



**MONTCALM COUNTY  
STANTON, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2018**

GABRIDGE & CO

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## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Commissioners  
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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***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, the Montcalm County Central Dispatch Authority, or the Montcalm County Housing Commission, which represent 88.6, 3.1, and 1.1 percent of the assets, 78.8, (1.3), and 1.3 percent of the net position, and 79.6, 9.3, and 5.7 percent of the program 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, the Montcalm County Central Dispatch Authority, and the Montcalm County Housing 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2018, 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.

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and are not a 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 relate directly to the underlying accounting and other

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

*Gabridge & Company*

Gabridge & Company, PLC  
Grand Rapids, MI  
March 25, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Montcalm County**  
**Management's Discussion and Analysis**  
**September 30, 2018**

These financial statements are the responsibility of Montcalm County's (the "County" or "government") management. We offer readers this narrative overview and analysis for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### **Financial Highlights**

- The assets and deferred outflows of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7,086,753 (*net position*), an increase of \$5,116,076 in 2018.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital projects, permanent, and debt service funds) reported combined ending fund balances of \$10,284,282, an increase of \$1,133,148 in comparison with the prior year. Of the fund balance amount, \$6,896,737 is *available for spending* at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$8,759,656, an increase of \$1,160,478 for 2018. At the end of the year, the unassigned portion of the fund balance in the general fund was \$6,896,737, or approximately 48 percent of total general fund expenditures and transfers out during the year.
- The County's investment in capital assets, net of accumulated depreciation, was \$7,148,199 at the end of 2018, which compares to \$7,842,590 at the end of 2017.
- The County's total installment debt equaled \$8,217,536 at the close of 2018, representing a net decrease of \$443,857 during the current fiscal year. This decrease is largely due to general obligation limited tax notes paid during the year within the County's delinquent tax revolving fund.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include: general government services, public safety, public works, health and welfare, recreation and culture, and community and economic development. The business-type activities of the County include: delinquent tax administration, ambulance, operation of an inmate commissary at the County jail, and building code compliance.

The government-wide financial statements include not only Montcalm County itself (known as the primary government), but also a legally separate Drain Commission, Central Dispatch Authority, Road Commission, and Housing Commission (known as component units) for which the County is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government itself. The Building Authority, although also legally separate, functions for all practical purposes as a department of the County and, therefore, has been included as an integral part of the primary government.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following both the governmental fund balance sheet and the governmental

fund statement of revenue, expenditures, and changes in fund balances are reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

Information for each of the County's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is the County's only major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparisons statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary Funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax collection and administration (including homestead exemption audits), ambulance services, inmate commissary, and building code compliance. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its copy machines and retiree healthcare and pension programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis and the schedules for the County's pension and other postemployment benefits plans.

The *combining statements and schedules* referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

## Government-wide Financial Analysis

The County's combined net position increased for the year ended September 30, 2018 to an ending net position of \$7,086,753. Net position of governmental activities increased \$1,586,844 and business-type activities increased by \$3,529,232. Explanations for those changes are described below under the *Governmental Activities* and *Business-type Activities* sections of this Management's Discussion and Analysis. Following is a summarized schedule showing the assets, deferred outflows, liabilities, deferred inflows, and net position of the County as of September 30 for each of the past two fiscal years:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and Other Assets	\$ 11,816,996	\$ 10,388,355	\$ 12,960,607	\$ 10,692,675	\$ 24,777,603	\$ 21,081,030
Capital Assets, Net	6,034,227	6,744,221	1,113,972	1,098,369	7,148,199	7,842,590
	<u>17,851,223</u>	<u>17,132,576</u>	<u>14,074,579</u>	<u>11,791,044</u>	<u>31,925,802</u>	<u>28,923,620</u>
<b>Deferred Outflows of Resources</b>	<u>2,479,106</u>	<u>3,516,070</u>	<u>536,530</u>	<u>1,130,906</u>	<u>3,015,636</u>	<u>4,646,976</u>
<b>Liabilities</b>						
Long-term Liabilities	10,363,979	6,661,393	3,188,847	2,000,000	13,552,826	8,661,393
Other Liabilities	2,126,350	14,135,327	361,542	4,992,108	2,487,892	19,127,435
	<u>12,490,329</u>	<u>20,796,720</u>	<u>3,550,389</u>	<u>6,992,108</u>	<u>16,040,718</u>	<u>27,788,828</u>
<b>Deferred Inflows of Resources</b>	<u>9,493,508</u>	<u>2,013,994</u>	<u>2,320,462</u>	<u>718,813</u>	<u>11,813,970</u>	<u>2,732,807</u>
<b>Net Position</b>						
Net Investment in Capital Assets	475,797	393,905	1,113,972	1,098,369	1,589,769	1,492,274
Restricted	835,307	838,614	-	-	835,307	838,614
Unrestricted (Deficit)	(2,964,612)	(3,394,587)	7,626,289	4,112,660	4,661,677	718,073
<b>Total Net Position</b>	<u>\$ (1,653,508)</u>	<u>\$ (2,162,068)</u>	<u>\$ 8,740,261</u>	<u>\$ 5,211,029</u>	<u>\$ 7,086,753</u>	<u>\$ 3,048,961</u>

The largest component of the County's net position reflects its net investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others). Restricted net position is the next largest component, which represents amounts subject to external restrictions, such as State legislation. The remaining portion represents an unrestricted amount that can be used at the County's discretion.

The current assets of the County increased by \$3,002,182 over the prior year. This increase is primarily related to the overall increase in net position recognized by the County during the year of \$5,116,076.

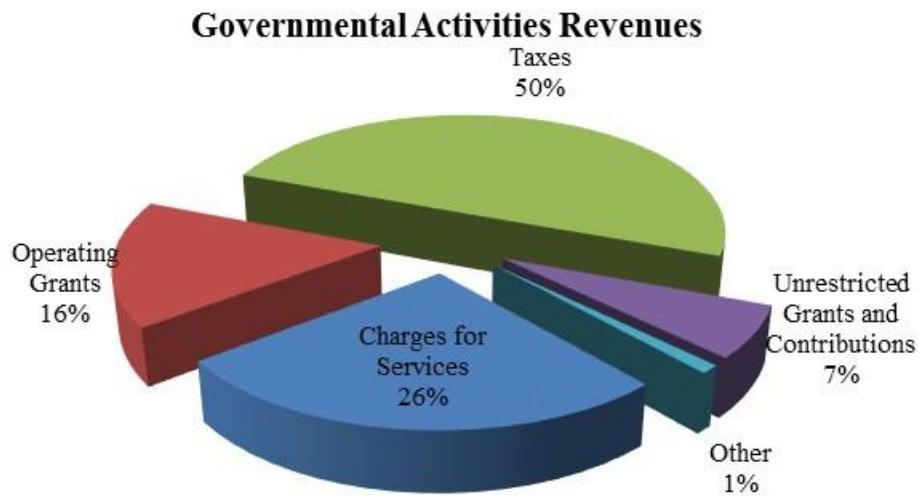
The following condensed financial information was derived from the government-wide statement of activities and reflects how the County's net position changed during the two most recently completed fiscal years:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 5,064,832	\$ 5,144,068	\$ 5,866,305	\$ 5,472,188	\$ 10,931,137	\$ 10,616,256
Operating Grants	3,113,751	2,807,822	67,853	21,057	3,181,604	2,828,879
Program Revenues:						
Taxes	9,570,858	9,991,435	1,295,893	1,066,662	10,866,751	11,058,097
Unrestricted Grants and Contributions	1,267,179	1,254,633	-	-	1,267,179	1,254,633
Unrestricted Investment Earnings	46,649	15,747	-	-	46,649	15,747
Gain on Sale of Capital Assets	113,383	-	-	-	113,383	-
Other Revenues	41,835	96,515	-	-	41,835	96,515
<b>Total Revenues</b>	<b>19,218,487</b>	<b>19,310,220</b>	<b>7,230,051</b>	<b>6,559,907</b>	<b>26,448,538</b>	<b>25,870,127</b>
<b>Expenses</b>						
General Government	7,652,499	8,413,270	-	-	7,652,499	8,413,270
Public Safety	4,985,489	5,418,461	-	-	4,985,489	5,418,461
Public Works	437,558	283,335	-	-	437,558	283,335
Health and Welfare	3,308,418	3,415,321	-	-	3,308,418	3,415,321
Recreation and Culture	823,122	878,476	-	-	823,122	878,476
Community and Economic Development	253,979	98,785	-	-	253,979	98,785
Interest on Long-term Debt	170,578	176,756	-	-	170,578	176,756
Delinquent Tax	-	-	430,597	394,403	430,597	394,403
Ambulance	-	-	2,859,627	4,044,539	2,859,627	4,044,539
Building Official	-	-	342,953	304,966	342,953	304,966
PRE Audit	-	-	32,753	438	32,753	438
Inmate Commissary	-	-	34,889	63,179	34,889	63,179
<b>Total Expenses</b>	<b>17,631,643</b>	<b>18,684,404</b>	<b>3,700,819</b>	<b>4,807,525</b>	<b>21,332,462</b>	<b>23,491,929</b>
Change in Net Position before Transfers	1,586,844	625,816	3,529,232	1,752,382	5,116,076	2,378,198
Transfers	-	4,105,573	-	(4,105,573)	-	-
<b>Change in Net Position</b>	<b>1,586,844</b>	<b>4,731,389</b>	<b>3,529,232</b>	<b>(2,353,191)</b>	<b>5,116,076</b>	<b>2,378,198</b>
Net Position						
Beginning of year, as restated	(3,240,352)	(6,893,457)	5,211,029	7,564,220	1,970,677	670,763
<b>End of Year</b>	<b>\$ (1,653,508)</b>	<b>\$ (2,162,068)</b>	<b>\$ 8,740,261</b>	<b>\$ 5,211,029</b>	<b>\$ 7,086,753</b>	<b>\$ 3,048,961</b>

Tax revenues decreased from \$11,058,097 during 2017 to \$10,866,751 during 2018. The decrease was marginal between the years.

General governmental expenses decreased from \$8,413,270 during 2017 to \$7,652,499 during 2018 and public safety expenses decreased from \$5,418,461 during 2017 to \$4,985,489 during 2018 primarily due to a change in assumptions for net pension liability and related deferred items of resources. The County switched plan types resulting for a significant change in the valuation.

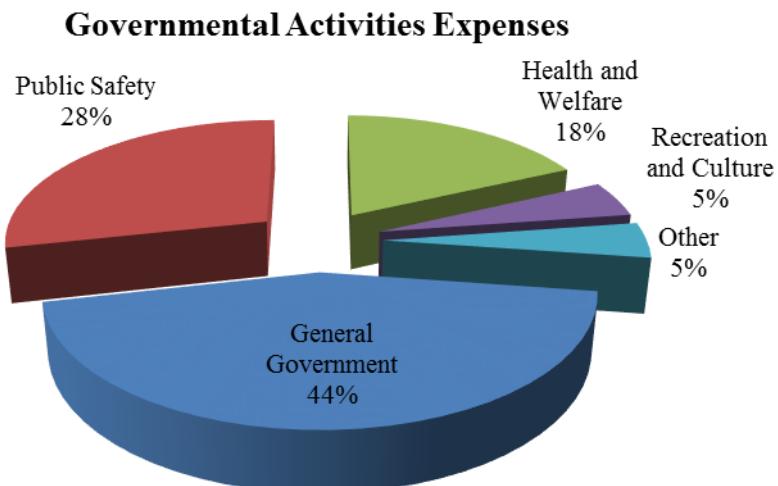
**Governmental Activities.** The following chart presents revenues of governmental activities for the fiscal year:



In total, governmental activities revenues decreased approximately \$91,733 from the previous fiscal year, with trends of the major revenue categories as follows:

*Property taxes* comprised the largest portion of governmental activities revenue at 51%, or approximately \$9.6 million. *Charges for services* made up \$5,064,832, or 26% of governmental activities revenues. *Operating grants and contributions* made up approximately \$3,113,751, or 16% of governmental activities revenues.

The following chart presents expenses of the governmental activities for the fiscal year:



Total expenses for governmental activities decreased by approximately \$2,159,467, or 9% from the previous fiscal year. The reason for this decrease, as mentioned above, was due to a change in valuation for net pension liability and related deferred amounts as well as the adoption of GASB75 for other post-employment benefits.

**Business-type Activities.** Net position of the business-type activities increased by \$3,529,232, which was primarily the result of significantly decreased expenses within the ambulance fund from the adoption of GASB75 for other post-employment benefits.

### **Financial Analysis of the County's Funds**

As the County completed the fiscal year, its governmental funds reported combined ending fund balances of \$10,284,282. Of this, \$183,225 is legally restricted and/or unavailable to spend (i.e. amounts tied up in prepaid items and long-term advances), \$732,290 is committed by the Board of Commissioners for designated projects, \$1,560,000 is assigned for capital improvements, and programs, and \$912,030 is restricted for various projects, leaving \$6,896,737 as unassigned fund balance.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was *not* significant.

**Final budget compared to actual results.** The most significant differences between estimated expenditures and actual expenditures were as follows:

	<u>Final Amount Appropriated</u>	<u>Actual Amount</u>	<u>Budget Variance</u>
<b>General Government</b>			
Board of Commissioners	\$ 399,551	\$ 410,616	\$ (11,065)
Circuit Court	370,266	449,710	(79,444)
Buildings and Grounds	778,064	815,582	(37,518)
<b>Public Safety</b>			
Contracted Police Service	749,439	757,134	(7,695)
<b>Health and Welfare</b>			
Substance Abuse Commission	94,075	127,451	(33,376)
Medical Examiner	137,000	161,304	(24,304)
Child Care	1,101,254	1,206,271	(105,017)
<b>Capital Outlay</b>	-	100,510	(100,510)

## Capital Assets and Debt Administration

**Capital Assets.** At September 30, 2018, the County had invested \$7,148,199 in a broad range of capital assets, net of accumulated depreciation (see the table below). Additional information regarding the County's capital assets can be found in the notes to the financial statements section of this document.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 76,657	\$ 81,157	\$ -	\$ -	\$ 76,657	\$ 81,157
Land Improvements	5,665	5,665	-	-	5,665	5,665
Buildings and Additions	22,704,572	22,704,572	443,908	437,476	23,148,480	23,142,048
Equipment and Furniture	1,269,499	1,423,901	865,051	863,920	2,134,550	2,287,821
Vehicles	819,960	932,600	2,000,632	1,796,554	2,820,592	2,729,154
	24,876,353	25,147,895	3,309,591	3,097,950	28,185,944	28,245,845
Less Accumulated Depreciation	18,842,126	18,403,674	2,195,619	1,999,581	21,037,745	20,403,255
<b>Total Capital Assets, Net</b>	<b>\$ 6,034,227</b>	<b>\$ 6,744,221</b>	<b>\$ 1,113,972</b>	<b>\$ 1,098,369</b>	<b>\$ 7,148,199</b>	<b>\$ 7,842,590</b>

**Debt Administration.** The County, along with the Montcalm County Building Authority, a blended component unit of the County, is empowered by law to authorize, issue, and sell debt obligations. General obligation bonds are backed by the full faith and credit of the County.

Following is a schedule summarizing the County's long-term debt, including compensated absences, as of September 30 for each of the two past fiscal years:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 5,820,000	\$ 6,585,000	\$ -	\$ -	\$ 5,820,000	\$ 6,585,000
Capital Leases	-	49,068	-	-	-	49,068
GOLT Notes	-	-	2,380,000	2,000,000	2,380,000	2,000,000
Installment Purchase Agreements	17,536	27,325	-	-	17,536	27,325
Compensated Absences	474,890	463,880	27,470	25,729	502,360	489,609
<b>Total Long-term Debt</b>	<b>\$ 6,312,426</b>	<b>\$ 7,125,273</b>	<b>\$ 2,407,470</b>	<b>\$ 2,025,729</b>	<b>\$ 8,719,896</b>	<b>\$ 9,151,002</b>

More detailed information regarding these activities can be found in the notes to the financial statements section of this document.

