \$5,431,603 and \$5,625,182, respectively. The total payroll for the year ended September 30, 2013, and 2012, for the County General employees was \$9,433,427 and \$9,643,876, respectively. The plan provides retirement benefits, as well as death and disability benefits in accordance with benefit provisions as adopted by the Montcalm County Board of Commissioners Retirement benefits are based on service and compensation and vested after five (5) years of service. At December 31, 2012, membership consisted of 98 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 113 current active employees. The plan is recorded as a Pension Trust Fund in the County financial statements and is accounted for on the accrual basis of accounting.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

COUNTY GENERAL - CONTINUED

The obligation to contribute to and maintain the plan for covered employees was established in the County of Montcalm Pension Plan, as amended July 3, 1997, and requires the following employee contributions:

<u>Employee Group</u>	<u>Contribution Rate</u>
Fraternal Order of Police	6.95 %
Employees not covered by any collective bargaining agreement and County General employees in Unit 1 - AFSCME prior to July 6, 1997	5.0
 <u>Period</u>	
On or after July 6, 1997 and before January 3, 1998	4.5
On or after January 4, 1998 and before January 2, 1999	4.0
On or after January 3, 1999	3.5
 <u>Employee Group</u>	
Probate/Juvenile Court employees of Unit 2 - AFSCME	
64B District Court employees of Unit 3 - AFSCME	
 <u>Period</u>	
On or after July 6, 1997 and before January 3, 1998	4.5 %
On or after January 4, 1998 and before January 2, 1999	4.0
On or after January 3, 1999	3.5

The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings. The actuarially determined combined employer and employee contributions for the plan year ended December 31, 2012, were \$1,127,070 and actual contributions for the fiscal year ended September 30, 2013, were \$901,358. The actual employer contribution for the year ended September 30, 2013, was \$380,575. Employee contributions for the year ended September 30, 2013, were \$520,784.

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll</u>
1/1/2013	\$ 19,159,302	\$ 30,152,446	\$ (10,993,144)	63.54%	\$ 5,431,603	202.39%
1/1/2012	17,685,373	28,466,814	(10,781,441)	62.13%	5,625,182	191.66%
1/1/2011	17,584,920	26,888,623	(9,303,703)	65.40%	5,775,306	161.09%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Plan Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2012	\$ 871,863	\$ 380,575	43.65%
2011	623,840	393,165	63.02%
2010	687,610	528,315	76.83%

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

COUNTY GENERAL - CONTINUED

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation follows:

Actuarial cost method	Aggregate Cost Method
Amortization method	Level percent, closed
Remaining amortization period	*
Asset Valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increased attributable to inflation	4.0%
Cost of living adjustments	2.5%

* Information not provided in actuarial valuation report.

NOTE: The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

Defined Contribution Plan

The County also provides pension benefits for substantially all permanent, full and part time, non-union and union employees through a defined contribution plan, which was established by the Board of Commissioners and may be amended from time to time by the Board. This plan is administered by Michigan Municipal Employees Retirement System. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County contributes 5 percent of each participant's earnings to the plan. Employees are required to contribute 3.5 percent of their wages. The County's contributions are vested at a rate of 33 percent after one (1) year of service and an additional 33 percent per year for each year thereafter with full vesting after three (3) years of continuous service.

During the year ended September 30, 2013, the contributions to the plan by employer and employee were \$195,563 and \$136,894, respectively.

COMPONENT UNIT - ROAD COMMISSION

Description of Plan and Plan Assets

The Road Commission for Montcalm County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: Normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death allowance, duty-connected death allowance, post-retirement adjustments, and death-after-retirement surviving spouse benefit. The service requirement for general employees is under the B-2 provision of the retirement contract. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0% of the final average compensation (FAC). The service requirement for salaried employees and commissioners is under the B-4 provision of the retirement contract. This requirement is computed using the same criteria as the B-2 provisions except a sum of 2.5% of the FAC is used. The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2012.

MERS was established in 1946 under Public Act 135 of 1945 and granted independence from the State of Michigan pursuant to Public act 220 of 1996, effective August 15, 1996. MERS is administered under the provisions of Public Act 427 of 1984, as amended. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI, 48917.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining units and requires a 2.5% contribution from general employees hired before January 1, 2013 and 3.5% from those hired after that date. There is a 4.5% required contribution from salaried employees and commissioners hired or elected before September 2011 and a 5% contribution from those hired after that date. The Road Commission's contribution rate was 13.39% for general employees and 29.66% for salaried employees and commissioners for the calendar year ended December 31, 2012. The employees contributed \$53,225 during the fiscal year ended September 30, 2012. The Road Commission is required to contribute at an actuarially determined rate; the flat monthly rate is \$17,347 for general employees and a flat monthly rate of \$14,559 for salaried employees and commissioners hired prior to October 1, 2011 for the year ended December 31, 2013. For employees hired after October 1, 2011, the general employee rate is 5.72% and 5.04% for the salaried employees and commissioners for the calendar year ended December 31, 2013. For the fiscal year ended September 30, 2013 the Road Commission contributed \$416,338 and the employees contributed \$70,027 in accordance with the annual required contribution rate determined as part of the actuarial valuation at December 31, 2011.

Annual Pension Cost

For the calendar year ended December 31, 2012, the Road Commission's annual pension cost was \$388,386 which was equal to the required and actual contributions. The annual required contribution was determined as part of an actuarial valuation at December 31, 2010. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over twenty-six (26) years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity and promotional salary increases.

Three (3) year trend information for GASB Statement No. 27

	Year Ended December 31,		
	2010	2011	2012
Annual pension cost	\$ 402,163	\$ 403,695	\$ 388,386
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

Required Supplementary Information for GASB Statement No. 27

	Year Ended December 31,		
	2010	2011	2012
Actuarial value of assets	\$ 9,654,400	\$ 9,680,009	\$ 9,593,332
Actuarial value of liability (AAL) (entry age)	14,236,094	14,800,660	15,313,442
Unfunded AAL (UAAL)	4,581,694	5,120,651	5,720,110
Funded ratio	68%	65%	63%
Covered payroll	\$ 1,882,239	\$ 1,867,957	\$ 1,866,341
UAAL as a Percent of covered payroll	243%	274%	306%

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE I: OTHER POST-EMPLOYMENT BENEFITS

COUNTY GENERAL

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, 2013, County expended \$31,829 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, 2013, the County has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of September 30, 2011. 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 twenty-nine (29) years.

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

Annual required contribution	\$	24,037
Interest on net OPEB obligation		1,702
Adjustment to ARC		<u>(3,546)</u>
Annual OPEB cost		22,193
Amounts contributed:		
Payments of current premiums (gross of employee reimbursement)		<u>31,829</u>
Decrease in net OPEB obligation		(9,636)
OPEB obligation - Beginning of year		<u>28,368</u>
OPEB obligation - End of year	\$	<u>18,732</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE I: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COUNTY GENERAL - CONTINUED

Funding Progress - continued

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Annual OPEB costs	\$ 30,023	\$ 21,964	\$ 22,193
Percentage contributed	82.9%	155.5%	143.4%
Net OPEB obligation	\$ 40,552	\$ 28,368	\$ 18,732

The current funding progress of the plan as of September 30, 2011, the most recent valuation date, is as follows:

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

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, 2011, actuarial valuation, the projected unit credit service cost method was used. The actuarial assumptions include a 6.0 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 6.0 percent was also used. There was also an inflationary rate assumption factored into the calculation.