## Economic Condition and Outlook

The County has continued to adopt a balanced budget for fiscal year 2018 and all funds have maintained surplus balances for the past two fiscal years. The County has taken great strides over the past two to three years to improve the status of the General Fund's fund balance and have put many policies in place to guide the Board of Commissioners in their decision making processes.

The County Board of Commissioners is determined to make the County better as a whole and continue to be responsible custodians of the tax payers' dollars. Therefore, they are continually looking for new ways to improve the serviceability of County Departments. Although, the past

couple of years have not been easy, as many budget cuts were instituted, the County has shown that they are serious about the manner in which the tax payers' dollars are being spent and are determined to not repeat the ill-advised actions of the past. A "new way of doing business" is the focus for the future.

All economic signs point to a promising outlook for the County. Starting early in 2018 there was measurable growth in the area of new business and new housing developments throughout the County, as well as, the future prospects of renewable energy resources sweeping across the County for years to come. The County is currently in a good, stable position and desires to only improve on that position going forward.

In January 2017, the assets of the Montcalm County pension trust fund were transferred to the Michigan Municipal Employees' Retirement System (MERS). Plan provisions and covered employees have not changed, but MERS will be responsible for administering the plan on behalf of the County (reducing the administrative burden). With the change in administration of the plan there was a change in discount rate that lead to decrease in net pension liability that is not expected to change significantly in the near term future.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, 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 any questions about this report or need additional financial information, please contact the Office of the County Controller at (989) 831-7300 or visit our website at [www.Montcalm.us](http://www.Montcalm.us).

## **BASIC FINANCIAL STATEMENTS**

**Montcalm County**  
**Statement of Net Position**  
**September 30, 2018**

<b>Primary Government</b>					
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>	
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Investments	\$ 8,659,408	\$ 8,808,971	\$ 17,468,379	\$ 3,575,447	
Restricted Cash	--	--	--	163,821	
Receivables, Net	278,865	697,982	976,847	3,088,301	
Special Assessments Receivable	--	--	--	3,419,442	
Taxes Receivable	1,856,947	3,297,724	5,154,671	--	
Due from Other Governments	594,544	19,282	613,826	69,565	
Inventory	--	--	--	643,526	
Prepays	427,232	--	427,232	108,919	
<b>Total Current Assets</b>	<b>11,816,996</b>	<b>12,823,959</b>	<b>24,640,955</b>	<b>11,069,021</b>	
<i>Noncurrent Assets</i>					
Advances to Component Units	--	136,648	136,648	--	
Capital Assets not being Depreciated	76,657	--	76,657	5,347,912	
Capital Assets being Depreciated	5,957,570	1,113,972	7,071,542	53,778,069	
<b>Total Assets</b>	<b>17,851,223</b>	<b>14,074,579</b>	<b>31,925,802</b>	<b>70,195,002</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB	87,547	--	87,547	32,711	
Pension	2,165,999	536,530	2,702,529	1,538,393	
Charge on Refunding	225,560	--	225,560	--	
<b>Total Deferred Outflows of Resources</b>	<b>2,479,106</b>	<b>536,530</b>	<b>3,015,636</b>	<b>1,571,104</b>	
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	674,066	86,162	760,228	566,256	
Accrued Liabilities	261,051	93,241	354,292	35,188	
Due to Other Governments	27,870	--	27,870	--	
Accrued Interest	52,357	--	52,357	96,764	
Unearned Revenue	--	--	--	75,773	
Current Portion of Compensated Absences	327,674	15,515	343,189	182,277	
Current Portion of Long-term Debt	789,956	160,000	949,956	941,571	
Internal Balances	(6,624)	6,624	--	--	
<b>Total Current Liabilities</b>	<b>2,126,350</b>	<b>361,542</b>	<b>2,487,892</b>	<b>1,897,829</b>	
<i>Noncurrent Liabilities</i>					
Advances from Other Governmental Units	--	--	--	305,674	
Advances from Primary Government	--	--	--	136,648	
Compensated Absences	147,216	11,955	159,171	--	
Long-term Debt	5,047,580	2,220,000	7,267,580	7,563,421	
Net OPEB Obligation	1,341,628	--	1,341,628	2,094,508	
Net Pension Liability	3,827,555	956,889	4,784,444	8,775,799	
<b>Total Liabilities</b>	<b>12,490,329</b>	<b>3,550,386</b>	<b>16,040,715</b>	<b>20,773,879</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB	211,661	--	211,661	57,797	
Pension	9,281,847	2,320,462	11,602,309	2,257,934	
<b>Total Deferred Inflows of Resources</b>	<b>9,493,508</b>	<b>2,320,462</b>	<b>11,813,970</b>	<b>2,315,731</b>	
<b>NET POSITION</b>					
Net Investment in Capital Assets	475,797	1,113,972	1,589,769	50,620,989	
<i>Restricted for:</i>					
Restricted	835,307	--	835,307	3,318,751	
Unrestricted	(2,964,612)	7,626,289	4,661,677	(5,263,244)	
<b>Total Net Position</b>	<b>\$ (1,653,508)</b>	<b>\$ 8,740,261</b>	<b>\$ 7,086,753</b>	<b>\$ 48,676,496</b>	

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Statement of Activities**  
**For the year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
<b>Primary Government</b>									
<b>Governmental Activities:</b>									
Public Safety	\$ 4,985,489	\$ 1,705,327	\$ 287,275	\$ --	\$ (2,992,887)	\$ --	\$ (2,992,887)	\$ --	
Public Works	437,558	241,487	--	--	(196,071)	--	(196,071)	--	
Health and Welfare	3,308,418	203,269	1,128,150	--	(1,976,999)	--	(1,976,999)	--	
Community and Economic Development	253,979	671,285	--	--	417,306	--	417,306	--	
General Government	7,652,499	2,228,614	1,698,326	--	(3,725,559)	--	(3,725,559)	--	
Recreation and Culture	823,122	14,850	--	--	(808,272)	--	(808,272)	--	
Interest on Long-term Debt	170,578	--	--	--	(170,578)	--	(170,578)	--	
<b>Total Governmental Activities</b>	<b>17,631,643</b>	<b>5,064,832</b>	<b>3,113,751</b>	<b>--</b>	<b>(9,453,060)</b>	<b>--</b>	<b>(9,453,060)</b>	<b>--</b>	
<b>Business-type Activities:</b>									
Ambulance	2,859,627	3,923,975	67,853	--	--	1,132,201	1,132,201	--	
Delinquent Tax Revolving	430,597	1,331,992	--	--	--	901,395	901,395	--	
Inmate Commissary	34,889	52,297	--	--	--	17,408	17,408	--	
Building Official	342,953	504,933	--	--	--	161,980	161,980	--	
PRE Audit	32,753	53,108	--	--	--	20,355	20,355	--	
<b>Total Business-type Activities</b>	<b>3,700,819</b>	<b>5,866,305</b>	<b>67,853</b>	<b>--</b>	<b>--</b>	<b>2,233,339</b>	<b>2,233,339</b>	<b>--</b>	
<b>Total Primary Government</b>	<b>\$ 21,332,462</b>	<b>\$ 10,931,137</b>	<b>\$ 3,181,604</b>	<b>\$ --</b>	<b>\$ (9,453,060)</b>	<b>\$ 2,233,339</b>	<b>\$ (7,219,721)</b>	<b>--</b>	
<b>Component Units</b>									
Central Dispatch Authority	\$ 1,647,449	\$ 1,745,557	\$ 16,502	\$ --	--	--	--	114,610	
Road Commission	11,420,378	1,705,326	8,501,549	4,933,989	--	--	--	3,720,486	
Drain Commission	2,536,996	251,147	797,141	--	--	--	--	(1,488,708)	
Housing Commission (12/31/17)	1,122,576	134,220	943,318	--	--	--	--	(45,038)	
<b>Total Component Units</b>	<b>\$ 16,727,399</b>	<b>\$ 3,836,250</b>	<b>\$ 10,258,510</b>	<b>\$ 4,933,989</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,301,350</b>	
<b>General Purpose Revenues:</b>									
<b>Revenues</b>									
Grants and Contributions not related to Specific Programs				1,267,179	--	1,267,179	--		
Other Unrestricted Revenues				41,835	--	41,835	--		
Proceeds from Sale of Capital Assets				113,383	--	113,383	157,778		
Property Taxes				9,570,858	1,295,893	10,866,751	--		
Unrestricted Investment Earnings				46,649	--	46,649	12,713		
<b>Total General Revenues</b>				<b>11,039,904</b>	<b>1,295,893</b>	<b>12,335,797</b>	<b>170,491</b>		
<b>Change in Net Position</b>									
Net Position at Beginning of Period (Restated, Note 14)				<b>1,586,844</b>	<b>3,529,232</b>	<b>5,116,076</b>	<b>2,471,841</b>		
<b>Net Position at End of Period</b>				<b>\$ (3,240,352)</b>	<b>\$ 5,211,029</b>	<b>\$ 1,970,677</b>	<b>\$ 46,204,655</b>		
				<b>\$ (1,653,508)</b>	<b>\$ 8,740,261</b>	<b>\$ 7,086,753</b>	<b>\$ 48,676,496</b>		

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County  
Balance Sheet  
Governmental Funds  
September 30, 2018**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Investments	\$ 6,934,814	\$ 1,452,975	\$ 8,387,789
Receivables, Net	153,054	125,811	278,865
Taxes Receivable	1,856,947	--	1,856,947
Due from Other Governments	508,304	86,240	594,544
Prepays	109,635	3,625	113,260
Due from Other Funds	6,624	--	6,624
<b>Total Assets</b>	<b>\$ 9,569,378</b>	<b>\$ 1,668,651</b>	<b>\$ 11,238,029</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 590,007	\$ 74,819	\$ 664,826
Accrued Liabilities	219,715	41,336	261,051
Due to Other Governments	--	27,870	27,870
<b>Total Liabilities</b>	<b>809,722</b>	<b>144,025</b>	<b>953,747</b>
<b>FUND BALANCE</b>			
Nonspendable	109,635	73,590	183,225
Restricted	--	912,030	912,030
Committed	193,284	539,006	732,290
Assigned	1,560,000	--	1,560,000
Unassigned	6,896,737	--	6,896,737
<b>Total Fund Balance</b>	<b>8,759,656</b>	<b>1,524,626</b>	<b>10,284,282</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 9,569,378</b>	<b>\$ 1,668,651</b>	<b>\$ 11,238,029</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**September 30, 2018**

Total Fund Balance - Governmental Funds	\$ 10,284,282
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements	262,379
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(474,890)
Certain pension-related amounts, such as the net pension liability and the pension related deferrals, are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds. This represents net pension liability of \$3,827,555 plus pension related deferred inflows of \$9,281,847 less pension related deferred outflows of \$2,165,999.	(10,943,403)
Certain opeb-related amounts, such as the net opeb liability and the opeb related deferrals, are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds. This represents net opeb liability of \$1,341,628 plus opeb related deferred inflows of \$211,661 less opeb related deferred outflows of \$87,547.	(1,465,742)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(52,357)
General government capital assets of \$24,876,353 net of accumulated depreciation of \$18,842,126, are not financial resources, and accordingly are not reported in the funds.	6,034,227
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents the sum of long-term installment debt payable of \$5,837,536 less unamortized costs of \$225,560.	(5,611,976)
Prepaid costs related to self-insurance programs do not represent current period costs and, therefore, are not reported in the funds. This increase to prepaid items represents the self-insured retention balance as of year-end.	313,972
<b>Total Net Position - Governmental Funds</b>	<b>\$ <u>(1,653,508)</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the year Ended September 30, 2018**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Property Taxes	\$ 7,930,773	\$ 1,640,085	\$ 9,570,858
Licenses and Permits	124,435	40,925	165,360
Intergovernmental	3,307,276	1,072,034	4,379,310
Charges for Services	3,178,778	457,614	3,636,392
Fines and Forfeitures	33,795	6,500	40,295
Interest and Rents	35,584	915,404	950,988
Other Revenues	247,854	113,163	361,017
<b>Total Revenues</b>	<b>14,858,495</b>	<b>4,245,725</b>	<b>19,104,220</b>
<b>Expenditures</b>			
General Government	6,315,022	952,993	7,268,015
Public Safety	4,696,947	13,748	4,710,695
Public Works	254,002	183,556	437,558
Health and Welfare	2,086,629	1,292,993	3,379,622
Community and Economic Development	218,980	34,999	253,979
Recreation and Culture	12,717	805,776	818,493
Capital Outlay	100,510	33,413	133,923
Debt Service - Interest	--	142,657	142,657
Debt Service - Principal	--	823,857	823,857
Other Expenditures	--	48,656	48,656
<b>Total Expenditures</b>	<b>13,684,807</b>	<b>4,332,648</b>	<b>18,017,455</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,173,688</b>	<b>(86,923)</b>	<b>1,086,765</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	113,383	--	113,383
Transfers In	611,073	185,166	796,239
Transfers Out	(737,666)	(125,573)	(863,239)
<b>Net Other Financing Sources (Uses)</b>	<b>(13,210)</b>	<b>59,593</b>	<b>46,383</b>
<b>Net Change in Fund Balance</b>	<b>1,160,478</b>	<b>(27,330)</b>	<b>1,133,148</b>
<i>Fund Balance at Beginning of Period</i>	<i>7,599,178</i>	<i>1,551,956</i>	<i>9,151,134</i>
<b>Fund Balance at End of Period</b>	<b>\$ 8,759,656</b>	<b>\$ 1,524,626</b>	<b>\$ 10,284,282</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the year Ended September 30, 2018**

Total Net Change in Fund Balances - Governmental Funds	\$ 1,133,148
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements	85,168
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. This amount represents the change in compensated absences during the year.	(11,010)
Changes to the net pension liability, and the pension related deferrals, are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.	314,089
Changes to the net opeb liability, and the opeb related deferrals, are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.	(73,988)
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$839,267 plus a loss on disposal of assets of \$4,650 exceeds capital outlay expenditures of \$133,923 during the year.	(709,994)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	4,302
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. This is the amount by which principal payments on long-term debt of \$823,857 exceeded the the net amortization of bond premiums and discounts of \$32,223.	791,634
Changes in the self-insured retention balance and incurred but not reported do not require use of current financial resources and, therefore, are not reported as expenditures in the funds.	53,495
<b>Changes in Net Position - Governmental Funds</b>	<b>\$ 1,586,844</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities Internal Service Funds</b>
	<b>Ambulance</b>	<b>Delinquent Tax Revolving</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Investments	\$ 3,524,147	\$ 4,692,330	\$ 592,494	\$ 8,808,971	\$ 271,619
Receivables, Net	553,853	144,129	--	697,982	--
Taxes Receivable	--	3,297,724	--	3,297,724	--
Due from Other Governments	19,282	--	--	19,282	--
<b>Total Current Assets</b>	<b>4,097,282</b>	<b>8,134,183</b>	<b>592,494</b>	<b>12,823,959</b>	<b>271,619</b>
<i>Noncurrent Assets</i>					
Advances to Component Units	--	136,648	--	136,648	--
Capital Assets being Depreciated	1,108,815	--	5,157	1,113,972	--
<b>Total Assets</b>	<b>5,206,097</b>	<b>8,270,831</b>	<b>597,651</b>	<b>14,074,579</b>	<b>271,619</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension	536,530	--	--	536,530	--
<b>Total Deferred Outflows of Resources</b>	<b>536,530</b>	<b>--</b>	<b>--</b>	<b>536,530</b>	<b>--</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	53,166	29,399	3,597	86,162	9,240
Accrued Liabilities	80,426	--	12,815	93,241	--
Current Portion of Compensated Absences	15,515	--	--	15,515	--
Current Portion of Long-term Debt	--	160,000	--	160,000	--
Due to Other Funds	--	6,624	--	6,624	--
<b>Total Current Liabilities</b>	<b>149,107</b>	<b>196,023</b>	<b>16,412</b>	<b>361,542</b>	<b>9,240</b>
<i>Noncurrent Liabilities</i>					
Compensated Absences	4,637	--	7,318	11,955	--
Long-term Debt	--	2,220,000	--	2,220,000	--
Net Pension Liability	956,889	--	--	956,889	--
<b>Total Liabilities</b>	<b>1,110,633</b>	<b>2,416,023</b>	<b>23,730</b>	<b>3,550,386</b>	<b>9,240</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension	2,320,462	--	--	2,320,462	--
<b>Total Deferred Inflows of Resources</b>	<b>2,320,462</b>	<b>--</b>	<b>--</b>	<b>2,320,462</b>	<b>--</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,108,815	--	5,157	1,113,972	--
<i>Unrestricted</i>	1,202,717	5,854,808	568,764	7,626,289	262,379
<b>Total Net Position</b>	<b>\$ 2,311,532</b>	<b>\$ 5,854,808</b>	<b>\$ 573,921</b>	<b>\$ 8,740,261</b>	<b>\$ 262,379</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the year Ended September 30, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Ambulance	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues</b>					
Charges for Services	\$ 3,903,648	\$ 736,106	\$ 555,082	\$ 5,194,836	\$ 39,905
Penalties and Interest on Delinquent Taxes	--	472,287	49,936	522,223	--
Other Revenues	--	71,315	--	71,315	--
Employer Contributions	--	--	--	--	843,697
<b>Total Operating Revenues</b>	<b>3,903,648</b>	<b>1,279,708</b>	<b>605,018</b>	<b>5,788,374</b>	<b>883,602</b>
<b>Operating Expenses</b>					
Personnel Services	1,513,131	--	287,280	1,800,411	53,775
Purchases of Goods and Services	962,119	371,591	121,575	1,455,285	54,589
Depreciation	384,377	--	1,740	386,117	--
Participant Benefits	--	--	--	--	735,843
Administrative Expense	--	--	--	--	22,111
<b>Total Operating Expenses</b>	<b>2,859,627</b>	<b>371,591</b>	<b>410,595</b>	<b>3,641,813</b>	<b>866,318</b>
<b>Operating Income (Loss)</b>	<b>1,044,021</b>	<b>908,117</b>	<b>194,423</b>	<b>2,146,561</b>	<b>17,284</b>
<b>Non-Operating Revenues (Expenses)</b>					
Property Taxes	1,295,893	--	--	1,295,893	--
Intergovernmental	67,851	--	--	67,851	--
Interest Income	20,329	52,284	5,320	77,933	884
Interest Expense	--	(59,006)	--	(59,006)	--
<b>Net Non-Operating Revenues (Expenses)</b>	<b>1,384,073</b>	<b>(6,722)</b>	<b>5,320</b>	<b>1,382,671</b>	<b>884</b>
<b>Income Before Contributions and Transfers</b>					
Transfers In	--	--	--	--	67,000
<b>Change In Net Position</b>	<b>2,428,094</b>	<b>901,395</b>	<b>199,743</b>	<b>3,529,232</b>	<b>85,168</b>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>	<i>(116,562)</i>	<i>4,953,413</i>	<i>374,178</i>	<i>5,211,029</i>	<i>177,211</i>
<b>Net Position at End of Period</b>	<b>\$ 2,311,532</b>	<b>\$ 5,854,808</b>	<b>\$ 573,921</b>	<b>\$ 8,740,261</b>	<b>\$ 262,379</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Ambulance	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Cash received from customers and users	\$ 3,865,459	\$ 848,476	\$ 555,082	\$ 5,269,017	\$ --
Cash received from interfund services	--	--	--	--	883,602
Cash payments for goods and services	(1,112,845)	(374,092)	(125,359)	(1,612,296)	(71,150)
Cash payments to purchase delinquent taxes	--	423,731	49,936	473,667	--
Cash payments to employees	(2,825,401)	--	(282,731)	(3,108,132)	(789,618)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(72,787)</b>	<b>898,115</b>	<b>196,928</b>	<b>1,022,256</b>	<b>22,834</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Principal and interest paid on installment purchase agreement	--	(3,679,006)	--	(3,679,006)	--
Issuance of long-term debt	--	4,000,000	--	4,000,000	--
Change in capital assets	(401,953)	--	233	(401,720)	--
Intergovernmental grants received	67,851	--	--	67,851	--
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(334,102)</b>	<b>320,994</b>	<b>233</b>	<b>(12,875)</b>	<b>--</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>					
Transfers in	--	--	--	--	67,000
Cash paid on interfund advances	--	--	--	--	41,287
Cash received on interfund advances	(164,318)	--	--	(164,318)	--
Property taxes received	1,295,893	--	--	1,295,893	--
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<b>1,131,575</b>	<b>--</b>	<b>--</b>	<b>1,131,575</b>	<b>108,287</b>
<b>Cash Flows from Investing Activities</b>					
Interest Income received	20,329	52,284	5,320	77,933	884
<b>Net Cash Provided by from Investing Activities</b>	<b>20,329</b>	<b>52,284</b>	<b>5,320</b>	<b>77,933</b>	<b>884</b>
<b>Net Increase in Cash and Equivalents</b>	<b>745,015</b>	<b>1,271,393</b>	<b>202,481</b>	<b>2,218,889</b>	<b>132,005</b>
<b>Cash and Equivalents - Beginning of Year</b>	<b>2,779,132</b>	<b>3,420,937</b>	<b>390,013</b>	<b>6,590,082</b>	<b>139,614</b>
<b>Cash and Equivalents - End of Year</b>	<b>\$ 3,524,147</b>	<b>\$ 4,692,330</b>	<b>\$ 592,494</b>	<b>\$ 8,808,971</b>	<b>\$ 271,619</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
<b>Operating Income</b>	1,044,021	908,117	194,423	2,146,561	17,284
Adjustments to Reconcile Operating Income to Net Cash					
<b>Provided (Used) by Operating Activities</b>					
Depreciation Expense	384,377	--	1,740	386,117	--
<b>Changes in Assets &amp; Liabilities</b>					
Accounts receivable	(18,907)	41,055	--	22,148	--
Taxes receivable	--	(48,556)	--	(48,556)	--
Net pension liability and deferred amounts	(1,309,091)	--	--	(1,309,091)	--
Accounts payable	(150,726)	27,935	(3,784)	(126,575)	5,550
Accrued liabilities	(4,041)	(30,436)	3,670	(30,807)	--
Due from other governments	(19,282)	--	--	(19,282)	--
Compensated absences	862	--	879	1,741	--
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (72,787)</b>	<b>\$ 898,115</b>	<b>\$ 196,928</b>	<b>\$ 1,022,256</b>	<b>\$ 22,834</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Statement of Fiduciary Net Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2018**

	<u>Agency</u>
<b>ASSETS</b>	
Cash and Investments	\$ 8,136,158
<i>Total Assets</i>	<u>8,136,158</u>
<b>LIABILITIES</b>	
Undistributed Receipts	3,906,052
Due to Other Governments	4,230,106
<i>Total Liabilities</i>	<u>\$ 8,136,158</u>

**Montcalm County**  
**Combining Statement of Net Position**  
**Component Units**  
**September 30, 2018**

	<b>Central Dispatch Authority</b>	<b>Road Commission</b>	<b>Drain Commission</b>	<b>Housing Commission (12/31/17)</b>	<b>Total Component Units</b>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Investments	\$ 546,818	\$ 1,189,823	\$ 1,645,814	\$ 192,992	\$ 3,575,447
Restricted Cash	--	161,582	--	2,239	163,821
Receivables, Net	377,757	2,687,740	21,590	1,214	3,088,301
Special Assessments Receivable	--	--	3,419,442	--	3,419,442
Due from Other Governments	69,565	--	--	--	69,565
Inventory	--	643,526	--	--	643,526
Prepays	102,380	--	--	6,539	108,919
<b>Total Current Assets</b>	<b>1,096,520</b>	<b>4,682,671</b>	<b>5,086,846</b>	<b>202,984</b>	<b>11,069,021</b>
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	5,272,262	75,650	--	5,347,912
Capital Assets being Depreciated	754,232	42,424,666	10,125,640	473,531	53,778,069
<b>Total Assets</b>	<b>1,850,752</b>	<b>52,379,599</b>	<b>15,288,136</b>	<b>676,515</b>	<b>59,125,981</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB	32,711	--	--	--	32,711
Pension	264,713	1,273,680	--	--	1,538,393
<b>Total Deferred Outflows of Resources</b>	<b>297,424</b>	<b>1,273,680</b>	<b>--</b>	<b>--</b>	<b>1,571,104</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	67,613	357,116	134,121	7,406	566,256
Accrued Liabilities	--	4,250	2,686	28,252	35,188
Accrued Interest	--	42,761	54,003	--	96,764
Unearned Revenue	--	75,773	--	--	75,773
Current Portion of Compensated Absences	45,883	132,850	--	3,544	182,277
Current Portion of Long-term Debt	207,306	526,609	207,656	--	941,571
<b>Total Current Liabilities</b>	<b>320,802</b>	<b>1,139,359</b>	<b>398,466</b>	<b>39,202</b>	<b>1,897,829</b>
<i>Noncurrent Liabilities</i>					
Advances from Other Governmental Units	--	305,674	--	--	305,674
Advances from Primary Government	--	--	136,648	--	136,648
Long-term Debt	213,671	2,911,097	4,438,653	--	7,563,421
Net OPEB Obligation	393,320	1,701,188	--	--	2,094,508
Net Pension Liability	428,755	8,347,044	--	--	8,775,799
<b>Total Liabilities</b>	<b>1,356,548</b>	<b>14,404,362</b>	<b>4,973,767</b>	<b>39,202</b>	<b>18,876,050</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB	57,797	--	--	--	57,797
Pension	1,357,153	900,781	--	--	2,257,934
<b>Total Deferred Inflows of Resources</b>	<b>1,414,950</b>	<b>900,781</b>	<b>--</b>	<b>--</b>	<b>2,315,731</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	333,255	44,259,222	5,554,981	473,531	50,620,989
<i>Restricted for:</i>					
Restricted	35,545	161,582	3,119,385	2,239	3,318,751
<i>Unrestricted</i>					
(992,122)	(6,072,668)	1,640,003	161,543	(5,263,244)	
<b>Total Net Position</b>	<b>\$ (623,322)</b>	<b>\$ 38,348,136</b>	<b>\$ 10,314,369</b>	<b>\$ 637,313</b>	<b>\$ 48,676,496</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Montcalm County**  
**Combining Statement of Activities**  
**Component Units**  
**For the year Ended September 30, 2018**

	<b>Central Dispatch Authority</b>	<b>Road Commission</b>	<b>Drain Commission</b>	<b>Housing Commission (12/31/17)</b>	<b>Total Component Units</b>
<b>Expenses</b>					
Central Dispatch Authority	\$ 1,647,449	\$ --	\$ --	\$ --	\$ 1,647,449
Road Commission	--	11,420,378	--	--	11,420,378
Drain Commission	--	--	2,536,996	--	2,536,996
Housing Commission	--	--	--	1,122,576	1,122,576
<b>Total Expenses</b>	<b>1,647,449</b>	<b>11,420,378</b>	<b>2,536,996</b>	<b>1,122,576</b>	<b>16,727,399</b>
<b>Program Revenues</b>					
Charges for services	1,745,557	1,705,326	251,147	134,220	3,836,250
Operating grants and contributions	16,502	8,501,549	797,141	943,318	10,258,510
Capital grants and contributions	--	4,933,989	--	--	4,933,989
<b>Total Program Revenues</b>	<b>1,762,059</b>	<b>15,140,864</b>	<b>1,048,288</b>	<b>1,077,538</b>	<b>19,028,749</b>
<b>Net Program Revenues (Expenses)</b>	<b>114,610</b>	<b>3,720,486</b>	<b>(1,488,708)</b>	<b>(45,038)</b>	<b>2,301,350</b>
<b>General Revenue</b>					
Interest Income	3,659	--	9,054	--	12,713
Gain (Loss) on Sale of Capital Assets	--	157,778	--	--	157,778
<b>Total General Revenues</b>	<b>3,659</b>	<b>157,778</b>	<b>9,054</b>	<b>--</b>	<b>170,491</b>
<b>Change in Net Position</b>	<b>118,269</b>	<b>3,878,264</b>	<b>(1,479,654)</b>	<b>(45,038)</b>	<b>2,471,841</b>
<i>Net Position at Beginning of Period</i>	<i>(741,591)</i>	<i>34,469,872</i>	<i>11,794,023</i>	<i>682,351</i>	<i>46,204,655</i>
<b>Net Position at End of Period</b>	<b>\$ (623,322)</b>	<b>\$ 38,348,136</b>	<b>\$ 10,314,369</b>	<b>\$ 637,313</b>	<b>\$ 48,676,496</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

## Montcalm County

### Notes to the Financial Statements

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#### **Note 1 - Summary of Significant Accounting Policies**

Montcalm County, Michigan (the "County" or "government") 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 a nine-member elected Board of Commissioners and provides a variety of services to its residents including: law enforcement, administration, community and economic development, culture and recreation, and human services.

The accounting and reporting policies of the County conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Following is a summary of the significant policies:

#### **Reporting Entity**

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

#### *Blended Component Unit*

The Building Authority is governed by a three-member board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of capital assets for the County only. The bonds are secured by lease agreements with the County and will be retired through lease payments from the County. It is reported as a debt service and a capital projects fund. A separate report is not prepared for the Building Authority.

#### *Discretely Presented Component Units*

**Montcalm County Drain Commission** (the "Drain Commission") – All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commission of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may

## Montcalm County

### Notes to the Financial Statements

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be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GAAP, and accordingly is disclosed as a component unit.

**Montcalm County Central Dispatch Authority** (the “Authority”) – The Authority was established by resolution by the County Board of Commissioners. It establishes policy and reviews operations of the E-911 service for the County Board of Commissioners. The Authority is governed by a nine-member board. The Authority Board consists of three members appointed by the Montcalm County Board of Commissioners, one member representing the Montcalm Township Association, and two members from the City of Greenville. The three statutory representatives are appointed by the Sheriff, the Fire Chief, and the Michigan State Police. The Authority can set its own budget and issue debt. Inasmuch as the Authority participates in pooled cash and has employees in the County defined benefit pension and OPEB plans, the Authority has been included as a component unit of the County on the misleading to exclude criteria. The Authority is presented as a proprietary fund type. The component unit is audited separately from the County and complete financial statements may be obtained from the Authority’s administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Authority in these financial statements.

**Montcalm County Road Commission** (the “Road Commission”) – The Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission’s operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments within the County. The three-member Board is appointed by the County Board of Commissioners, which is deemed to provide the County with effective control over the Road Commission. The component unit is audited separately from the County and complete financial statements may be obtained from the Road Commission’s administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements.

**Montcalm Housing Commission** (the “Housing Commission”) – The Housing Commission, which was established pursuant to Public Act 18 of 1933, as amended, consists of five members who are appointed by the County Board of Commissioners. Because the County may remove commission members, it is deemed to have the ability to impose its will on the entity. The Housing Commission is presented in the accompanying financial statements on its fiscal year end of December 31. The component unit is audited separately from the County and complete financial statements may be obtained from the Housing Commission’s administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Housing Commission in these financial statements.

#### *Joint Venture*

**Mid-Michigan District Health Department** (the "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 of the six members to the governing Board. The

## Montcalm County

### Notes to the Financial Statements

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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 36% of the required local contribution to cover operational costs. For the year ended September 30, 2018, the County contributed \$287,552 to cover its share of operational costs. The County Treasurer holds certain investment accounts of the Department in a fiduciary capacity. Such amounts are reported in the accompanying financial statements as an agency fund. Separate audited financial statements for the Department are available at its administrative offices.

#### ***Government-wide and Fund Financial Statements***

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

## Montcalm County

### Notes to the Financial Statements

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

The *delinquent tax revolving fund* accounts for monies borrowed in anticipation of delinquent taxes being collected. The purpose of these funds is to pay each local unit, including the County's general fund, the respective amount of taxes that are not collected as of March 1 of each year.