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE I: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION

The Road Commission provides post-employment health care benefits, in accordance with the labor contract and personnel policy, to all employees who retire from the Road Commission. For salaries employees retiring after the effective date of this agreement, the Commission will pay eighty-five percent (85%) of the health insurance premium for the retiree and/or spouse from age 60 until the retiree and/or spouse becomes eligible for Medicare. The Road Commission will not participate in any retiree or spouse health care costs after the retiree or spouse becomes eligible for Medicare.

Under the labor contract, retirees from the age of 60 to Medicare-eligible age, the Road Commission will pay eighty-five (85%) of the health insurance premium for the retiree and/or spouse. Retired employees and spouse who are required to contribute to the cost of premiums shall make their payments to the Road Commission on the 1st of each month. Failure to make the payment on time will result in the termination of insurance coverage. Retiree benefits, to the extent possible, will be the same as for active employees. In no event will retiree benefits be greater than that of active employees. Retirees shall be construed to mean those employees eligible to receive benefits through the Road Commission's retirement plan. Benefits for eligible retired employees will be continued for the spouse of any retiree who dies after he/she retires until Medicare-eligible age under the same conditions as described above, provided the spouse was married to the employee at the time he/she retired. Should any spouse of deceased retiree remarry, all health insurance coverage shall terminate at the end of the month in which the marriage occurs.

For those employees retiring prior to effective date of contract, the Road Commission pays 100% of insurance premiums from age 60 until age 65 for both the retiree and spouse. For employees choosing to retire at age 55 with at least 15 years of service during an open window period, the Road Commission will pay ½ of the retiree and retiree's spouse's monthly health insurance premium until the retiree turns age 60.

Currently, 16 retirees/spouses meet those eligibility requirements. There were 2 retirees that was under 60, 10 retirees/spouse that were between the ages of 60-65, 4 retirees/spouses that pay a percentage based on years of service.

Effective retroactive to October 1, 2007, the Road Commission adopted, by resolution on December 19, 2007, for establishment of a Retiree Health Insurance Section 115 Trust, to administer funds set aside for the payment of health, vision and prescription drugs. The Road Commission started contributing to the trust during the 2008 fiscal year. The trust is part of a single-employer retiree healthcare savings plan that is administered by the Road Commission as trustee of the trust. The plan covers substantially all retirees and future retirees of the Road Commission. The Road Commission may partially or fully fund the liability of the trust by periodically making contributions to the trust. The Road Commission's funding policy is to pay all premiums as they come due from the Road Fund and set aside funding in the trust at an annual rate of \$60,000. The amount set aside in the trust may be adjusted by the board from time to time as it deems appropriate. Employees are not required to contribute to the plan.

The Road Commission started prefunding the Section 115 Trust during the fiscal year September 30, 2008. As of September 30, 2013, the plan's reserves for benefits were \$224,721. Contributions made to the Retiree Health Insurance Section 115 Trust are recognized as expenditures in the Road Commission Operating Fund at the time the contribution is made. During the year, \$20,000 in post-employment expenditures were made to the Retiree Health Insurance Section 115 Trust.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE I: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

At September 30, 2013, the date of the latest actuarial valuation, plan participation consisted of:

OPEB plan participants	43
Retirees and beneficiaries receiving benefits	<u>16</u>
Total plan members	<u><u>59</u></u>

Funding Policy

The Road Commission has the authority to establish and amend funding policy. Expenditures for post-employment health care benefits are recognized when health care costs are paid. The net retiree health care costs paid by the Road Commission for the fiscal year ending September 30, 2013, totaled \$207,620. The expenditures are recognized on a pay-as-you-go basis. It is the Road Commission's intent to base future Trust contributions on the ARC in subsequent annual actuarial reports; however, no Trust contributions are legally or contractually required. The Road Commission paid \$20,000 during the fiscal year ended September 30, 2013.

Annual OPEB Cost and Net OPEB Liability

The annual cost of the Road Commission's OPEB Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty (30) years. The following table shows the components of the Road Commission's annual OPEB Plan cost for the year, the amount actually contributed, and the changes in the net OPEB Plan obligation.

Annual required contribution	\$ 210,473
Interest on net OPEB obligation	<u>4,656</u>
Annual OPEB cost	215,129
Amounts contributed	<u>227,620</u>
Decrease in net OPEB obligation	(12,491)
OPEB obligation - Restated beginning of year	<u>66,518</u>
OPEB obligation - End of year	<u><u>\$ 54,027</u></u>

Three (3) year trend information

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Annual OPEB costs	\$ 290,202	\$ 213,885	\$ 213,885
Percentage contributed	65.9%	91.7%	105.8%
Net OPEB obligation	\$ 48,740	\$ 66,518	\$ 54,027

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE I: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Funding Status and Funding Progress

For the year ended September 30, 2013, the Road Commission has estimated the cost of providing retiree healthcare benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes an annual required contribution.

The schedule of funding progress presents trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. This is the second year for an actuarial valuation. The Road Commission expects to have an actuarial valuation performed every three years.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
9/30/2012	\$ 193,100	\$ 1,923,237	\$ 1,730,137	10.0%	\$ 1,691,628	102.3%
9/30/2009	120,000	2,748,334	2,628,334	4.4%	1,882,239	139.6%

Actuarial Methods and Assumptions

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

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, 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.

The actuarial methods and assumptions are:

Actuarial cost method	Alternate Method as provided under GASB 45
Discount rate	7.00%
Mortality prior to retirement	None
Turnover prior to retirement	Table 1 - Probability of remaining employed until assumed retirement age, by age - default values
Expected future life	Table 2 - Expected future working lifetimes of employees, by age - default values
Salary scale	1.00%
Post retirement interest rate	7.00%
Post retirement mortality	Table 3 - Based on life expectancy of age 74 for males and 80 for females
Health care inflation rate	NIH National Health Expenditure Projections, 2005-2020

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE J: 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, 2013, the Federal aid received and expended by the Road Commission was \$946,986 for contracted projects and \$138,598 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, 2013.

NOTE K: 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.

The County also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

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.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE L: 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 2012 and Summer 2013 ad valorem taxes were levied and collectible on December 1, 2012, and July 1, 2013, 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 2012 and Summer 2013 tax levies have been recognized as revenue in the current fiscal year. The 2013 taxable value of Montcalm County amounted to \$1,635,536,429 on which ad valorem taxes levied for County general operating purposes consisted of 4.4082 mills for Summer 2013. For the year ended September 30, 2013, 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.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the 2012 real property taxes receivable returned delinquent on March 1, 2013. 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.

NOTE M: 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.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE N: 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, 2013:

PRIMARY GOVERNMENT

Governmental Activities

Restricted for:

Public safety

Law enforcement trust	\$	33,914
Homeland Security		48,615
Local correction officer training		17,999
Drug law enforcement		7,898
Law enforcement		463

\$ 108,889

Public works

Solid waste planning	\$	204,890
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\$ 204,890

Health and welfare

Victim Support	\$	1,712
Soldiers and Sailors Relief		72,343
Veterans' Trust		1,988

\$ 76,043

Other purposes

Friend of the Court	\$	1,391
Community Information Systems		18,842
Homestead Property Tax Exemption		393,090
Register of Deeds		280,140
Law library		6,448
County libraries		29,558
Animal Shelter		14,697
CDBG - Housing		37,634
Social Welfare		1,000
Debt service		1,049
Capital projects		725,117
Cemetery - expendable		1,722
Cemetery - nonexpendable		99,243

\$ 1,609,931

COMPONENT UNITS

Restricted for:

Other purposes

Drainage Districts	\$	3,170,079
Central Dispatch Authority		370,792
County roads		2,286,080

\$ 5,826,951

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE O: 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.