The *ambulance fund* accounts for emergency medical services provided. Services are financed primarily by insurance revenue and user charges which are expected to cover the cost of providing these activities.

Additionally, the County reports the following fund types:

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

**Montcalm County**  
Notes to the Financial Statements

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debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest and related costs.

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

The *permanent fund* accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

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

*Internal service funds* account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. This includes an office equipment pool and costs for retiree healthcare and pension benefits.

The *pension trust fund* account for the accumulation of resources to be used for retirement annuity payments to eligible full-time employees of the County.

*Agency funds* account for resources held in a trustee or agent capacity.

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

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

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and

## Montcalm County

### Notes to the Financial Statements

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unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

#### ***Deposits and Investments***

The County maintains a cash and investment pool. Each participating fund's portion of the pool is readily identifiable and available on-demand. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

## Montcalm County

### Notes to the Financial Statements

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Unrealized appreciation or depreciation on pension trust fund investments due to changes in fair value are recognized each year.

#### ***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

Property taxes receivable in the delinquent tax revolving fund represent unpaid balances from the previous years' levies for the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a three-year period. Interest at 1% per month (increased to 1.5% after 12 months, retroactive to the date of delinquency) and administrative fees at 4% are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the delinquent tax revolving fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

#### ***Inventories and Prepays***

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

## Montcalm County

### Notes to the Financial Statements

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#### ***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since June 30, 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets having a useful life in excess of one year and whose costs exceed \$5,000. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at estimated acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Buildings and Additions	10-25
Land Improvements	10
Equipment, Furniture, and Vehicles	4-10
Drain Infrastructure	50

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

#### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plans and other postemployment benefits as well as for the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## Montcalm County

### Notes to the Financial Statements

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#### ***Compensated Absences***

It is the government's policy to permit employees to accumulate earned but unused sick and vacation time, subject to certain limitations. Vacation time is earned based on each employee's anniversary date and is paid out 100% at retirement or termination. Sick time accrued up to a maximum of 720 hours and is paid out at 25% or 50%, based on bargaining unit. A vesting period of 8-10 applies to most bargaining units. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

#### ***Long-term Obligations***

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

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

#### ***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows in the proprietary and government-wide statements relate to the County's defined benefit pension plan and other postemployment benefits. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting, that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### ***Fund Balances***

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to

## Montcalm County

### Notes to the Financial Statements

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constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has not delegated the authority to assign fund balance. Unassigned fund balance is the residual classification for the general fund.

When the County incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned (if applicable), and finally unassigned.

#### ***Interfund Transactions***

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the County. Balances outstanding at year-end are reported as due to/from other funds. 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 transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

#### ***Pension***

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

#### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Montcalm County

### Notes to the Financial Statements

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#### Note 2 - Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds, except as noted below. All annual appropriations lapse at year-end. The legal level of budgetary control is the activity level in the general fund and the functional level for special revenue funds.

All departments and budgetary centers of the County are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the County's fiscal year. Department heads are permitted to transfer funds between line items without Board approval (with the exception of personnel expenses, conference travel, and capital outlay).

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended September 30, 2018, the County incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Final Amount Appropriated</u>	<u>Actual Amount</u>	<u>Budget Variance</u>
<b>General Government</b>			
Board of Commissioners	\$ 399,551	\$ 410,616	\$ (11,065)
Circuit Court	370,266	449,710	(79,444)
Buildings and Grounds	778,064	815,582	(37,518)
<b>Public Safety</b>			
Contracted Police Service	749,439	757,134	(7,695)
<b>Health and Welfare</b>			
Substance Abuse Commission	94,075	127,451	(33,376)
Medical Examiner	137,000	161,304	(24,304)
Child Care	1,101,254	1,206,271	(105,017)
<b>Capital Outlay</b>			
	-	100,510	(100,510)

## Montcalm County

### Notes to the Financial Statements

#### **Note 3 - Deposits and Investments**

Following is a reconciliation of deposit and investment balances:

	<b>Primary Government</b>	<b>Component Units</b>	<b>Totals</b>
<b>Statement of Net Position</b>			
Cash and Investments	\$ 17,468,379	\$ 3,739,268	\$ 21,207,647
<b>Statement of Fiduciary Net Position</b>			
Agency Funds:			
Cash and Investments	8,136,158	-	8,136,158
<b>Total</b>	<u>25,604,537</u>	<u>3,739,268</u>	<u>29,343,805</u>
<b>Less Component Units Separately Audited</b>			
Road Commission	-	(1,351,405)	(1,351,405)
Central Dispatch Authority	-	(546,818)	(546,818)
<b>Deposits and Investments Managed by the County Treasurer</b>	<u>\$ 25,604,537</u>	<u>\$ 1,841,045</u>	<u>\$ 27,445,582</u>
<b>Deposits and Investments</b>			
Bank Deposits:			
Checking / Savings Accounts		\$ 17,233,599	
Certificates of Deposits (due within one year)		1,513,101	
Investments:			
Pooled Investments		8,696,457	
Cash on Hand		2,425	
<b>Total</b>		<u>\$ 27,445,582</u>	

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$16,255,832 of the County's bank balance of \$19,464,157 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Montcalm County**  
Notes to the Financial Statements

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	<b>Primary Government (09/30/2018)</b>
Money Market Funds	<u>\$ 8,696,457</u>

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2018, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County or the Plan.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk.

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension trust funds to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The retirement board has the responsibility and authority to oversee the investment portfolio. Two professional investment managers are contracted to assist in managing the pension trust fund's assets. All investment decisions are subject to Michigan law and the investment policy established by the retirement board.

Credit risk ratings (Standard and Poors), where applicable, are summarized as follows:

	<b>Primary Government (09/30/2018)</b>
AAAm	<u>\$ 8,696,457</u>

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County and Pension Trust investment policies do not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## Montcalm County

### Notes to the Financial Statements

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Maturity dates for investments held at year-end are summarized as follows:

	<b>Primary Government (09/30/2018)</b>
No Maturity	\$ 8,696,457

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County and Pension Trust's investment policies do not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

*Fair Value Measurement.* The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

- Michigan Cooperative Liquid Assets Securities System, with a balance of \$8,696,457, which invests primarily in Level 2 investments.

## Montcalm County

### Notes to the Financial Statements

#### **Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2018 for governmental and business-type activities were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 81,157	\$ -	\$ (4,500)	\$ 76,657
Capital Assets, being Depreciated				
Land Improvements	5,665	-	-	5,665
Buildings and Additions	22,704,572	-	-	22,704,572
Equipment and Furniture	1,423,901	119,423	273,825	1,269,499
Vehicles	932,600	14,500	127,140	819,960
	<u>25,066,738</u>	<u>133,923</u>	<u>400,965</u>	<u>24,799,696</u>
Less Accumulated Depreciation For:				
Land Improvements	5,665	-	-	5,665
Buildings and Additions	16,600,709	644,667	-	17,245,376
Equipment and Furniture	1,055,633	113,252	273,675	895,210
Vehicles	741,667	81,348	127,140	695,875
	<u>18,403,674</u>	<u>839,267</u>	<u>400,815</u>	<u>18,842,126</u>
Total Capital Assets being Depreciated, Net	<u>6,663,064</u>	<u>(705,344)</u>	<u>(150)</u>	<u>5,957,570</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<b><u>\$ 6,744,221</u></b>	<b><u>\$ (705,344)</u></b>	<b><u>\$ (4,650)</u></b>	<b><u>\$ 6,034,227</u></b>

## Montcalm County

### Notes to the Financial Statements

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital Assets, being Depreciated				
Buildings and Additions	\$ 437,476	\$ 6,432	\$ -	\$ 443,908
Equipment and Furniture	863,920	61,515	60,384	865,051
Vehicles	1,796,554	335,036	130,958	2,000,632
	<u>3,097,950</u>	<u>402,983</u>	<u>191,342</u>	<u>3,309,591</u>
Less Accumulated Depreciation For:				
Buildings and Additions	273,546	22,062	-	295,608
Equipment and Furniture	568,479	86,030	59,121	595,388
Vehicles	1,157,556	278,025	130,958	1,304,623
	<u>1,999,581</u>	<u>386,117</u>	<u>190,079</u>	<u>2,195,619</u>
Total Capital Assets being Depreciated, Net	<u>1,098,369</u>	<u>16,866</u>	<u>1,263</u>	<u>1,113,972</u>
<b>Business-type Activities</b>				
Capital Assets, Net	<u>\$ 1,098,369</u>	<u>\$ 16,866</u>	<u>\$ 1,263</u>	<u>\$ 1,113,972</u>

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

#### **Depreciation of Governmental Activities By Function**

General Government	\$ 388,489
Public Safety	439,660
Health and Welfare	13,664
Recreation and Culture	<u>4,629</u>

#### **Total Depreciation Expense - Governmental Activities**

\$ 846,442

#### **Depreciation of Business-type Activities By Function**

Ambulance	\$ 384,377
Building Official	<u>1,740</u>

#### **Total Depreciation Expense - Business-type Activities**

\$ 386,117

## Montcalm County

### Notes to the Financial Statements

Capital asset activity for drain commission (discretely presented component unit) for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Drain Commission</b>				
Capital Assets, not being Depreciated				
Land	\$ 75,650	\$ -	\$ -	\$ 75,650
Capital Assets, being Depreciated				
Drain Infrastructure	13,617,107	- -	- -	13,617,107
Less Accumulated Depreciation For:				
Drain Infrastructure	3,173,594	317,873	- -	3,491,467
Total Capital Assets being Depreciated, Net	10,443,513	(317,873)	- -	10,125,640
<b>Drain Commission</b>				
<b>Capital Assets, Net</b>	<b>\$ 10,519,163</b>	<b>\$ (317,873)</b>	<b>\$ -</b>	<b>\$ 10,201,290</b>

### **Note 5 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2018 was as follows:

	<u>Due from Fund</u>	<u>Due to Fund</u>
General Fund	\$ 6,624	\$ -
Delinquent Tax Revolving Fund	- -	6,624
<b>Total</b>	<b>\$ 6,624</b>	<b>\$ 6,624</b>

The above balances generally resulted from a time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

## Montcalm County

### Notes to the Financial Statements

	<u>Advance to Component Unit</u>	<u>Advance from Primary Government</u>
Delinquent Tax Revolving Fund	\$ 136,648	\$ -
Drain Commission Component Unit	- -	136,648
<b>Total</b>	<b>\$ 136,648</b>	<b>\$ 136,648</b>

The advance from the general fund to the drain commission component unit was to provide cash for the drain and lake level revolving funds. The advance from the delinquent tax revolving fund to the drain commission was made to finance construction activity and it is expected to be repaid within the next year.

For the year ended September 30, 2018, interfund transfers consisted of the following:

	<u>Transfers Out</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Transfers In</b>			
General Fund	\$ 500,000	\$ 111,073	\$ 611,073
Nonmajor Governmental Funds	170,666	14,500	185,166
Internal Service Funds	67,000	- -	67,000
<b>Total</b>	<b>\$ 737,666</b>	<b>\$ 125,573</b>	<b>\$ 863,239</b>

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

## Montcalm County

### Notes to the Financial Statements

#### **Note 6 - Long-term Debt**

Long-term debt activity for the year ended September 30, 2018 for governmental activities, business-type activities, and the drain commission (discretely presented component unit) was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 6,585,000	\$ -	\$ (765,000)	\$ 5,820,000	\$ 780,000
Capital Lease	49,068	-	(49,068)	-	-
2017 Purchase Agreement	27,325	-	(9,789)	17,536	9,956
Total Installment Debt	<u>6,661,393</u>	<u>-</u>	<u>(823,857)</u>	<u>5,837,536</u>	<u>789,956</u>
Compensated Absences	463,880	11,010	-	474,890	327,674
	<u>\$ 7,125,273</u>	<u>\$ 11,010</u>	<u>\$ (823,857)</u>	<u>\$ 6,312,426</u>	<u>\$ 1,117,630</u>
<b>Business-type Activities</b>					
2017 GOLT Note	\$ 2,000,000	\$ -	\$ (1,840,000)	\$ 160,000	\$ 160,000
2018 GOLT Note	-	4,000,000	(1,780,000)	2,220,000	-
Total Installment Debt	<u>2,000,000</u>	<u>4,000,000</u>	<u>(3,620,000)</u>	<u>2,380,000</u>	<u>160,000</u>
Compensated Absences	25,729	1,741	-	27,470	15,515
	<u>\$ 2,025,729</u>	<u>\$ 4,001,741</u>	<u>\$ (3,620,000)</u>	<u>\$ 2,407,470</u>	<u>\$ 175,515</u>
<b>Drain Commission Component Unit</b>					
General Obligation Bonds	\$ 4,906,965	\$ -	\$ (260,656)	\$ 4,646,309	\$ 207,656

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

#### **Governmental Activities**

\$8,025,000 2015 Building Authority Refunding Bonds, due in annual installments of \$690,000 to \$890,000 plus interest ranging from 0.90% to 2.65%, payable semi-annually through May 1, 2025 \$ 5,820,000

2017 purchase agreement with an initial balance of \$29,789. 17,536  
\$ 5,837,536

**Montcalm County**  
**Notes to the Financial Statements**

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**Business-type Activities**

\$3,600,000 2017 General Obligation Limited Tax Notes, payable in full, with interest of 0.88% annually through July 1, 2019.	\$ 160,000
\$4,000,000 2018 General Obligation Limited Tax Notes, payable in full, with interest ranging from 2.875% to 3.125% annually through April 1, 2020.	<u>2,220,000</u>
	<b>Total</b> <u>\$ 2,380,000</u>

**Drain Commission Component Unit**

\$1,151,000 2004 Duck Lake Drain District Bonds, Series A, due in annual installments of \$22,000 to \$45,000 plus interest at 4.50% payable semi-annually through March 1, 2034	\$ 502,000
\$761,772 2008 Greenville West Drain District Bonds, due in annual installments of \$50,785 plus interest at 3.84% payable semi-annually through June 1, 2023	253,922
\$130,000 2015 Tow Drain Bonds due in annual installments of \$18,571 plus interest ranging from 1.00% to 2.75% payable semi-annually through June 1, 2022	74,287
\$1,262,000 1997 Little Whitefish Lake Sanitary Sewer System Bonds due in annual installments ranging from \$27,000 to \$55,000 plus interest at 5.00% payable semi-annually through November 1, 2036	881,000
\$121,500 2003 Little Whitefish Lake Sanitary Sewer System Bonds due in annual installments ranging from \$2,000 to \$8,000 plus interest at 4.625% payable semi-annually through May 1, 2043	97,000
\$3,262,000 2010 Sidney Township Sewage Disposal Bonds due in annual installments ranging from \$87,000 to \$97,000 plus interest at 3.00% payable semi-annually through June 1, 2050	<u>2,838,100</u>
	<b>Total</b> <u>\$ 4,646,309</u>

Debt service requirements to maturity for all installment debt of the County are as follows:

Year Ending Sept. 30,	Governmental Activities			Drain Commission Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 789,789	\$ 185,655	\$ 975,444	\$ 207,656	\$ 166,470	\$ 374,126
2020	802,747	113,565	916,312	211,156	158,914	370,070
2021	805,000	99,255	904,255	211,156	151,215	362,371
2022	830,000	217,345	1,047,345	214,159	143,392	357,551
2023	850,000	65,310	915,310	199,582	135,357	334,939
2024-2028	1,760,000	68,920	1,828,920	819,000	576,718	1,395,718
2029-2033	-	-	-	928,000	406,485	1,334,485
2034-2038	-	-	-	735,000	237,529	972,529
2039-2043	-	-	-	482,000	140,002	622,002
2044-2048	-	-	-	456,200	68,410	524,610
2049-2050	-	-	-	182,400	8,208	190,608
	<b>\$ 5,837,536</b>	<b>\$ 750,050</b>	<b>\$ 6,587,586</b>	<b>\$ 4,646,309</b>	<b>\$ 2,192,700</b>	<b>\$ 6,839,009</b>

## Montcalm County

### Notes to the Financial Statements

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The \$2,380,000 General Obligation Limited Tax Notes within the Business-type Activities are due in more than one year with \$160,000 in current portion balance.