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	\$ 109,541	\$ 1,297	\$ 110,838
Advances	187,016	164,318	351,334
Trust activities	-	99,243	99,243
Total nonspendable	296,557	264,858	561,415

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE O: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted			
Victim Support	\$ -	\$ 1,712	\$ 1,712
Law enforcement trust	-	33,914	33,914
Friend of the Court	-	94	94
Solid waste planning	-	204,890	204,890
Homeland Security	-	48,615	48,615
Community Information Systems	-	18,842	18,842
Homestead Property Tax Exemption	-	393,090	393,090
Register of Deeds	-	280,140	280,140
Local correction officer training	-	17,999	17,999
Drug Law Enforcement	-	7,898	7,898
Law enforcement	-	463	463
Law library	-	6,448	6,448
County libraries	-	29,558	29,558
Animal Shelter	-	14,697	14,697
CDBG - Housing	-	37,634	37,634
Soldiers and Sailors Relief	-	72,343	72,343
Veterans' Trust	-	1,988	1,988
Social Welfare	-	1,000	1,000
Debt service	-	1,049	1,049
Capital projects	-	560,799	560,799
Cemetery	-	1,722	1,722
Total restricted	-0-	1,734,895	1,734,895
Assigned			
Subsequent years' expenditures	10,145	-	10,145
Unassigned	324,910	-	324,910
TOTAL FUND BALANCE	<u>\$ 631,612</u>	<u>\$ 1,999,753</u>	<u>\$ 2,631,365</u>

NOTE P: CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, was implemented during the current year. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The Drainage Districts, Central Dispatch Authority, and Road Commission continue to meet the criteria for classification as discretely presented component units of the Montcalm County. The District Health Department now meets the criteria for classification as a fiduciary fund of the County.

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE P: CHANGES IN ACCOUNTING PRINCIPLES - CONTINUED

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, were implemented during the current year. These statements incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4 into the definitions of the required components of the residual measure of net position, formerly net assets, and fund balance, when applicable. These statements also provide a new statement of net position to report all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and net position.

NOTE Q: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The statement will establish accounting and financial reporting requirements related to defined benefit pension plans and specify the required approach to measuring the pension 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. The statement will be effective for the County's 2013-2014 fiscal year.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The new pronouncement provided guidance for local units of government in recognizing the cost of pensions. The new rules will cause the financial statement to recognize the cost of providing pensions over the working life of the employee, rather than at the time of payment. The statement will be effective for the County's 2014-2015 fiscal year.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The statement also requires: (1) a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required, (2) an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released, and (3) a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The statement will be effective for the County's 2013-2014 fiscal year.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment 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. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. The County is currently evaluating the impact this standard will have on the financial statements when adopted in 2014-2015.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE R: RESTATEMENT OF NET POSITION

Beginning net position of the governmental activities was restated by \$19,442 due to an overstated accounts receivable in prior years.

Beginning net position of the component units was restated by \$114,256 due to the Road Commission converting most of the manual capital asset records to computerized records.

NOTE S: PRIOR PERIOD ADJUSTMENT

The following prior period adjustment was made during the period, which was the result of the correction of an accounting error. This adjustment was reported as a change to beginning fund balance. The effect on operations and other affected balances for the current period and prior period is as follows.

	September 30,		Description
	2013	2012	
Primary Government			
Equipment Purchase and Replacement Fund			
Accounts receivable	\$ -	\$ (19,442)	To correct overstated accounts receivable.
Change in fund balance	-	(19,442)	
Fund balance - beginning	(19,442)	-	

REQUIRED SUPPLEMENTARY INFORMATION

Montcalm County, Michigan

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

Year Ended September 30, 2013

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes	\$ 7,205,599	\$ 7,205,599	\$ 6,884,806	\$ (320,793)
Delinquent property taxes	12,000	12,000	14,794	2,794
Payments in lieu of taxes	5,000	5,000	2,796	(2,204)
Mobile home park taxes	4,200	4,200	3,778	(422)
Other taxes	280	280	319	39
Total taxes	7,227,079	7,227,079	6,906,493	(320,586)
Licenses and permits				
Dog licenses	126,100	126,100	93,231	(32,869)
Cremation permits	12,500	12,500	11,430	(1,070)
Marriage license fees	3,000	3,000	2,595	(405)
Gun permits	11,000	23,000	23,982	982
Total licenses and permits	152,600	164,600	131,238	(33,362)
Intergovernmental - Federal/State				
Cooperative reimbursement - Prosecutor	60,000	60,000	55,030	(4,970)
Title IV E - Prosecutor	63,071	63,071	22,651	(40,420)
Central Michigan Enforcement Team	27,500	27,500	16,855	(10,645)
Probate Judge's salary	103,219	103,219	103,016	(203)
Judicial salary standardization	137,397	137,397	137,172	(225)
Case flow assistance	13,300	13,300	17,531	4,231
Sheriff secondary road patrol	70,224	70,224	75,240	5,016
Marine safety	41,500	41,500	38,641	(2,859)
Victims Rights Act	49,100	49,100	49,508	408
Juvenile officer grant	42,317	42,317	32,738	(9,579)
State remonumentation	120,000	120,000	68,329	(51,671)
Convention and tourism tax	191,787	191,787	258,884	67,097
Cigarette tax	16,000	16,000	3,351	(12,649)
Liquor license fees	9,000	9,000	9,078	78
Michigan justice training	2,650	2,650	4,917	2,267
BVP grant	16,000	16,000	-	(16,000)
Community corrections grant	89,948	89,948	90,646	698
Court equity	290,000	290,000	272,290	(17,710)
State revenue sharing	941,570	941,570	948,164	6,594
Brownfield grant	-	107,000	106,423	(577)
Total intergovernmental - Federal/State	2,284,583	2,391,583	2,310,464	(81,119)

Montcalm County, Michigan

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

Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONTINUED				
Charges for services				
District Court	\$ 689,000	\$ 689,000	\$ 649,385	\$ (39,615)
Circuit Court	121,100	121,100	123,756	2,656
Probate Court	35,300	35,300	40,713	5,413
County Treasurer	24,600	24,600	10,504	(14,096)
County Clerk	131,400	141,400	143,927	2,527
Register of Deeds	464,200	503,200	540,371	37,171
Sheriff department	362,649	362,649	356,093	(6,556)
Care of prisoners	618,700	798,700	853,663	54,963
Animal shelter	13,000	13,000	11,558	(1,442)
Phone services	38,000	38,000	-	(38,000)
Central services	400,000	400,000	489,375	89,375
Mapping services	1,300	1,300	2,006	706
Other	9,350	9,350	6,875	(2,475)
Total charges for services	2,908,599	3,137,599	3,228,226	90,627
Fines and forfeits				
Ordinance fines and costs	75,100	75,100	85,498	10,398
Interest and rents				
Interest revenue	7,100	7,100	4,688	(2,412)
Rental fees	1,500	1,500	-	(1,500)
Total interest and rents	8,600	8,600	4,688	(3,912)
Other				
Insurance dividends	20,000	20,000	7,942	(12,058)
Sale of capital assets	20,000	20,000	19,980	(20)
Reimbursement and refunds	222,832	292,832	216,658	(76,174)
Remonumentation contribution	20,000	20,000	49,100	29,100
Other	4,000	4,000	11,116	7,116
Total other	286,832	356,832	304,796	(52,036)
TOTAL REVENUES	12,943,393	13,361,393	12,971,403	(389,990)
OTHER FINANCING SOURCES				
Transfers in	1,190,057	1,190,057	1,103,897	(86,160)
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,133,450	14,551,450	14,075,300	(476,150)

Montcalm County, Michigan

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

Year Ended September 30, 2013

EXPENDITURES	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
Current				
General government				
Board of commissioners	\$ 141,724	\$ 138,724	\$ 134,945	\$ 3,779
Circuit Court	345,724	370,724	346,141	24,583
Circuit Court probation	3,990	3,990	3,834	156
District Court	755,556	720,556	709,185	11,371
District Court probation	138,727	133,727	132,514	1,213
Probate Court	993,815	1,033,815	1,031,902	1,913
Jury Board	4,750	5,350	5,349	1
Witness fees	9,800	16,500	16,491	9
Elections	72,308	308	28,547	(28,239)
Clerk	364,184	364,184	361,192	2,992
Professional consultants	67,500	66,050	66,027	23
Controller	416,516	407,516	400,890	6,626
Equalization	273,187	268,187	258,876	9,311
Prosecuting Attorney	564,560	549,560	548,055	1,505
Register of Deeds	266,432	249,032	241,837	7,195
Information Systems	22,000	14,000	12,460	1,540
Central services	14,100	15,200	15,117	83
Survey and remonumentation	120,000	110,000	106,238	3,762
Treasurer	314,101	304,101	300,722	3,379
Cooperative extension	94,880	115,880	114,358	1,522
Building and grounds	797,686	849,686	848,817	869
Building rent	869,144	869,144	966,086	(96,942)
Drain Commission	217,166	203,166	193,418	9,748
Total general government	6,867,850	6,809,400	6,843,001	(33,601)
Public safety				
Sheriff - general	2,071,664	2,035,664	2,017,719	17,945
Sheriff - road patrol	87,402	81,402	79,438	1,964
Contracted police service	300,429	311,429	311,332	97
Justice training	5,500	5,500	3,864	1,636
Building security	29,469	48,469	46,126	2,343
Marine safety	38,556	55,256	55,215	41
Jail	2,565,208	2,538,208	2,527,647	10,561
Emergency management relief	-	1,300	1,286	14
Animal control	106,856	124,356	123,514	842
Total public safety	5,205,084	5,201,584	5,166,141	35,443
Community and economic development				
West Michigan Planning	3,374	3,874	3,871	3
Planning commission	4,350	4,350	2,023	2,327
Brownfield	-	107,000	106,423	577
Economic development	10,500	25,300	24,800	500
Total community and economic development	18,224	140,524	137,117	3,407

Montcalm County, Michigan

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

Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Health and welfare				
Contagious diseases	\$ 6,500	\$ 9,100	\$ 9,061	\$ 39
Medical examiner	120,000	148,000	147,593	407
Veterans burials	7,700	9,150	9,150	-0-
Substance Abuse Commission	97,000	129,500	129,442	58
Health services	19,000	9,000	8,929	71
Mental Health	188,053	188,053	188,053	-0-
District Health Department	475,778	463,778	463,143	635
Total health and welfare	914,031	956,581	955,371	1,210
Public works				
Drains at large	70,867	70,867	-	70,867
Other				
Insurance	185,500	200,500	199,930	570
Contingency	75,000	-	-	-0-
Total other	260,500	200,500	199,930	570
TOTAL EXPENDITURES	13,336,556	13,379,456	13,301,560	77,896
OTHER FINANCING USES				
Transfers to other funds				
Parks and Recreation Fund	-	600	557	43
Friend of the Court Fund	20,000	133,200	133,145	55
Law Library Fund	5,000	5,000	1,928	3,072
Child Care Fund	713,828	805,828	805,695	133
Register of Deeds Automation Fund	75,000	75,200	75,173	27
Equipment Purchase and Replacement Fund	98,050	167,650	172,854	(5,204)
Commission on Aging Fund	-	-	23,365	(23,365)
Office Equipment Pool Fund	-	70,000	70,000	-0-
TOTAL OTHER FINANCING USES	911,878	1,257,478	1,282,717	(25,239)
TOTAL EXPENDITURES AND OTHER FINANCING USES	14,248,434	14,636,934	14,584,277	52,657
Net change in fund balance (prior to adjustments for GASB Statement No. 54)	<u>\$ (114,984)</u>	<u>\$ (85,484)</u>	(508,977)	<u>\$ (423,493)</u>
Adjustments for GASB Statement No. 54			<u>(5,971)</u>	
Net change in fund balance, end of year			<u>\$ (514,948)</u>	

Montcalm County, Michigan
 SCHEDULE OF FUNDING PROGRESS
 Year Ended September 30, 2013

DEFINED BENEFIT PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll
1/1/2013	\$ 19,159,302	\$ 30,152,446	\$ (10,993,144)	63.54%	\$ 5,431,603	202.39%
1/1/2012	17,685,373	28,466,814	(10,781,441)	62.13%	5,625,182	191.66%
1/1/2011	17,584,920	26,888,623	(9,303,703)	65.40%	5,775,306	161.09%
1/1/2010	16,648,942	25,591,776	(8,942,834)	65.06%	5,766,232	155.09%
1/1/2009	14,784,334	24,617,318	(9,832,984)	60.06%	5,611,817	175.22%
1/1/2008	17,584,732	23,594,621	(6,009,889)	74.53%	5,692,579	105.57%

Montcalm County, Michigan

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30, 2013

DEFINED BENEFIT PENSION PLAN

<u>Plan Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 871,863	44%	\$ 1,699,550
2011	623,840	63%	1,208,262
2010	687,610	77%	977,587
2009	791,642	36%	818,292
2008	380,836	82%	314,709
2007	234,794	135%	245,929

Montcalm County, Michigan

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2013

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, 2013, 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	\$ 308	\$ 28,547	\$ 28,239
Building rent	869,144	966,086	96,942
Transfers Out			
Equipment purchase and replacement fund	167,650	172,854	5,204
Commission on Aging Fund	-	23,365	23,365
Law Library Fund	10,000	10,007	7

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)	\$ (508,977)
To adjust for the change in fund balance pertaining to the Parks and Recreation Fund	(6,557)
To adjust for the change in fund balance pertaining to the Child Care Fund	<u>586</u>
Net change in fund balance (GAAP basis)	<u>\$ (514,948)</u>

NOTE C: DEFINED BENEFIT PENSION PLAN

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

Year Ended September 30, 2013

NOTE C: DEFINED BENEFIT PENSION PLAN - CONTINUED

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by the employer in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Defined Benefit Pension Plan

Actuarial cost method	Aggregate Cost Method
Amortization method	Level percent, closed
Remaining amortization period	*
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases (includes inflation of 4.50%)	4.0%
Cost of living adjustments	2.50%

* Information not provided in actuarial valuation report.