#### **Note 7 - Risk Management**

The County is a voluntary member of the Michigan Municipal Risk Management Authority (MMRMA or the "Authority"). The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments, and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that the County incurs loss in excess of the resources available, the Authority as a whole (i.e. all constituent municipalities) is liable for the excess. In the event that the Authority's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific Authority's policy year may be subject to special assessments to make up the deficiency. The County has not been informed of any special assessments being required.

Settled claims have not exceeded insurance coverage for any of the self-insured programs in the previous three years. The County has not recorded an estimate for claims incurred but not reported related to the workers' compensation and disability plans as these amounts are expected to be immaterial.

## Montcalm County

### Notes to the Financial Statements

#### **Note 8 - Fund Balances - Governmental Funds**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
<b>Nonspendable</b>			
Prepays	\$ 109,635	\$ 3,625	\$ 113,260
Corpus of Permanent Fund	- 109,635	69,965 73,590	69,965 183,225
<b>Restricted</b>			
Register of Deeds Automation	-	184,229	184,229
Law Enforcement	-	125,506	125,506
Libraries	-	141,065	141,065
Housing Rehabilitation Programs	-	9,796	9,796
Soldiers, Sailors, and Veterans Assistance	-	87,094	87,094
Animal Shelter	-	16,841	16,841
Capital Improvements (Unexpended Bond Proceeds)	-	53,546	53,546
Other Purposes	- -	293,953 912,030	293,953 912,030
<b>Committed</b>			
Parks	10,913	163,050	173,963
Child Care	182,371	-	182,371
Solid Waste Planning	-	305,470	305,470
Capital Improvements	- 193,284	70,486 539,006	70,486 732,290
<b>Assigned</b>			
Capital Improvements	1,560,000	-	1,560,000
<b>Unassigned</b>			
	6,896,737	-	6,896,737
<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 8,759,656</b>	<b>\$ 1,524,626</b>	<b>\$ 10,284,282</b>

## Montcalm County

### Notes to the Financial Statements

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#### **Note 9 - Net Position**

##### ***Restricted Net Position***

The composition of the County's restricted net position as of September 30, 2018 was as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
<b>Restricted</b>			
Register of Deeds Automation	\$ 184,229	\$ -	\$ -
Law Enforcement	125,506	-	35,545
Libraries	141,065	-	-
Housing Rehabilitation Programs	9,796	-	-
Housing Assistance Payments	-	-	2,239
Soldiers, Sailors, and Veterans Assistance	87,094	-	-
Drain Maintenance and Construction	-	-	3,119,385
Other Purposes	<u>364,340</u>	<u>-</u>	<u>161,582</u>
	<hr/> <u>\$ 912,030</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 3,318,751</u>

##### ***Net Investment in Capital Assets***

The composition of the County's net investment in capital assets as of September 30, 2018, was as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
<b>Capital Assets:</b>			
Capital Assets not being Depreciated	\$ 76,657	\$ -	\$ 5,347,912
Capital Assets being Depreciated, Net	<u>5,957,570</u>	<u>1,113,972</u>	<u>53,778,069</u>
Total Capital Assets	<hr/> <u>6,034,227</u>	<hr/> <u>1,113,972</u>	<hr/> <u>59,125,981</u>
 <b>Related Debt:</b>			
Bonds and Notes Payable	5,837,536	-	8,504,992
Deferred Charge on Bond Refunding	(225,560)	-	-
Unexpended Bond Proceeds	(53,546)	-	-
Total Related Debt:	<hr/> <u>5,558,430</u>	<hr/> <u>-</u>	<hr/> <u>8,504,992</u>
 <b>Net Investment in Capital Assets</b>	<hr/> <u>\$ 475,797</u>	<hr/> <u>\$ 1,113,972</u>	<hr/> <u>\$ 50,620,989</u>

#### **Note 10 - Defined Benefit Pension Plan**

##### ***General Information about the Plan***

**Plan Description.** The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-

## Montcalm County

### Notes to the Financial Statements

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employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Investment Policy.* The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy is shown on the following pages.

*Rate of Return.* For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Benefits Provided.* Employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service. Benefit multipliers range from 2.0% to 2.5%, based on bargaining unit. The Plan is closed to new employees except those in the FOP/COAM/POAM union.

Normal retirement age is 60 with 10 years of service or early (unreduced retirement) at 55 with 25 years of service for Officers/Sherriff. A reduced benefit is available age 55 with 25 years of service.

*Contributions.* The contribution requirements of Plan members are established and may be amended by the County Board of Commissioners in accordance with County policies, union contracts, and Plan provisions. The Board of Commissioners establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County's actuarially determined employer contribution for the plan for the year ended December 31, 2017 was \$499,115. Employees are required to contribute to the Plan at rates ranging from 3.50% to 11.96% depending on bargaining unit and hire date.

## Montcalm County

### Notes to the Financial Statements

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*Employees Covered by Benefit Terms.* At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefits	22
Active employees	67
<b>Total membership</b>	<b>178</b>

*Net Pension Liability.* The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%

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

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

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

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

**Montcalm County**  
Notes to the Financial Statements

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	57.50%	5.02%
Global fixed income	20.00%	2.18%
Real assets	12.50%	4.23%
Diversifying strategies	10.00%	6.56%

*Discount Rate.* The discount rate used to measure the total pension liability is 8.00% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Montcalm County

### Notes to the Financial Statements

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at December 31, 2016</b>	<b>\$ 37,986,326</b>	<b>\$ 21,022,536</b>	<b>\$ 16,963,790</b>
Changes for the year:			
Service cost	510,243	-	510,243
Interest	3,005,024	-	3,005,024
Change in actuarial assumptions	(12,590,050)	-	(12,590,050)
Employer contributions	-	485,179	(485,179)
Employee contributions	-	13,936	(13,936)
Net investment income	-	2,646,653	(2,646,653)
Benefit payments, including refunds of employee contributions	(1,357,304)	(1,357,304)	-
Administrative expense	-	(41,205)	41,205
Net changes	<u>(10,432,087)</u>	<u>1,747,259</u>	<u>(12,179,346)</u>
<b>Balances at December 31, 2017</b>	<b><u>\$ 27,554,239</u></b>	<b><u>\$ 22,769,795</u></b>	<b><u>\$ 4,784,444</u></b>

The net pension liability is reported in the statement of net position as follows:

Governmental Activities	\$ 3,827,555
Business-type Activities	956,889
<b>Total net pension liability</b>	<b><u>\$ 4,784,444</u></b>

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

	<b>Current</b>	<b>1% Decrease (7.00%)</b>	<b>Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
County's net pension liability	\$ 7,772,325	\$ 4,784,444	\$ 2,273,353	

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended December 31, 2017, the County recognized pension expense (income) of \$(1,075,048).

## Montcalm County

### Notes to the Financial Statements

At September 30, 2018 the County reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (178,281)
Changes in assumptions	2,094,906	(11,006,608)
Net difference between projected and actual earnings on pension plan investments	-	(417,420)
	<u>2,094,906</u>	<u>(11,602,309)</u>
Contributions subsequent to measurement date	607,623	-
	<u>607,623</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 2,702,529</u></b>	<b><u>\$ (11,602,309)</u></b>
This amount is reported in the statement of net position as follows:		
Governmental Activities	\$ 2,165,999	\$ (9,281,847)
Business-type Activities	<u>536,530</u>	<u>(2,320,462)</u>
<b>Totals</b>	<b><u>\$ 2,702,529</u></b>	<b><u>\$ (11,602,309)</u></b>

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

<b>Year Ended September 30,</b>	<b>Amount</b>
2019	\$ (2,971,754)
2020	(3,028,798)
2021	(3,306,685)
2022	<u>(200,166)</u>
<b>Total</b>	<b><u>\$ (9,507,403)</u></b>

*Payable to the Pension Plan.* At September 30, 2018, the County had no amount payable to the pension plan for contributions for the year ended September 30, 2018.

## Montcalm County

### Notes to the Financial Statements

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#### **Note 11 - Defined Contribution Retirement Plan**

The County administers a defined contribution plan for all non-union and AFSCME employees hired after December 31, 2003 (and those employees that elected to transfer to the plan in 2004). The County contributes 5.0% of covered payroll to the Plan and employees contribute 3.5%. County contributions for the fiscal year ended September 30, 2018 were \$225,438.

#### **Note 12 - Postemployment Health Care Benefits**

*Plan Description.* The Montcalm County Retiree Health Care Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by Montcalm County. The Plan provides certain health care benefits and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired.

#### ***Benefits Provided and Contributions***

The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by the County Board of Commissioners.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (September 30, 2018):

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>39</u>
<b>Total employees covered by the Plan</b>	<u>46</u>

#### ***Methods and Assumptions***

The total OPEB liability was determined by an actuarial valuation as of September 30, 2018 and a measurement date of September 30, 2018 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Implicit in expected payroll increases
Salary increases	3.50%
Investment rate of return	N/A; plan is not prefunded
20-year Aa Municipal bond rate	3.00%
Mortality	RP 2014, sex distinct, annuitant and non-annuitant, headcount weighted, adjusted to 2006 and projected with scale MP-2018

## Montcalm County

### Notes to the Financial Statements

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#### ***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.00%. Based on those assumptions, the retirement plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members past 2019. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. September 30, 2018 is the first year of required compliance with GASB 75. The discount used to develop the beginning of year liability was 3.00% - the bond rate in effect at that time.

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

Changes in OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	OPEB Liability
<b>Balance at September 30, 2017</b>	\$ 1,391,754	\$ -	\$ 1,391,754
Service cost	52,399	-	52,399
Interest	43,194	-	43,194
Differences between expected and actual experience	(233,733)	-	(233,733)
Changes in actuarial assumptions	96,674	-	96,674
Contributions - employer	-	8,660	(8,660)
Benefit payments, including refunds	(8,660)	(8,660)	-
<b>Net changes</b>	<b>(50,126)</b>	<b>-</b>	<b>(50,126)</b>
<b>Balance at September 30, 2018</b>	<b>\$ 1,341,628</b>	<b>\$ -</b>	<b>\$ 1,341,628</b>

#### ***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.00 percent, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate:

	Current Discount		
	1% Decrease, 2.00%	Rate, 3.00%	1% Increase, 4.00%
Net OPEB Liability	\$ 1,504,735	\$ 1,341,628	\$ 1,193,809

## Montcalm County

### Notes to the Financial Statements

#### ***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 3.50 percent, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 964,761	\$ 1,341,628	\$ 1,780,641

#### ***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan***

For the year ended September 30, 2018, the County recognized OPEB expense of \$82,651. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 211,661
Changes in assumptions	87,547	-
Total	\$ 87,547	\$ 211,661

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

Years Ending September 30	Amount
2019	\$ (11,720)
2020	(11,720)
2021	(11,720)
2022	(11,720)
2023	(11,720)
Thereafter	(65,514)

#### **Note 13 - Contingent Liabilities**

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

## Montcalm County

### Notes to the Financial Statements

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

#### Note 14 - Restatements

During the current year, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the government-wide statements now include an increase in OPEB liability by \$1,031,318 that corresponded with a decrease in net position of the same amount.

In addition, the correction of overstated assets in the prior year within the Friend of the Court fund resulted in a corresponding decrease in fund balance.

The following table shows the changes described above and includes the adjustments of net position indicated above:

	<b>Governmental Activities</b>	<b>Friend of the Court</b>
Net Position - September 30, 2017, as previously reported		
As previously reported, including reclassification	\$ (2,162,068)	\$ 103,968
Correction of overstated asset	(46,966)	(46,966)
Adoption of GASB Statement No. 75	(1,031,318)	-
Net Position - September 30, 2017 - as restated	<u>\$ (3,240,352)</u>	<u>\$ 57,002</u>

#### Note 15 - Tax Abatements

The County received reduced property tax revenues during 2017 as a result of industrial facilities tax exemptions (IFT's) and Tool and Die Recovery Zones ("Recovery Zones"). All other abatements were immaterial.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$26,279 in reduced County tax revenues for 2018.

The Recovery Zones were entered into under the Michigan Renaissance Zone Act, PA 376 of 1996 and have a duration of not less than five years and not more than fifteen years as determined by

**Montcalm County**  
Notes to the Financial Statements

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the board of the Michigan Strategic Fund. The recovery zones are intended to offer tax incentives to participants who enhance economic effectiveness utilizing collaborative agreements for specified products and services. Properties qualifying for Recovery Zone status are taxed at 25% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$22,905 in reduced County tax revenues for 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Montcalm County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the year Ended September 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property Taxes	\$ 7,136,600	\$ 7,336,600	\$ 7,930,773	\$ 594,173
Licenses and Permits	106,000	106,000	124,435	18,435
Intergovernmental	2,801,434	2,802,848	3,307,276	504,428
Charges for Services	3,098,482	3,053,482	3,178,778	125,296
Fines and Forfeitures	6,500	6,500	33,795	27,295
Interest and Rents	3,500	3,500	35,584	32,084
Other Revenue	327,850	327,850	247,854	(79,996)
<b>Total Revenues</b>	<b>13,480,366</b>	<b>13,636,780</b>	<b>14,858,495</b>	<b>1,221,715</b>
<b>Other Financing Sources</b>				
Proceeds from Sale of Capital Assets	3,000	3,000	113,383	110,383
Transfers In	821,073	821,073	611,073	(210,000)
<b>Total Revenues and Other Financing Sources</b>	<b>14,304,439</b>	<b>14,460,853</b>	<b>15,582,951</b>	<b>1,122,098</b>
<b>Expenditures</b>				
<b>General Government</b>				
Board of Commissioners	139,551	399,551	410,646	(11,095)
Circuit Court	370,266	370,266	449,710	(79,444)
District Court	737,544	812,544	763,711	48,833
Probate/Juvenile Court	808,275	810,275	774,559	35,716
Witness Cost	10,300	17,300	15,891	1,409
Controller	386,457	386,457	282,352	104,105
Clerk	265,307	293,307	287,903	5,404
Audit	22,000	22,000	22,000	--
Information Systems	142,323	144,323	115,291	29,032
Central Services and Purchasing	18,000	20,000	19,721	279
Survey/Remonumentation	83,150	83,150	81,820	1,330
Treasurer	327,283	327,283	317,231	10,052
Equalization	260,328	260,328	247,886	12,442
Elections	79,400	79,400	46,624	32,776
Buildings and Grounds	778,064	778,064	815,582	(37,518)
Prosecuting Attorney	555,083	640,083	634,509	5,574
Building Rent	901,783	901,783	901,483	300
Other	196,026	241,026	128,103	112,923
<b>Total General Government</b>	<b>6,081,140</b>	<b>6,587,140</b>	<b>6,315,022</b>	<b>272,118</b>

**Montcalm County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the year Ended September 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>Expenditures</b>					
<b>Public Safety</b>					
Sheriff	1,337,172	1,327,172	1,303,683	23,489	
Contracted Police Service	709,439	749,439	757,134	(7,695)	
Justice Training	4,900	4,900	5,425	(525)	
Marine Safety	31,167	31,167	28,423	2,744	
Jail	2,390,577	2,470,577	2,414,641	55,936	
Community Corrections	98,408	97,822	94,724	3,098	
Animal Control	29,000	29,000	11,910	17,090	
Traffic and Safety Program	80,641	80,641	81,007	(366)	
<b>Total Public Safety</b>	<b>4,681,304</b>	<b>4,790,718</b>	<b>4,696,947</b>	<b>93,771</b>	
<b>Public Works</b>					
Public Works - Drains at Large	115,000	115,000	101,068	13,932	
Drain Commissioners	165,880	165,880	152,934	12,946	
<b>Total Public Works</b>	<b>280,880</b>	<b>280,880</b>	<b>254,002</b>	<b>26,878</b>	
<b>Health and Welfare</b>					
Contagious Disease	1,500	1,500	407	1,093	
Substance Abuse Commission	94,075	94,075	127,451	(33,376)	
Medical Examiner	117,000	137,000	161,304	(24,304)	
Veterans Burials	6,000	6,000	5,400	600	
District Health	389,855	389,855	389,855	--	
Health Services	8,000	8,000	7,888	112	
Mental Health	188,053	188,053	188,053	--	
Child Care	1,101,254	1,101,254	1,206,271	(105,017)	
<b>Total Health and Welfare</b>	<b>1,905,737</b>	<b>1,925,737</b>	<b>2,086,629</b>	<b>(160,892)</b>	
<b>Community and Economic Development</b>					
Cooperative Extension	--	275	265	10	
Register of Deeds	212,549	212,549	204,018	8,531	
West Michigan Regional Planning	4,500	4,500	4,117	383	
Planning Commission	1,100	1,100	580	520	
Economic Development	--	10,000	10,000	--	
<b>Total Community and Economic Development</b>	<b>218,149</b>	<b>228,424</b>	<b>218,980</b>	<b>9,444</b>	
<b>Recreation and Culture - Parks</b>					
	14,593	14,593	12,717	1,876	
<b>Capital Outlay</b>					
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>100,510</b>	<b>(100,510)</b>	
	13,181,803	13,827,492	13,684,807	142,685	
<b>Other Financing Uses</b>					
Transfers Out	1,035,100	1,057,955	737,666	320,289	
<b>Total Expenditures and Other Financing Uses</b>	<b>14,216,903</b>	<b>14,885,447</b>	<b>14,422,473</b>	<b>462,974</b>	
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>					
	87,536	(424,594)	1,160,478	1,585,072	
<b>Net Change in Fund Balance</b>	<b>87,536</b>	<b>(424,594)</b>	<b>1,160,478</b>	<b>1,585,072</b>	
<b>Fund Balance at Beginning of Period</b>	<b>7,599,178</b>	<b>7,599,178</b>	<b>7,599,178</b>	<b>--</b>	
<b>Fund Balance at End of Period</b>	<b>\$ 7,686,714</b>	<b>\$ 7,174,584</b>	<b>\$ 8,759,656</b>	<b>\$ 1,585,072</b>	

**Montcalm County**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Four Calendar Years**

	2018*	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 510,243	\$ 1,285,924	\$ 1,006,943	\$ 1,006,943
Interest	3,005,024	1,753,666	1,900,616	1,779,050
Differences between expected and actual experience	-	-	(530,426)	-
Changes of assumptions	(12,590,050)	(3,675,223)	6,232,817	-
Benefit payments, including refunds of employee contributions	(1,357,304)	(1,590,719)	(1,508,500)	(1,365,511)
<b>Net change in total pension liability</b>	<u>(10,432,087)</u>	<u>(2,226,352)</u>	<u>7,101,450</u>	<u>1,420,482</u>
Total pension liability, beginning of year	37,986,326	43,682,403	36,580,953	35,160,471
<b>Total pension liability, end of year</b>	<u>27,554,239</u>	<u>41,456,051</u>	<u>43,682,403</u>	<u>36,580,953</u>
<b>Plan fiduciary net position</b>				
Employer contributions	485,179	851,050	513,450	536,125
Employee contributions	13,936	350,774	377,299	400,487
Net investment income (loss)	2,646,653	1,640,751	(5,877)	1,078,217
Benefit payments, including refunds of employee contributions	(1,357,304)	(1,590,719)	(1,508,500)	(1,368,958)
Administrative expenses	(41,205)	(109,915)	(21,590)	(7,524)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,747,259</u>	<u>1,141,941</u>	<u>(645,218)</u>	<u>638,347</u>
Plan Fiduciary Net Position - Beginning	21,022,536	21,664,366	22,309,584	21,671,237
<b>Plan Fiduciary Net Position - Ending</b>	<u>22,769,795</u>	<u>22,806,307</u>	<u>21,664,366</u>	<u>22,309,584</u>
<b>County's net pension liability</b>	<u>\$ 4,784,444</u>	<u>\$ 18,649,744</u>	<u>\$ 22,018,037</u>	<u>\$ 14,271,369</u>
Plan fiduciary net position as a percentage of total pension liability	83%	55%	50%	61%
Covered payroll	\$ 3,690,642	N/A	\$ 5,031,428	\$ 5,344,449
County's net pension liability as a percentage of covered payroll	130%	N/A	438%	267%

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

\*As of the December 31, 2017 valuation, the County switched plans resulting in significant change of assumptions as well as omitted the Central Dispatch

**Montcalm County**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**Last Four Calendar Years**

Fiscal Year Ended Sept. 30,	Contributions in Relation to the			Contributions as Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	
2015	\$ 699,970	\$ 520,257	\$ 179,713	\$ 5,202,565 10%
2016	704,880	-	704,880	5,031,428 0%
2017	826,402	536,125	290,277	N/A N/A
2018	499,115	499,115	-	3,690,642 14%

**Valuation Date**

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 21 months prior to the beginning of the fiscal year in which the contributions are required.

**Methods and assumptions used to determine contribution rates**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5-year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the RP-2014 Mortality

**Montcalm County**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Fiscal Year**

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 52,399
Interest	43,194
Differences Between Expected and Actual Experience	(233,733)
Changes in Assumptions	96,674
Benefit Payments, Including Refunds	(8,660)
<i>Net Change in total OPEB Liability</i>	<u>(50,126)</u>
<i>Total OPEB Liability - Beginning</i>	<u>1,391,754</u>
<b>Total OPEB Liability - Ending (a)</b>	<b><u>\$ 1,341,628</u></b>

<b>Plan Fiduciary Net Position</b>	
Contributions/benefit payments made from general operating funds	\$ 8,660
Net Investment Income	-
Benefit Payments, Including Refunds	(8,660)
Administrative Expenses	-
<i>Net Change in Plan Fiduciary Net Position</i>	<u>-</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ -</u></b>
 <i>Net OPEB Liability - Ending (a) - (b)</i>	 \$ 1,341,628

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Covered Payroll	\$ 2,531,289
Net OPEB Liability as a Percentage of Covered Payroll	53%

\* *Built prospectively upon implementation of GASB 75*

**Montcalm County**  
**Required Supplementary Information**  
**Schedule of Contributions - OPEB**  
**Last Fiscal Year**

	<u>2018</u>
Actuarially Determined Contribution	\$ 161,065
Contributions in Relation to the Actuarially Determined Contribution	8,660
Contribution Deficiency (Excess)	<u>\$ 152,405</u>
 Covered Payroll	 \$ 2,531,289
 Contributions as a Percentage of Covered Payroll	 0%

*Notes*

**Valuation Date: September 30, 2018**

**Methods and assumptions used to determine contribution rates**

Actuarial cost method	Projected Unit Credit (level dollar)
Amortization method	Average Future Service
Remaining amortization period	13 years
Asset valuation method	Equal to market value of assets
Inflation	Implicit in expected payroll increases
Salary increases	3.50%
Investment rate of return	N/A; plan is not prefunded
Retirement Age	Varies depending on plan adoption
Mortality	IRS 1.430 (h) Annuitant and non-annuitant (sex distinct) tables

*\* Built prospectively upon implementation of GASB 75*

## **OTHER SUPPLEMENTARY INFORMATION**

**Montcalm County**  
**General Fund Combining Balance Sheet**  
**All Funds Treated as General**  
**September 30, 2018**

	<b>General</b>	<b>Parks</b>	<b>Child Care</b>	<b>Total General Funds</b>
<b>ASSETS</b>				
Cash and Investments	\$ 6,677,724	\$ 11,154	\$ 245,936	\$ 6,934,814
Receivables, Net	153,054	--	--	153,054
Taxes Receivable	1,856,947	--	--	1,856,947
Due from Other Governments	397,162	--	111,142	508,304
Prepays	109,635	--	--	109,635
Due from Other Funds	6,624	--	--	6,624
<b>Total Assets</b>	<b>\$ 9,201,146</b>	<b>\$ 11,154</b>	<b>\$ 357,078</b>	<b>\$ 9,569,378</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 415,059	\$ 241	\$ 174,707	\$ 590,007
Accrued Liabilities	219,715	--	--	219,715
<b>Total Liabilities</b>	<b>634,774</b>	<b>241</b>	<b>174,707</b>	<b>809,722</b>
<b>FUND BALANCE</b>				
Nonspendable	109,635	--	--	109,635
Committed	--	10,913	182,371	193,284
Unassigned	8,456,737	--	--	8,456,737
<b>Total Fund Balance</b>	<b>8,566,372</b>	<b>10,913</b>	<b>182,371</b>	<b>8,759,656</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 9,201,146</b>	<b>\$ 11,154</b>	<b>\$ 357,078</b>	<b>\$ 9,569,378</b>

**Montcalm County**  
**General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Funds Treated as General**  
**For the year Ended September 30, 2018**

	<b>General</b>	<b>Parks</b>	<b>Child Care</b>	<b>Total General Funds</b>
<b>Revenues</b>				
Property Taxes	\$ 7,930,773	\$ --	\$ --	\$ 7,930,773
Licenses and Permits	124,435	--	--	124,435
Intergovernmental	2,634,391	--	672,885	3,307,276
Charges for Services	2,829,841	14,850	62,050	2,906,741
Fines and Forfeitures	33,795	--	--	33,795
Interest and Rents	35,538	46	--	35,538
Other Revenues	247,813	--	41	247,854
Gain (Loss) on Sale of Capital Assets	113,383	--	--	113,383
<b>Total Revenues</b>	<b>13,949,969</b>	<b>14,896</b>	<b>734,976</b>	<b>14,699,841</b>
<b>Expenditures</b>				
General Government	6,192,848	--	--	6,192,848
Public Safety	4,547,084	--	--	4,547,084
Public Works	254,002	--	--	254,002
Health and Welfare	880,358	--	1,206,271	2,086,629
Community and Economic Development	218,980	--	--	218,980
Recreation and Culture	--	12,717	--	12,717
Capital Outlay	100,510	--	--	100,510
<b>Total Expenditures</b>	<b>12,193,782</b>	<b>12,717</b>	<b>1,206,271</b>	<b>13,412,770</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,756,187</b>	<b>2,179</b>	<b>(471,295)</b>	<b>1,287,071</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	111,073	--	500,000	611,073
Transfers Out	(737,666)	--	--	(737,666)
<b>Net Other Financing Sources (Uses)</b>	<b>(626,593)</b>	<b>--</b>	<b>500,000</b>	<b>(126,593)</b>
<b>Net Change in Fund Balance</b>	<b>1,129,594</b>	<b>2,179</b>	<b>28,705</b>	<b>1,160,478</b>
<b>Fund Balance at Beginning of Period</b>	<b>7,436,778</b>	<b>8,734</b>	<b>153,666</b>	<b>7,599,178</b>
<b>Fund Balance at End of Period</b>	<b>\$ 8,566,372</b>	<b>\$ 10,913</b>	<b>\$ 182,371</b>	<b>\$ 8,759,656</b>

**Montcalm County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

<b>Special Revenue</b>								
	<b>Register of Deeds Automation</b>	<b>Concealed Pistol License</b>	<b>Local Correction Training</b>	<b>Drug Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Library</b>	<b>County Libraries</b>	
<b>ASSETS</b>								
Cash and Investments	\$ 185,084	\$ 21,636	\$ 19,961	\$ 7,960	\$ 469	\$ 13,740	\$ 186,148	
Receivables, Net	--	--	--	--	--	--	--	
Due from Other Governments	--	--	--	--	--	--	--	
Prepays	--	--	--	--	--	--	--	
<b>Total Assets</b>	<b>\$ 185,084</b>	<b>\$ 21,636</b>	<b>\$ 19,961</b>	<b>\$ 7,960</b>	<b>\$ 469</b>	<b>\$ 13,740</b>	<b>\$ 186,148</b>	
<b>LIABILITIES</b>								
Accounts Payable	\$ 855	\$ 123	\$ 1,098	\$ --	\$ --	\$ --	\$ 30,953	
Accrued Liabilities	--	--	--	--	--	--	--	
Due to Other Governments	--	--	--	--	--	--	27,870	
<b>Total Liabilities</b>	<b>855</b>	<b>123</b>	<b>1,098</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>58,823</b>	
<b>FUND BALANCE</b>								
Nonspendable	--	--	--	--	--	--	--	
Restricted	184,229	21,513	18,863	7,960	469	13,740	127,325	
Committed	--	--	--	--	--	--	--	
Unassigned	--	--	--	--	--	--	--	
<b>Total Fund Balance</b>	<b>184,229</b>	<b>21,513</b>	<b>18,863</b>	<b>7,960</b>	<b>469</b>	<b>13,740</b>	<b>127,325</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 185,084</b>	<b>\$ 21,636</b>	<b>\$ 19,961</b>	<b>\$ 7,960</b>	<b>\$ 469</b>	<b>\$ 13,740</b>	<b>\$ 186,148</b>	

**Montcalm County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

<b>Special Revenue</b>										
	<b>Animal Shelter Donation</b>	<b>CDBG Housing</b>	<b>Commission on Aging</b>	<b>Soldiers and Sailors Relief</b>	<b>Veterans' Trust</b>	<b>Victim Support</b>	<b>Law Enforcement Trust</b>			
<b>ASSETS</b>										
Cash and Investments	\$ 16,841	\$ 9,796	\$ 112,785	\$ 65,018	\$ 22,642	\$ 2,564	\$			23,307
Receivables, Net	--	--	73,022	--	--	--	\$			--
Due from Other Governments	--	--	--	--	--	--	\$			--
Prepays	--	--	--	--	--	--	\$			--
<i>Total Assets</i>	<b>\$ 16,841</b>	<b>\$ 9,796</b>	<b>\$ 185,807</b>	<b>\$ 65,018</b>	<b>\$ 22,642</b>	<b>\$ 2,564</b>	<b>\$</b>			<b>23,307</b>
<b>LIABILITIES</b>										
Accounts Payable	\$ --	\$ --	\$ 29,379	\$ 566	\$ --	\$ --	\$			--
Accrued Liabilities	--	--	22,667	--	--	--	\$			--
Due to Other Governments	--	--	--	--	--	--	\$			--
<i>Total Liabilities</i>	<b>--</b>	<b>--</b>	<b>52,046</b>	<b>566</b>	<b>--</b>	<b>--</b>	<b>\$</b>			<b>--</b>
<b>FUND BALANCE</b>										
Nonspendable	--	--	--	--	--	--	\$			--
Restricted	16,841	9,796	133,761	64,452	22,642	2,564	\$			23,307
Committed	--	--	--	--	--	--	\$			--
Unassigned	--	--	--	--	--	--	\$			--
<i>Total Fund Balance</i>	<b>16,841</b>	<b>9,796</b>	<b>133,761</b>	<b>64,452</b>	<b>22,642</b>	<b>2,564</b>	<b>\$</b>			<b>23,307</b>
<i>Total Liabilities and Fund Balance</i>	<b>\$ 16,841</b>	<b>\$ 9,796</b>	<b>\$ 185,807</b>	<b>\$ 65,018</b>	<b>\$ 22,642</b>	<b>\$ 2,564</b>	<b>\$</b>			<b>\$ 23,307</b>