OTHER SUPPLEMENTARY INFORMATION

Montcalm County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
 September 30, 2013

	Special		
	Victim Support Team	Law Enforcement Trust	Friend of the Court
ASSETS			
Cash and cash equivalents	\$ 1,491	\$ 33,914	\$ 100
Investments	-	-	11,963
Accounts receivable	473	-	1,577
Land contract receivable	-	-	-
Due from other funds	1,000	-	-
Due from other governmental units - Federal/State	-	-	34,182
Advances to other funds	-	-	-
Prepays	-	-	1,297
TOTAL ASSETS	<u>\$ 2,964</u>	<u>\$ 33,914</u>	<u>\$ 49,119</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 2,738
Accrued wages	-	-	12,136
Due to other funds	1,252	-	32,854
TOTAL LIABILITIES	1,252	-0-	47,728
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Nonspendable	-	-	1,297
Restricted	1,712	33,914	94
TOTAL FUND BALANCES	<u>1,712</u>	<u>33,914</u>	<u>1,391</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,964</u>	<u>\$ 33,914</u>	<u>\$ 49,119</u>

Revenue

Solid Waste Planning	Homeland Security Grant	Community Information Systems	Homestead Property Tax Exemption	Register of Deeds Automation	Local Correction Training Officer
\$ 163,479	\$ 42,637	\$ 14,021	\$ 396,220	\$ 278,140	\$ 18,515
-	-	4,951	-	-	-
50,894	7,184	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 214,373</u>	<u>\$ 49,821</u>	<u>\$ 18,972</u>	<u>\$ 396,220</u>	<u>\$ 280,140</u>	<u>\$ 18,515</u>
\$ 8,698	\$ 1,206	\$ 130	\$ -	\$ -	\$ 516
785	-	-	-	-	-
-	-	-	3,130	-	-
9,483	1,206	130	3,130	-0-	516
-	-	-	-	-	-
-	-	-	-	-	-
204,890	48,615	18,842	393,090	280,140	17,999
204,890	48,615	18,842	393,090	280,140	17,999
<u>\$ 214,373</u>	<u>\$ 49,821</u>	<u>\$ 18,972</u>	<u>\$ 396,220</u>	<u>\$ 280,140</u>	<u>\$ 18,515</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2013

	Special		
	Drug Law Enforcement	Law Enforcement	Law Library
ASSETS			
Cash and cash equivalents	\$ 7,898	\$ 8,907	\$ 8,045
Investments	-	-	-
Accounts receivable	-	-	-
Land contract receivable	-	-	-
Due from other funds	-	2,164	-
Due from other governmental units - Federal/State	-	-	-
Advances to other funds	-	-	-
Prepays	-	-	-
TOTAL ASSETS	\$ 7,898	\$ 11,071	\$ 8,045
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,597
Accrued wages	-	-	-
Due to other funds	-	10,608	-
TOTAL LIABILITIES	-0-	10,608	1,597
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	7,898	463	6,448
TOTAL FUND BALANCES	7,898	463	6,448
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,898	\$ 11,071	\$ 8,045

Revenue

County Libraries	Animal Shelter Donation	CDBG - Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Social Welfare Fund
\$ 34,328	\$ 15,595	\$ 48,554	\$ 23,420	\$ 73,331	\$ 1,988	\$ 1,000
-	-	-	432	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,380	-	14	-	-	-	-
-	-	-	56,251	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 35,708</u>	<u>\$ 15,595</u>	<u>\$ 48,568</u>	<u>\$ 80,103</u>	<u>\$ 73,331</u>	<u>\$ 1,988</u>	<u>\$ 1,000</u>
\$ 6,150	\$ 898	\$ 10,934	\$ 43,133	\$ 988	\$ -	\$ -
-	-	-	13,868	-	-	-
-	-	-	23,102	-	-	-
6,150	898	10,934	80,103	988	-0-	-0-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,558	14,697	37,634	-	72,343	1,988	1,000
29,558	14,697	37,634	-0-	72,343	1,988	1,000
<u>\$ 35,708</u>	<u>\$ 15,595</u>	<u>\$ 48,568</u>	<u>\$ 80,103</u>	<u>\$ 73,331</u>	<u>\$ 1,988</u>	<u>\$ 1,000</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2013

	Debt Service	Capital	
	Building Authority	Public Improvement	Equipment Purchase and Replacement
ASSETS			
Cash and cash equivalents	\$ 2,783	\$ 25,682	\$ 27,243
Investments	641	13,938	1,095
Accounts receivable	-	-	-
Land contract receivable	-	-	-
Due from other funds	-	-	10,608
Due from other governmental units - Federal/State	-	-	-
Advances to other funds	-	-	-
Prepays	-	-	-
TOTAL ASSETS	\$ 3,424	\$ 39,620	\$ 38,946
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 38,946
Accrued wages	-	-	-
Due to other funds	2,375	-	-
TOTAL LIABILITIES	2,375	-0-	38,946
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,049	39,620	-
TOTAL FUND BALANCES	1,049	39,620	-0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,424	\$ 39,620	\$ 38,946

Projects				Permanent	
Jail Improvement	General Projects	Park Improvements	Building Authority	Cemetery	Total
\$ 12,298	\$ 191,062	\$ 131,118	\$ 27,451	\$ 1,722	\$ 1,590,942
-	130,502	3,186	11,723	99,243	277,674
-	-	-	-	-	60,128
-	-	26,550	-	-	26,550
-	-	-	13,839	-	31,005
-	-	-	-	-	90,433
-	164,318	-	-	-	164,318
-	-	-	-	-	1,297
<u>\$ 12,298</u>	<u>\$ 485,882</u>	<u>\$ 160,854</u>	<u>\$ 53,013</u>	<u>\$ 100,965</u>	<u>\$ 2,242,347</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,934
-	-	-	-	-	26,789
-	-	-	-	-	73,321
-0-	-0-	-0-	-0-	-0-	216,044
-	-	26,550	-	-	26,550
-	164,318	-	-	99,243	264,858
12,298	321,564	134,304	53,013	1,722	1,734,895
12,298	485,882	134,304	53,013	100,965	1,999,753
<u>\$ 12,298</u>	<u>\$ 485,882</u>	<u>\$ 160,854</u>	<u>\$ 53,013</u>	<u>\$ 100,965</u>	<u>\$ 2,242,347</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2013

	Special		
	Victim Support Team	Law Enforcement Trust	Friend of the Court
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	6,435
Intergovernmental	-	-	541,130
Charges for services	-	-	124,224
Fines and forfeits	-	-	-
Interest and rents	1	-	10
Other	-	1,597	-
TOTAL REVENUES	1	1,597	671,799
EXPENDITURES			
Current			
General government	-	-	804,158
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	-0-	804,158
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1	1,597	(132,359)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	133,145
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	133,145
NET CHANGE IN FUND BALANCES	1	1,597	786
Fund balances, beginning of year	1,711	32,317	605
Prior period adjustment	-	-	-
Fund balances, end of year	\$ 1,712	\$ 33,914	\$ 1,391