**Montcalm County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

	Special Revenue				Debt Service		Capital Projects		
	Friend of the Court	Solid Waste Planning	Homeland Security Grant	Social Welfare - County	Building Authority	Equipment Purchase and Replacement	Jail Improvement		
<b>ASSETS</b>									
Cash and Investments	\$ 2,430	\$ 262,099	\$ 53,394	\$ 1,008	\$ 7,288	\$ 7,166	\$ 9,684		
Receivables, Net	--	52,789	--	--	--	--	--		
Due from Other Governments	86,240	--	--	--	--	--	--		
Prepays	3,625	--	--	--	--	--	--		
<b>Total Assets</b>	<b>\$ 92,295</b>	<b>\$ 314,888</b>	<b>\$ 53,394</b>	<b>\$ 1,008</b>	<b>\$ 7,288</b>	<b>\$ 7,166</b>	<b>\$ 9,684</b>		
<b>LIABILITIES</b>									
Accounts Payable	\$ 1,017	\$ 9,418	\$ --	\$ --	\$ --	\$ 1,410	\$ --		
Accrued Liabilities	18,669	--	--	--	--	--	--		
Due to Other Governments	--	--	--	--	--	--	--		
<b>Total Liabilities</b>	<b>19,686</b>	<b>9,418</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,410</b>	<b>--</b>		
<b>FUND BALANCE</b>									
Nonspendable	3,625	--	--	--	--	--	--		
Restricted	68,984	--	53,394	1,008	7,288	--	--		
Committed	--	305,470	--	--	--	5,756	9,684		
Unassigned	--	--	--	--	--	--	--		
<b>Total Fund Balance</b>	<b>72,609</b>	<b>305,470</b>	<b>53,394</b>	<b>1,008</b>	<b>7,288</b>	<b>5,756</b>	<b>9,684</b>		
<b>Total Liabilities and Fund Balance</b>	<b>\$ 92,295</b>	<b>\$ 314,888</b>	<b>\$ 53,394</b>	<b>\$ 1,008</b>	<b>\$ 7,288</b>	<b>\$ 7,166</b>	<b>\$ 9,684</b>		

**Montcalm County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

	Capital Projects					Permanent		Total Nonmajor Governmental Funds
	General Projects		Park Improvements		Building Authority Improvements	Public Improvement	Cemetery	
	General Projects	Park Improvements	Building Authority Improvements	Public Improvement	Cemetery			
<b>ASSETS</b>								
Cash and Investments	\$ 80,348	\$ 163,050	\$ 53,546	\$ 55,046	\$ 69,965	\$ 1,452,975		
Receivables, Net	--	--	--	--	--	--		125,811
Due from Other Governments	--	--	--	--	--	--		86,240
Prepays	--	--	--	--	--	--		3,625
<b>Total Assets</b>	<b>\$ 80,348</b>	<b>\$ 163,050</b>	<b>\$ 53,546</b>	<b>\$ 55,046</b>	<b>\$ 69,965</b>	<b>\$ 1,452,975</b>		<b>\$ 1,668,651</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 74,819		
Accrued Liabilities	--	--	--	--	--	--		41,336
Due to Other Governments	--	--	--	--	--	--		27,870
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>\$ 144,025</b>		
<b>FUND BALANCE</b>								
Nonspendable	--	--	--	--	--	69,965		73,590
Restricted	80,348	--	53,546	--	--	--		912,030
Committed	--	163,050	--	55,046	--	--		539,006
Unassigned	--	--	--	--	--	--		--
<b>Total Fund Balance</b>	<b>80,348</b>	<b>163,050</b>	<b>53,546</b>	<b>55,046</b>	<b>69,965</b>	<b>\$ 1,524,626</b>		
<b>Total Liabilities and Fund Balance</b>	<b>\$ 80,348</b>	<b>\$ 163,050</b>	<b>\$ 53,546</b>	<b>\$ 55,046</b>	<b>\$ 69,965</b>	<b>\$ 1,668,651</b>		

**Montcalm County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year Ended September 30, 2018**

	<b>Special Revenue</b>						
	<b>Register of Deeds Automation</b>	<b>Concealed Pistol License</b>	<b>Local Correction Training</b>	<b>Drug Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Library</b>	<b>County Libraries</b>
<b>Revenues</b>							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 863,759
Licenses and Permits	--	34,550	--	--	--	--	--
Intergovernmental	--	--	--	--	--	--	--
Charges for Services	68,880	--	15,253	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	6,500	--
Interest and Rents	3,239	126	91	40	3	44	1,609
Other Revenues	--	--	--	--	--	--	--
<b>Total Revenues</b>	<b>72,119</b>	<b>34,676</b>	<b>15,344</b>	<b>40</b>	<b>3</b>	<b>6,544</b>	<b>865,368</b>
<b>Expenditures</b>							
General Government	141,786	3,677	--	--	--	2,372	--
Public Safety	--	--	12,981	--	--	--	--
Public Works	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Community and Economic Development	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	805,776
Capital Outlay	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--
Other Expenditures	--	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>141,786</b>	<b>3,677</b>	<b>12,981</b>	<b>--</b>	<b>--</b>	<b>2,372</b>	<b>805,776</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(69,667)</b>	<b>30,999</b>	<b>2,363</b>	<b>40</b>	<b>3</b>	<b>4,172</b>	<b>59,592</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	--	--	--	--	--
Transfers Out	--	(27,000)	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>(27,000)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>(69,667)</b>	<b>3,999</b>	<b>2,363</b>	<b>40</b>	<b>3</b>	<b>4,172</b>	<b>59,592</b>
<b>Fund Balance at Beginning of Period (Restated, Note 14)</b>	<b>253,896</b>	<b>17,514</b>	<b>16,500</b>	<b>7,920</b>	<b>466</b>	<b>9,568</b>	<b>67,733</b>
<b>Fund Balance at End of Period</b>	<b>\$ 184,229</b>	<b>\$ 21,513</b>	<b>\$ 18,863</b>	<b>\$ 7,960</b>	<b>\$ 469</b>	<b>\$ 13,740</b>	<b>\$ 127,325</b>

**Montcalm County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year Ended September 30, 2018**

	Special Revenue							Law Enforcement Trust
	Animal Shelter Donation	CDBG Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Victim Support		
	\$	\$	\$	\$	\$	\$		
<b>Revenues</b>								
Property Taxes	\$ --	\$ --	\$ 776,023	\$ 303	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--	--
Intergovernmental	--	--	449,695	--	5,570	--	--	--
Charges for Services	--	320	23,983	--	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	--	--	--
Interest and Rents	85	84	828	375	98	13	59	
Other Revenues	--	8,572	102,971	--	--	1,620	--	
<b>Total Revenues</b>	<b>85</b>	<b>8,976</b>	<b>1,353,500</b>	<b>678</b>	<b>5,668</b>	<b>1,633</b>	<b>59</b>	
<b>Expenditures</b>								
General Government	--	--	--	--	--	--	--	315
Public Safety	--	--	--	--	--	767	--	
Public Works	--	--	--	--	--	--	--	
Health and Welfare	386	--	1,269,038	23,569	--	--	--	--
Community and Economic Development	--	34,999	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--
Other Expenditures	--	--	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>386</b>	<b>34,999</b>	<b>1,269,038</b>	<b>23,569</b>	<b>--</b>	<b>767</b>	<b>315</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>								
	(301)	(26,023)	84,462	(22,891)	5,668	866	(256)	
<b>Other Financing Sources (Uses)</b>								
Transfers In	--	--	--	--	--	--	--	--
Transfers Out	--	--	(14,500)	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>(14,500)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	
<b>Net Change in Fund Balance</b>	<b>(301)</b>	<b>(26,023)</b>	<b>69,962</b>	<b>(22,891)</b>	<b>5,668</b>	<b>866</b>	<b>(256)</b>	
<b>Fund Balance at Beginning of Period (Restated, Note 14)</b>	<b>17,142</b>	<b>35,819</b>	<b>63,799</b>	<b>87,343</b>	<b>16,974</b>	<b>1,698</b>	<b>23,563</b>	
<b>Fund Balance at End of Period</b>	<b>\$ 16,841</b>	<b>\$ 9,796</b>	<b>\$ 133,761</b>	<b>\$ 64,452</b>	<b>\$ 22,642</b>	<b>\$ 2,564</b>	<b>\$ 23,307</b>	

**Montcalm County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year Ended September 30, 2018**

	Special Revenue				Debt Service		Capital Projects	
	Friend of the Court	Solid Waste Planning	Homeland Security Grant	Social Welfare - County	Building Authority	Equipment Purchase and Replacement	Jail Improvement	
<b>Revenues</b>								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits		6,375	--	--	--	--	--	--
Intergovernmental		616,769	--	--	--	--	--	--
Charges for Services		130,691	218,487	--	--	--	--	--
Fines and Forfeitures		--	--	--	--	--	--	--
Interest and Rents		--	1,316	268	5	901,483	20	48
Other Revenues		--	--	--	--	--	--	--
<b>Total Revenues</b>	<b>753,835</b>	<b>219,803</b>	<b>268</b>	<b>5</b>	<b>901,483</b>	<b>20</b>	<b>48</b>	
<b>Expenditures</b>								
General Government	776,039	--	--	--	--	--	--	--
Public Safety	--	--	--	--	--	--	--	--
Public Works	--	183,556	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--	--
Community and Economic Development	--	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	33,413	--	--
Debt Service - Interest	--	--	--	--	136,483	6,174	--	--
Debt Service - Principal	--	--	--	--	765,000	58,857	--	--
Other Expenditures	--	--	--	--	--	48,656	--	--
<b>Total Expenditures</b>	<b>776,039</b>	<b>183,556</b>	<b>--</b>	<b>--</b>	<b>901,483</b>	<b>147,100</b>	<b>--</b>	
<i>Excess of Revenues Over (Under) Expenditures</i>								
	(22,204)	36,247	268	5	--	(147,080)	48	
<b>Other Financing Sources (Uses)</b>								
Transfers In	37,811	--	--	--	--	147,355	--	--
Transfers Out	--	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>37,811</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>147,355</b>	<b>--</b>	
<b>Net Change in Fund Balance</b>	<b>15,607</b>	<b>36,247</b>	<b>268</b>	<b>5</b>	<b>--</b>	<b>275</b>	<b>48</b>	
<i>Fund Balance at Beginning of Period (Restated, Note 14)</i>	57,002	269,223	53,126	1,003	7,288	5,481	9,636	
<b>Fund Balance at End of Period</b>	<b>\$ 72,609</b>	<b>\$ 305,470</b>	<b>\$ 53,394</b>	<b>\$ 1,008</b>	<b>\$ 7,288</b>	<b>\$ 5,756</b>	<b>\$ 9,684</b>	

**Montcalm County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year Ended September 30, 2018**

	Capital Projects					Permanent		Total Nonmajor Governmental Funds	
	General Projects	Park Improvements	Building Authority Improvements		Public Improvement	Cemetery			
<b>Revenues</b>									
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,640,085	
Licenses and Permits	--	--	--	--	--	--	--	40,925	
Intergovernmental	--	--	--	--	--	--	--	1,072,034	
Charges for Services	--	--	--	--	--	--	--	457,614	
Fines and Forfeitures	--	--	--	--	--	--	--	6,500	
Interest and Rents	103	818	252	4,002	395			915,404	
Other Revenues	--	--	--	--	--	--	--	113,163	
<b>Total Revenues</b>	<b>103</b>	<b>818</b>	<b>252</b>	<b>4,002</b>	<b>395</b>			<b>4,245,725</b>	
<b>Expenditures</b>									
General Government	--	--	--	--	28,804			952,993	
Public Safety	--	--	--	--	--	--	--	13,748	
Public Works	--	--	--	--	--	--	--	183,556	
Health and Welfare	--	--	--	--	--	--	--	1,292,993	
Community and Economic Development	--	--	--	--	--	--	--	34,999	
Recreation and Culture	--	--	--	--	--	--	--	805,776	
Capital Outlay	--	--	--	--	--	--	--	33,413	
Debt Service - Interest	--	--	--	--	--	--	--	142,657	
Debt Service - Principal	--	--	--	--	--	--	--	823,857	
Other Expenditures	--	--	--	--	--	--	--	48,656	
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>28,804</b>			<b>4,332,648</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>103</b>	<b>818</b>	<b>252</b>	<b>4,002</b>	<b>(28,409)</b>			<b>(86,923)</b>	
<b>Other Financing Sources (Uses)</b>									
Transfers In	--	--	--	--	--	--	--	185,166	
Transfers Out	(84,073)	--	--	--	--	--	--	(125,573)	
<b>Net Other Financing Sources (Uses)</b>	<b>(84,073)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>			<b>59,593</b>	
<b>Net Change in Fund Balance</b>	<b>(83,970)</b>	<b>818</b>	<b>252</b>	<b>4,002</b>	<b>(28,409)</b>			<b>(27,330)</b>	
<i>Fund Balance at Beginning of Period (Restated, Note 14)</i>	164,318	162,232	53,294	51,044	98,374			1,551,956	
<b>Fund Balance at End of Period</b>	<b>\$ 80,348</b>	<b>\$ 163,050</b>	<b>\$ 53,546</b>	<b>\$ 55,046</b>	<b>\$ 69,965</b>			<b>\$ 1,524,626</b>	

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

	<b>Enterprise</b>			<b>Total Enterprise Funds</b>
	<b>Inmate Commissary</b>	<b>Building Official</b>	<b>PRE Audit</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Investments	\$ 176,002	\$ 374,512	\$ 41,980	\$ 592,494
<b>Total Current Assets</b>	<b>176,002</b>	<b>374,512</b>	<b>41,980</b>	<b>592,494</b>
<i>Noncurrent Assets</i>				
Capital Assets being Depreciated	--	5,157	--	5,157
<b>Total Assets</b>	<b>176,002</b>	<b>379,669</b>	<b>41,980</b>	<b>597,651</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	2,330	1,267	--	3,597
Accrued Liabilities	--	12,815	--	12,815
<b>Total Current Liabilities</b>	<b>2,330</b>	<b>14,082</b>	<b>--</b>	<b>16,412</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences	--	7,318	--	7,318
<b>Total Liabilities</b>	<b>2,330</b>	<b>21,400</b>	<b>--</b>	<b>23,730</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	--	5,157	--	5,157
Unrestricted	173,672	353,112	41,980	568,764
<b>Total Net Position</b>	<b>\$ 173,672</b>	<b>\$ 358,269</b>	<b>\$ 41,980</b>	<b>\$ 573,921</b>

**Montcalm County**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the year Ended September 30, 2018**

<b>Enterprise</b>					
	<b>Inmate Commissary</b>	<b>Building Official</b>	<b>PRE Audit</b>	<b>Total Enterprise Funds</b>	
<b>Operating Revenues</b>					
Charges for Services	\$ 51,464	\$ 503,618	\$ --	\$ 555,082	
Penalties and Interest on Delinquent Taxes	--	--	49,936	49,936	
<b>Total Operating Revenues</b>	<b>51,464</b>	<b>503,618</b>	<b>49,936</b>	<b>605,018</b>	
<b>Operating Expenses</b>					
Personnel Services	--	287,280	--	287,280	
Purchases of Goods and Services	34,889	53,933	32,753	121,575	
Depreciation	--	1,740	--	1,740	
<b>Total Operating Expenses</b>	<b>34,889</b>	<b>342,953</b>	<b>32,753</b>	<b>410,595</b>	
<b>Operating Income (Loss)</b>	<b>16,575</b>	<b>160,665</b>	<b>17,183</b>	<b>194,423</b>	
<b>Non-Operating Revenues (Expenses)</b>					
Interest Income	833	1,315	3,172	5,320	
<b>Net Non-Operating Revenues (Expenses)</b>	<b>833</b>	<b>1,315</b>	<b>3,172</b>	<b>5,320</b>	
<b>Change In Net Position</b>	<b>17,408</b>	<b>161,980</b>	<b>20,355</b>	<b>199,743</b>	
<i>Net Position at Beginning of Period</i>	156,264	196,289	21,625	374,178	
<b>Net Position at End of Period</b>	<b>\$ 173,672</b>	<b>\$ 358,269</b>	<b>\$ 41,980</b>	<b>\$ 573,921</b>	