Revenue

Solid Waste Planning	Homeland Security Grant	Community Information Systems	Homestead Property Tax Exemption	Register of Deeds Automation	Local Correction Training Officer
\$ -	\$ -	\$ -	\$ 29,803	\$ -	\$ -
-	-	-	-	-	-
-	21,931	-	-	-	-
191,087	-	-	-	-	17,648
-	-	-	-	-	-
-	-	4	13,736	342	-
3,362	-	-	-	-	-
194,449	21,931	4	43,539	342	17,648
-	-	884	687	68,789	-
-	9,394	-	-	-	14,774
176,312	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
176,312	9,394	884	687	68,789	14,774
18,137	12,537	(880)	42,852	(68,447)	2,874
-	93	-	-	75,173	-
-	-	-	-	-	-
-0-	93	-0-	-0-	75,173	-0-
18,137	12,630	(880)	42,852	6,726	2,874
186,753	35,985	19,722	350,238	273,414	15,125
-	-	-	-	-	-
<u>\$ 204,890</u>	<u>\$ 48,615</u>	<u>\$ 18,842</u>	<u>\$ 393,090</u>	<u>\$ 280,140</u>	<u>\$ 17,999</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2013

	Special		
	Drug Law Enforcement	Law Enforcement	Law Library
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	6,500
Interest and rents	-	1	-
Other	-	-	-
TOTAL REVENUES	-0-	1	6,500
EXPENDITURES			
Current			
General government	-	-	10,007
Public safety	2,785	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	2,785	-0-	10,007
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,785)	1	(3,507)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,928
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	1,928
NET CHANGE IN FUND BALANCES	(2,785)	1	(1,579)
Fund balances, beginning of year	10,683	462	8,027
Prior period adjustment	-	-	-
Fund balances, end of year	\$ 7,898	\$ 463	\$ 6,448

Revenue						
County Libraries	Animal Shelter Donation	CDBG - Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Social Welfare Fund
\$ 772,323	\$ -	\$ -	\$ 711,009	\$ 31,417	\$ -	\$ -
-	-	-	-	-	-	-
-	-	34,152	447,009	-	13,256	-
-	-	33,146	96,010	-	-	-
-	-	-	-	-	-	-
-	-	11	-	-	-	-
20,651	6,130	-	13,730	-	-	-
792,974	6,130	67,309	1,267,758	31,417	13,256	-0-
-	1,640	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,293,945	14,129	11,978	-
-	-	41,921	-	-	-	-
769,074	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
769,074	1,640	41,921	1,293,945	14,129	11,978	-0-
23,900	4,490	25,388	(26,187)	17,288	1,278	-0-
-	-	-	23,365	-	-	-
-	-	-	-	-	-	-
-0-	-0-	-0-	23,365	-0-	-0-	-0-
23,900	4,490	25,388	(2,822)	17,288	1,278	-0-
5,658	10,207	12,246	2,822	55,055	710	1,000
-	-	-	-	-	-	-
<u>\$ 29,558</u>	<u>\$ 14,697</u>	<u>\$ 37,634</u>	<u>\$ -0-</u>	<u>\$ 72,343</u>	<u>\$ 1,988</u>	<u>\$ 1,000</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2013

	Debt Service	Capital	
	Building Authority	Public Improvement	Equipment Purchase and Replacement
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	966,086	3,752	-
Other	-	-	-
TOTAL REVENUES	966,086	3,752	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	182,162
Debt service	966,086	-	-
TOTAL EXPENDITURES	966,086	-0-	182,162
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	3,752	(182,162)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	172,854
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	172,854
NET CHANGE IN FUND BALANCES	-0-	3,752	(9,308)
Fund balances, beginning of year	1,049	35,868	28,750
Prior period adjustment	-	-	(19,442)
Fund balances, end of year	<u>\$ 1,049</u>	<u>\$ 39,620</u>	<u>\$ -0-</u>

Projects				Permanent	
Jail Improvement	General Projects	Park Improvements	Building Authority	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,544,552
-	-	-	-	-	6,435
-	-	-	-	-	1,057,478
-	-	-	-	-	462,115
-	-	-	-	-	6,500
5	40	2	37	99	984,126
-	-	21,300	-	-	66,770
5	40	21,302	37	99	4,127,976
-	-	-	-	44	886,209
-	-	-	-	-	26,953
-	-	-	-	-	176,312
-	-	-	-	-	1,320,052
-	-	-	-	-	41,921
-	-	40	-	-	769,114
-	-	-	-	-	182,162
-	-	-	-	-	966,086
-0-	-0-	40	-0-	44	4,368,809
5	40	21,262	37	55	(240,833)
-	-	-	-	-	406,558
-	(87,897)	-	-	-	(87,897)
-0-	(87,897)	-0-	-0-	-0-	318,661
5	(87,857)	21,262	37	55	77,828
12,293	573,739	113,042	52,976	100,910	1,941,367
-	-	-	-	-	(19,442)
<u>\$ 12,298</u>	<u>\$ 485,882</u>	<u>\$ 134,304</u>	<u>\$ 53,013</u>	<u>\$ 100,965</u>	<u>\$ 1,999,753</u>

Montcalm County

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION

September 30, 2013

	<u>Inmate Commissary</u>	<u>Building Official</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 100,221	\$ 25,856	\$ 126,077
Investments	-	3,971	3,971
Total current assets	100,221	29,827	130,048
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	1,824	1,824
TOTAL ASSETS	100,221	31,651	131,872
LIABILITIES			
Current liabilities			
Accounts payable	4,608	296	4,904
Accrued wages	-	4,715	4,715
TOTAL LIABILITIES	4,608	5,011	9,619
NET POSITION			
Net investment in capital assets	-	1,824	1,824
Unrestricted	95,613	24,816	120,429
TOTAL NET POSITION	\$ 95,613	\$ 26,640	\$ 122,253

Montcalm County, Michigan

Nonmajor Enterprise Funds

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

Year Ended September 30, 2013

	Inmate Commissary	Building Official	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ 289,519	\$ 289,519
Sales	146,327	-	146,327
	<u>146,327</u>	<u>289,519</u>	<u>435,846</u>
TOTAL OPERATING REVENUES	146,327	289,519	435,846
OPERATING EXPENSES			
Personal services	-	165,244	165,244
Fringe benefits	-	54,635	54,635
Operating supplies	111,616	1,490	113,106
Contractual services	-	5,681	5,681
Insurance	-	2,886	2,886
Communication	-	128	128
Other services and charges	10,772	32,099	42,871
Depreciation	-	719	719
	<u>122,388</u>	<u>262,882</u>	<u>385,270</u>
TOTAL OPERATING EXPENSES	122,388	262,882	385,270
OPERATING INCOME	23,939	26,637	50,576
NONOPERATING REVENUES			
Interest revenue	-	3	3
	<u>-</u>	<u>3</u>	<u>3</u>
CHANGE IN NET POSITION	23,939	26,640	50,579
Net position, beginning of year	<u>71,674</u>	<u>-</u>	<u>71,674</u>
Net position, end of year	<u>\$ 95,613</u>	<u>\$ 26,640</u>	<u>\$ 122,253</u>

Montcalm County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2013

	Inmate Commissary	Building Official	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 146,327	\$ 289,519	\$ 435,846
Cash paid to suppliers	(121,018)	(41,056)	(162,074)
Cash paid for fringe benefits	-	(54,635)	(54,635)
Cash paid to employees	-	(165,244)	(165,244)
	<u>25,309</u>	<u>28,584</u>	<u>53,893</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital acquisitions	-	(929)	(929)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(3,971)	(3,971)
Maturity of investments	-	3,968	3,968
Interest received	-	3	3
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	25,309	27,655	52,964
Cash and cash equivalents, beginning of year	<u>74,912</u>	<u>(1,799)</u>	<u>73,113</u>
Cash and cash equivalents, end of year	<u>\$ 100,221</u>	<u>\$ 25,856</u>	<u>\$ 126,077</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 23,939	\$ 26,637	\$ 50,576
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	-	719	719
Decrease in:			
Accounts payable	1,370	27	1,397
Accrued liabilities	-	1,201	1,201
	<u>1,370</u>	<u>1,228</u>	<u>2,598</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
	<u>\$ 25,309</u>	<u>\$ 28,584</u>	<u>\$ 53,893</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

September 30, 2013

	Office Equipment Pool	Post- Employment Health	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 193	\$ 92,204	\$ 92,397
Investments	-	82,895	82,895
Prepays	2,542	-	2,542
Total current assets	2,735	175,099	177,834
Noncurrent assets			
Capital assets, net of accumulated depreciation	6,671	-	6,671
TOTAL ASSETS	9,406	175,099	184,505
LIABILITIES			
	-	-	-0-
NET POSITION			
Net investment in capital assets	6,671	-	6,671
Unrestricted	2,735	175,099	177,834
TOTAL NET POSITION	\$ 9,406	\$ 175,099	\$ 184,505

Montcalm County, Michigan

Internal Service Funds

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

Year Ended September 30, 2013

	Office Equipment Pool	Post- Employment Health	Total
OPERATING REVENUES			
Miscellaneous	\$ -	\$ 23,506	\$ 23,506
OPERATING EXPENSES			
Supplies	2,837	-	2,837
Contractual services	72,739	-	72,739
Other services and charges	-	31,829	31,829
Depreciation	2,225	-	2,225
TOTAL OPERATING EXPENSES	<u>77,801</u>	<u>31,829</u>	<u>109,630</u>
OPERATING (LOSS)	(77,801)	(8,323)	(86,124)
NONOPERATING REVENUES			
Interest revenue	<u>-</u>	<u>66</u>	<u>66</u>
(LOSS) BEFORE TRANSFERS	(77,801)	(8,257)	(86,058)
TRANSFERS IN	<u>70,000</u>	<u>-</u>	<u>70,000</u>
CHANGE IN NET POSITION	(7,801)	(8,257)	(16,058)
Net position, beginning of year	<u>17,207</u>	<u>183,356</u>	<u>200,563</u>
Net position, end of year	<u>\$ 9,406</u>	<u>\$ 175,099</u>	<u>\$ 184,505</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2013

	Office Equipment Pool	Post- Employment Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ -	\$ 23,506	\$ 23,506
Cash paid to suppliers	(78,306)	-	(78,306)
Cash paid for fringe benefits	-	(31,829)	(31,829)
	<u>-</u>	<u>(31,829)</u>	<u>(31,829)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	(78,306)	(8,323)	(86,629)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from other funds	70,000	-	70,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(65)	(65)
Interest received	-	66	66
	<u>-</u>	<u>66</u>	<u>66</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	-0-	1	1
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,306)	(8,322)	(16,628)
Cash and cash equivalents, beginning of year	<u>8,499</u>	<u>100,526</u>	<u>109,025</u>
Cash and cash equivalents, end of year	<u><u>\$ 193</u></u>	<u><u>\$ 92,204</u></u>	<u><u>\$ 92,397</u></u>
Reconciliation of operating (loss) to net cash (used) by operating activities			
Operating (loss)	\$ (77,801)	\$ (8,323)	\$ (86,124)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	2,225	-	2,225
(Increase) in: Prepays	(2,542)	-	(2,542)
(Decrease) in: Accounts payable	(188)	-	(188)
	<u>(188)</u>	<u>-</u>	<u>(188)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (78,306)</u></u>	<u><u>\$ (8,323)</u></u>	<u><u>\$ (86,629)</u></u>

Montcalm County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2013

	<u>Trust and Agency</u>	<u>Inmate Trust</u>	<u>Library Fund</u>	<u>District Health Department</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 3,751,498	\$ 8,715	\$ 106,186	\$ 1,741,464	\$ 5,607,863
Due from other governmental units	<u>661,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661,347</u>
TOTAL ASSETS	<u>\$ 4,412,845</u>	<u>\$ 8,715</u>	<u>\$ 106,186</u>	<u>\$ 1,741,464</u>	<u>\$ 6,269,210</u>
LIABILITIES					
Due to other governmental units					
Federal/State	\$ 696,030	\$ -	\$ -	\$ -	\$ 696,030
Local	507	-	106,186	1,741,464	1,848,157
Due to individuals and agencies	<u>3,716,308</u>	<u>8,715</u>	<u>-</u>	<u>-</u>	<u>3,725,023</u>
TOTAL LIABILITIES	<u>\$ 4,412,845</u>	<u>\$ 8,715</u>	<u>\$ 106,186</u>	<u>\$ 1,741,464</u>	<u>\$ 6,269,210</u>

Montcalm County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET/STATEMENT OF NET POSITION - DRAINAGE DISTRICTS

September 30, 2013

	Debt Service	Capital	
	Regular Drain	Regular Drain	Drain Revolving
ASSETS			
Cash and cash equivalents	\$ 318,979	\$ 157,015	\$ 170,766
Investments	-	360,273	-
Accounts receivable	-	-	-
Special assessments receivable	1,020,617	-	-
Due from other funds	-	281,048	-
Capital assets not being depreciated	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	<u>\$ 1,339,596</u>	<u>\$ 798,336</u>	<u>\$ 170,766</u>
LIABILITIES			
Accounts payable	\$ -	\$ 19,517	\$ 750
Accrued wages	-	888	-
Due to other funds	281,048	-	-
Accrued interest payable	-	-	-
Advances from other governmental units	-	-	170,016
Bonds and notes payable	-	-	-
TOTAL LIABILITIES	281,048	20,405	170,766
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,058,548	-	-
FUND EQUITY			
Net position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Fund balances			
Restricted			
Capital Projects	-	777,931	-
TOTAL FUND EQUITY	<u>-0-</u>	<u>777,931</u>	<u>-0-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY			
	<u>\$ 1,339,596</u>	<u>\$ 798,336</u>	<u>\$ 170,766</u>

Drain Maintenance Revolving	Projects		Enterprise			Total
	Lake Level	Lake Level Revolving	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
\$ 3,060	\$ 455,450	\$ 11,384	\$ 264,884	\$ 192,243	\$ 248,510	\$ 1,822,291
-	206,319	-	-	-	-	566,592
-	-	4,098	1,430	-	5,033	10,561
-	-	-	-	123,672	-	1,144,289
-	-	1,518	-	-	-	282,566
-	-	-	75,650	-	-	75,650
-	-	-	483,426	1,850,797	5,878,489	8,212,712
<u>\$ 3,060</u>	<u>\$ 661,769</u>	<u>\$ 17,000</u>	<u>\$ 825,390</u>	<u>\$ 2,166,712</u>	<u>\$ 6,132,032</u>	<u>\$ 12,114,661</u>
\$ 3,060	\$ 4,047	\$ -	\$ 8,934	\$ 4,769	\$ 2,592	\$ 43,669
-	-	-	-	-	-	888
-	1,518	-	-	-	-	282,566
-	-	-	-	23,558	-	23,558
-	-	17,000	100,350	-	-	287,366
-	-	-	-	1,122,000	3,456,000	4,578,000
3,060	5,565	17,000	109,284	1,150,327	3,458,592	5,216,047
-	-	-	-	-	-	1,058,548
-	-	-	559,076	728,797	2,422,489	3,710,362
-	-	-	157,030	287,588	250,951	695,569
-	656,204	-	-	-	-	1,434,135
-0-	656,204	-0-	716,106	1,016,385	2,673,440	5,840,066
<u>\$ 3,060</u>	<u>\$ 661,769</u>	<u>\$ 17,000</u>	<u>\$ 825,390</u>	<u>\$ 2,166,712</u>	<u>\$ 6,132,032</u>	<u>\$ 12,114,661</u>

Montcalm County, Michigan

Component Unit Funds

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

September 30, 2013

Total fund balance - governmental funds \$ 1,434,135

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	\$ 3,887,300	
Accumulated depreciation is	<u>(545,132)</u>	
Capital assets, net		3,342,168

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	1,058,548
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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 and notes payable	(1,593,868)	
Accrued interest payable	<u>(18,173)</u>	
		<u>(1,612,041)</u>

Net position of governmental activities \$ 4,222,810

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, 2013

	Debt Service	Capital	
	Regular Drain	Regular Drain	Drain Revolving
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest	-	308	-
Other			
Special assessments	57,164	457,356	-
Other	-	21,304	-
TOTAL REVENUES	57,164	478,968	-0-
EXPENDITURES			
Current			
Public works	-	294,509	-
Debt service			
Principal	289,793	-	-
Interest and fiscal charges	86,350	-	-
TOTAL EXPENDITURES	376,143	294,509	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(318,979)	184,459	-0-
OTHER FINANCING SOURCES (USES)			
Transfers in	318,979	-	-
Transfers out	-	(385,059)	-
TOTAL OTHER FINANCING SOURCES (USES)	318,979	(385,059)	-0-
NET CHANGE IN FUND BALANCES	-0-	(200,600)	-0-
Fund balances, beginning of year	-	978,531	-
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ 777,931</u>	<u>\$ -0-</u>

Projects			
Drain Maintenance Revolving	Lake Level	Lake Level Revolving	Total
\$ 5,022	\$ -	\$ -	\$ 5,022
10,695	-	-	10,695
-	164	-	472
-	527,294	-	1,041,814
-	26,856	-	48,160
15,717	554,314	-0-	1,106,163
81,858	442,540	-	818,907
-	22,420	-	312,213
-	1,569	-	87,919
81,858	466,529	-0-	1,219,039
(66,141)	87,785	-0-	(112,876)
66,080	-	-	385,059
-	-	-	(385,059)
66,080	-0-	-0-	-0-
(61)	87,785	-0-	(112,876)
61	568,419	-	1,547,011
\$ -0-	\$ 656,204	\$ -0-	\$ 1,434,135

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, 2013

Net change in fund balances - total governmental funds \$ (112,876)

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 (75,056)

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 (110,190)

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Debt principal retirement 312,214

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:

(Increase) in accrued interest payable (171)

Change in net position of governmental activities \$ 13,921

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2013

	Enterprise			Total
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
OPERATING REVENUES				
Charges for services	\$ 65,319	\$ 53,146	\$ 336,683	\$ 455,148
Other	29,480	29,041	12,136	70,657
TOTAL OPERATING REVENUES	94,799	82,187	348,819	525,805
OPERATING EXPENSES				
Contractual services	116,633	91,588	87,943	296,164
Other	38,848	31,627	32,508	102,983
Depreciation	16,957	51,411	166,961	235,329
TOTAL OPERATING EXPENSES	172,438	174,626	287,412	634,476
OPERATING INCOME (LOSS)	(77,639)	(92,439)	61,407	(108,671)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	-	4,741	240	4,981
Interest expense	-	(56,343)	(105,937)	(162,280)
TOTAL NONOPERATING REVENUES (EXPENSES)	-0-	(51,602)	(105,697)	(157,299)
CHANGE IN NET POSITION	(77,639)	(144,041)	(44,290)	(265,970)
Net position, beginning of year	793,745	1,160,426	2,717,730	4,671,901
Net position, end of year	\$ 716,106	\$ 1,016,385	\$ 2,673,440	\$ 4,405,931

Montcalm County, Michigan

Component Unit Funds

COMBINING STATEMENT CASH FLOWS - PROPRIETARY FUNDS - DRAINAGE DISTRICTS

Year Ended September 30, 2013

	Enterprise			Total
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from users	\$ 97,227	\$ 89,420	\$ 345,366	\$ 532,013
Cash paid to suppliers	(150,847)	(121,959)	(117,859)	(390,665)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(53,620)	(32,539)	227,507	141,348
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	-	(56,343)	(105,937)	(162,280)
Payments of borrowings	-	(24,500)	(87,000)	(111,500)
NET CASH (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES	-0-	(80,843)	(192,937)	(273,780)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	4,741	240	4,981
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(53,620)	(108,641)	34,810	(127,451)
Cash and cash equivalents, beginning of year	318,504	300,884	213,700	833,088
Cash and cash equivalents, end of year	<u>\$ 264,884</u>	<u>\$ 192,243</u>	<u>\$ 248,510</u>	<u>\$ 705,637</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (77,639)	\$ (92,439)	\$ 61,407	\$ (108,671)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	16,957	51,411	166,961	235,329
(Increase) decrease in:				
Accounts receivable	2,428	-	(3,453)	(1,025)
Special assessments receivable	-	7,233	-	7,233
Increase in:				
Accounts payable	4,634	1,256	2,592	8,482
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (53,620)</u>	<u>\$ (32,539)</u>	<u>\$ 227,507</u>	<u>\$ 141,348</u>

Montcalm County, Michigan

Component Unit Funds

BALANCE SHEET - CENTRAL DISPATCH AUTHORITY

September 30, 2013

	<u>Special Revenue</u>
ASSETS	
Investments	\$ 120,071
Accounts receivable	<u>314,653</u>
 TOTAL ASSETS	 <u><u>\$ 434,724</u></u>
 LIABILITIES	
Accounts payable	\$ 6,234
Accrued liabilities	18,366
Due to other governmental units	<u>10,926</u>
 TOTAL LIABILITIES	 35,526
 FUND BALANCE	
Restricted	
Wireless surcharge	248,798
Wireless training	5,774
Public safety	<u>144,626</u>
 TOTAL FUND BALANCE	 <u>399,198</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 434,724</u></u>

Montcalm County, Michigan

Component Unit Funds

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

September 30, 2013

Total fund balance - governmental fund \$ 399,198

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	\$ 707,540	
Accumulated depreciation is	<u>(707,367)</u>	
Capital assets, net		173

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	<u>(28,406)</u>
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Net position of governmental activities \$ 370,965

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2013

	<u>Special Revenue</u>
REVENUES	
Charges for services	\$ 1,619,817
Interest	93
Other	<u>551</u>
TOTAL REVENUES	1,620,461
EXPENDITURES	
Current	
Public safety	<u>1,924,777</u>
NET CHANGE IN FUND BALANCE	(304,316)
Fund balance, beginning of year	<u>703,514</u>
Fund balance, end of year	<u><u>\$ 399,198</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, 2013

Net change in fund balance - governmental fund \$ (304,316)

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 (7,920)

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:

(Increase) in accrued compensated absences (3,173)

Change in net position of governmental activities \$ (315,409)