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

	<b>Enterprise</b>			<b>Total Enterprise Funds</b>
	<b>Inmate Commissary</b>	<b>Building Official</b>	<b>PRE Audit</b>	
<b>Cash Flows from Operating Activities</b>				
Cash received from customers and users	\$ 51,464	\$ 503,618	\$ --	\$ 555,082
Cash payments for goods and services	(39,137)	(53,469)	(32,753)	(125,359)
Cash received to purchase delinquent taxes	--	--	49,936	49,936
Cash payments to employees	--	(282,731)	--	(282,731)
<b>Net Cash Provided by Operating Activities</b>	<b>12,327</b>	<b>167,418</b>	<b>17,183</b>	<b>196,928</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Change in Capital Assets	--	233	--	233
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>--</b>	<b>233</b>	<b>--</b>	<b>233</b>
<b>Cash Flows from Investing Activities</b>				
Interest Income received	833	1,315	3,172	5,320
<b>Net Cash Provided by from Investing Activities</b>	<b>833</b>	<b>1,315</b>	<b>3,172</b>	<b>5,320</b>
<b>Net Increase in Cash and Equivalents</b>	<b>13,160</b>	<b>168,966</b>	<b>20,355</b>	<b>202,481</b>
<b>Cash and Equivalents - Beginning of Year</b>	<b>162,842</b>	<b>205,546</b>	<b>21,625</b>	<b>390,013</b>
<b>Cash and Equivalents - End of Year</b>	<b>\$ 176,002</b>	<b>\$ 374,512</b>	<b>\$ 41,980</b>	<b>\$ 592,494</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
<b>Operating Income</b>	<b>16,575</b>	<b>160,665</b>	<b>17,183</b>	<b>194,423</b>
Adjustments to Reconcile Operating Income to Net Cash <b>Provided (Used) by Operating Activities</b>				
Depreciation Expense	--	1,740	--	1,740
<b>Changes in Assets &amp; Liabilities</b>				
Accounts Payable	(4,248)	464	--	(3,784)
Accrued Liabilities	--	3,670	--	3,670
Compensated Absences	--	879	--	879
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 12,327</b>	<b>\$ 167,418</b>	<b>\$ 17,183</b>	<b>\$ 196,928</b>

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

<b>Internal Service</b>				
	<b>Office Equipment</b>	<b>OPEB</b>	<b>Pension Employee Benefits</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
Cash and Investments	\$ 9,731	\$ 138,383	\$ 123,505	\$ 271,619
<i>Total Assets</i>	<b>9,731</b>	<b>138,383</b>	<b>123,505</b>	<b>271,619</b>
<b>LIABILITIES</b>				
Accounts Payable	9,240	--	--	9,240
<i>Total Liabilities</i>	<b>9,240</b>	<b>--</b>	<b>--</b>	<b>9,240</b>
<b>NET POSITION</b>				
<i>Unrestricted</i>	491	138,383	123,505	262,379
<i>Total Net Position</i>	<b>\$ 491</b>	<b>\$ 138,383</b>	<b>\$ 123,505</b>	<b>\$ 262,379</b>

**Montcalm County**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the year Ended September 30, 2018**

	<b>Internal Service</b>			
	<b>Office Equipment</b>	<b>OPEB</b>	<b>Pension Employee Benefits</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues</b>				
Charges for Services	\$ --	\$ 39,905	\$ --	\$ 39,905
Employer Contributions	--	--	843,697	843,697
<b>Total Operating Revenues</b>	<b>--</b>	<b>39,905</b>	<b>843,697</b>	<b>883,602</b>
<b>Operating Expenses</b>				
Personnel Services	--	53,775	--	53,775
Purchases of Goods and Services	54,589	--	--	54,589
Participant Benefits	--	--	735,843	735,843
Administrative Expense	--	--	22,111	22,111
<b>Total Operating Expenses</b>	<b>54,589</b>	<b>53,775</b>	<b>757,954</b>	<b>866,318</b>
<b>Operating Income (Loss)</b>	<b>(54,589)</b>	<b>(13,870)</b>	<b>85,743</b>	<b>17,284</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	59	660	165	884
<b>Net Non-Operating Revenues (Expenses)</b>	<b>59</b>	<b>660</b>	<b>165</b>	<b>884</b>
<b>Transfers</b>				
Transfers In	(54,530)	(13,210)	85,908	18,168
<b>Change In Net Position</b>	<b>55,000</b>	<b>12,000</b>	<b>--</b>	<b>67,000</b>
<b>Net Position at Beginning of Period</b>	<b>470</b>	<b>(1,210)</b>	<b>85,908</b>	<b>85,168</b>
<b>Net Position at End of Period</b>	<b>21</b>	<b>139,593</b>	<b>37,597</b>	<b>177,211</b>
	<b>\$ 491</b>	<b>\$ 138,383</b>	<b>\$ 123,505</b>	<b>\$ 262,379</b>

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

**Cash Flows from Operating Activities**

	<b>Internal Service</b>			
	<b>Equipment</b>	<b>OPEB</b>	<b>Pension Employee Benefits</b>	<b>Total Internal Service Funds</b>
Cash received from Interfund Services	\$ --	\$ 39,905	\$ 843,697	\$ 883,602
Cash payments for Goods and Services	(45,349)	--	(25,801)	(71,150)
Cash payments to Employees	--	(53,775)	(735,843)	(789,618)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(45,349)</b>	<b>(13,870)</b>	<b>82,053</b>	<b>22,834</b>

**Cash Flows from Noncapital and Related Financing Activities**

Transfers in	55,000	12,000	--	67,000
Cash paid on Interfund Advances	--	--	41,287	41,287
<b>Net Cash Provided by Noncapital and Related Financing Activities</b>	<b>55,000</b>	<b>12,000</b>	<b>41,287</b>	<b>108,287</b>

**Cash Flows from Investing Activities**

Interest Income received	59	660	165	884
<b>Net Cash Provided by from Investing Activities</b>	<b>59</b>	<b>660</b>	<b>165</b>	<b>884</b>

**Net Increase (Decrease) in Cash and Equivalents**

Cash and Equivalents - Beginning of Year	9,710	(1,210)	123,505	132,005
<b>Cash and Equivalents - End of Year</b>	<b>21</b>	<b>139,593</b>	<b>--</b>	<b>139,614</b>
	<b>\$ 9,731</b>	<b>\$ 138,383</b>	<b>\$ 123,505</b>	<b>\$ 271,619</b>

**Reconciliation of Operating Income (Loss) to**

**Net Cash Provided (Used) by Operating Activities**

<b>Operating Income (Loss)</b>	(54,589)	(13,870)	85,743	17,284
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Adjustments to Reconcile Operating Income to Net Cash

<b>Provided (Used) by Operating Activities</b>				
<b>Changes in Assets &amp; Liabilities</b>				
Accounts Payable	9,240	--	(3,690)	5,550
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (45,349)</b>	<b>\$ (13,870)</b>	<b>\$ 82,053</b>	<b>\$ 22,834</b>

**Montcalm County**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2018**

	<b>District Health Department</b>	<b>Trust &amp; Agency</b>	<b>Penal Fines</b>	<b>Inmate Trust</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,514,911	\$ 5,489,329	\$ 110,964	\$ 20,954	\$ 8,136,158
<i>Total Assets</i>	<b><u>2,514,911</u></b>	<b><u>5,489,329</u></b>	<b><u>110,964</u></b>	<b><u>20,954</u></b>	<b><u>8,136,158</u></b>
<b>LIABILITIES</b>					
Undistributed Receipts	2,514,911	1,280,177	110,964	--	3,906,052
Due to Other Governments	--	4,209,152	--	20,954	4,230,106
<i>Total Liabilities</i>	<b><u>\$ 2,514,911</u></b>	<b><u>\$ 5,489,329</u></b>	<b><u>\$ 110,964</u></b>	<b><u>\$ 20,954</u></b>	<b><u>\$ 8,136,158</u></b>

**Montcalm County Drains**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
			<b>Total</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 902,257	\$ 743,557	\$ 1,645,814	
Accounts Receivable	--	21,590	21,590	
Special Assessments Receivable	864,622	2,554,820	3,419,442	
<b>    Total Current Assets</b>	<b>1,766,879</b>	<b>3,319,967</b>	<b>5,086,846</b>	
<i>Noncurrent Assets</i>				
Capital Assets not being Depreciated	--	75,650	75,650	
Capital Assets being Depreciated, Net	3,073,035	7,052,605	10,125,640	
<b>    Total Assets</b>	<b>4,839,914</b>	<b>10,448,222</b>	<b>15,288,136</b>	
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	118,469	15,652	134,121	
Accrued Liabilities	2,686	--	2,686	
Accrued Interest	5,721	48,282	54,003	
Current Portion of Long-term Debt	93,356	114,300	207,656	
<b>    Total Current Liabilities</b>	<b>220,232</b>	<b>178,234</b>	<b>398,466</b>	
<i>Noncurrent Liabilities</i>				
Long-term Debt	736,853	3,701,800	4,438,653	
Advances from Primary Government	--	136,648	136,648	
<b>    Total Liabilities</b>	<b>957,085</b>	<b>4,016,682</b>	<b>4,973,767</b>	
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,242,826	3,312,155	5,554,981	
<i>Restricted for:</i>				
Restricted	--	3,119,385	3,119,385	
<i>Unrestricted</i>	1,640,003	--	1,640,003	
<b>    Total Net Position</b>	<b>\$ 3,882,829</b>	<b>\$ 6,431,540</b>	<b>\$ 10,314,369</b>	

**Montcalm County Drains**  
**Statement of Activities**  
**For the year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
Public Works	\$ 1,921,360	\$ 25,479	\$ 646,854	\$ --	\$ (1,249,027)	\$ --	\$ (1,249,027)
Interest on Long-term Debt	37,137	--	--	--	(37,137)	--	(37,137)
<b>Total Governmental Activities</b>	<b>1,958,497</b>	<b>25,479</b>	<b>646,854</b>	<b>--</b>	<b>(1,286,164)</b>	<b>--</b>	<b>(1,286,164)</b>
<b>Business-type Activities:</b>							
Big Whitefish Lake	86,619	251	86,409	--	--	41	41
Little Whitefish Lake	157,291	67,737	62,786	--	--	(26,768)	(26,768)
Sidney Sewer Project	334,589	157,680	1,092	--	--	(175,817)	(175,817)
<b>Total Business-type Activities</b>	<b>578,499</b>	<b>225,668</b>	<b>150,287</b>	<b>--</b>	<b>--</b>	<b>(202,544)</b>	<b>(202,544)</b>
<b>Total Primary Government</b>	<b>\$ 2,536,996</b>	<b>\$ 251,147</b>	<b>\$ 797,141</b>	<b>\$ --</b>	<b>\$ (1,286,164)</b>	<b>\$ (202,544)</b>	<b>\$ (1,488,708)</b>

**General Purpose Revenues:**

**Revenues**

Interest Income	9,054	--	9,054
<b>Total General Revenues</b>	<b>9,054</b>	<b>--</b>	<b>9,054</b>
<b>Change in Net Position</b>	<b>(1,277,110)</b>	<b>(202,544)</b>	<b>(1,479,654)</b>
<i>Net Position at Beginning of Period</i>	5,159,939	6,634,084	11,794,023
<b>Net Position at End of Period</b>	<b>\$ 3,882,829</b>	<b>\$ 6,431,540</b>	<b>\$ 10,314,369</b>

**Montcalm County Drains**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<b>Debt Service</b>	<b>Capital Projects</b>						<b>Total Governmental Funds</b>
		<b>Regular Drain Debt Service</b>	<b>Lake Level Revolving</b>	<b>Lake Level Special Assessment</b>	<b>Drain Maintenance Revolving</b>	<b>Drain Special Assessment</b>	<b>Regular Drain</b>	
<b>ASSETS</b>								
Cash and Cash Equivalents		\$ --	\$ 46	\$ 821,154	\$ 17,984	\$ 1,964	\$ 61,109	\$ 902,257
Special Assessments Receivable		\$ 864,622	--	--	--	--	--	\$ 864,622
<i>Total Assets</i>		<b>\$ 864,622</b>	<b>\$ 46</b>	<b>\$ 821,154</b>	<b>\$ 17,984</b>	<b>\$ 1,964</b>	<b>\$ 61,109</b>	<b>\$ 1,766,879</b>
<b>LIABILITIES</b>								
Accounts Payable		\$ --	\$ --	\$ 26,712	\$ 3,610	\$ --	\$ 88,147	\$ 118,469
Accrued Liabilities		\$ --	\$ --	--	--	--	2,686	2,686
<i>Total Liabilities</i>		<b>--</b>	<b>--</b>	<b>26,712</b>	<b>3,610</b>	<b>--</b>	<b>90,833</b>	<b>121,155</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenues - Special Assessments		\$ 864,622	--	--	--	--	--	\$ 864,622
<i>Total Liabilities and Deferred Inflows of Resources</i>		<b>\$ 864,622</b>	<b>--</b>	<b>26,712</b>	<b>3,610</b>	<b>--</b>	<b>90,833</b>	<b>985,777</b>
<b>FUND BALANCE</b>								
Unassigned		\$ --	\$ 46	\$ 794,442	\$ 14,374	\$ 1,964	\$ (29,724)	\$ 781,102
<i>Total Fund Balance</i>		<b>--</b>	<b>46</b>	<b>794,442</b>	<b>14,374</b>	<b>1,964</b>	<b>(29,724)</b>	<b>781,102</b>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>		<b>\$ 864,622</b>	<b>\$ 46</b>	<b>\$ 821,154</b>	<b>\$ 17,984</b>	<b>\$ 1,964</b>	<b>\$ 61,109</b>	<b>\$ 1,766,879</b>

**Montcalm County Drains**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**September 30, 2018**

Total Fund Balance - Governmental Funds	\$ 781,102
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, the interest expenditure is reported when due.	(5,721)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The following is capital assets net of accumulated depreciation.	3,073,035
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(830,209)
Certain assets, such as special assessments receivable, are not available to pay current period expenditures and therefore are reported as deferred in the funds.	864,622
<b>Total Net Position - Governmental Funds</b>	<b>\$ <u>3,882,829</u></b>

**Montcalm County Drains**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the year Ended September 30, 2018**

	Debt Service		Capital Projects				Total Governmental Funds
	Regular Drain Debt Service	Lake Level Revolving	Lake Level Special Assessment	Drain Maintenance Revolving	Drain Special Assessment	Regular Drain	
<b>Revenues</b>							
Special Assessments	\$ --	\$ --	\$ 601,199	\$ --	\$ --	\$ --	\$ 601,199
Licenses and Permits	--	--	--	11,815	--	--	11,815
Charges for Services	--	--	--	3,420	--	--	3,420
Interest Income	--	--	6,001	--	1,996	1,057	9,054
Other Revenue	45,655	--	--	58	--	10,186	55,899
<b>Total Revenues</b>	<b>45,655</b>	<b>--</b>	<b>607,200</b>	<b>15,293</b>	<b>1,996</b>	<b>11,243</b>	<b>681,387</b>
<b>Expenditures</b>							
Public Works	--	--	596,633	8,294	--	1,088,728	1,693,655
Debt Service - Principal	147,356	--	--	--	--	--	147,356
Debt Service - Interest	39,023	--	--	--	--	--	39,023
<b>Total Expenditures</b>	<b>186,379</b>	<b>--</b>	<b>596,633</b>	<b>8,294</b>	<b>--</b>	<b>1,088,728</b>	<b>1,880,034</b>
<i>Excess of Revenues Over (Under) Expenditures</i>							
	(140,724)	--	10,567	6,999	1,996	(1,077,485)	(1,198,647)
<b>Other Financing Sources (Uses)</b>							
Transfers In	140,724	--	--	--	--	602,496	743,220
Transfers Out	--	--	(440,724)	--	(302,496)	--	(743,220)
<b>Net Other Financing Sources (Uses)</b>	<b>140,724</b>	<b>--</b>	<b>(440,724)</b>	<b>--</b>	<b>(302,496)</b>	<b>602,496</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>--</b>	<b>(430,157)</b>	<b>6,999</b>	<b>(300,500)</b>	<b>(474,989)</b>	<b>(1,198,647)</b>
<i>Fund Balance at Beginning of Period</i>	--	46	1,224,599	7,375	302,464	445,265	1,979,749
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ 46</b>	<b>\$ 794,442</b>	<b>\$ 14,374</b>	<b>\$ 1,964</b>	<b>\$ (29,724)</b>	<b>\$ 781,102</b>

**Montcalm County Drains**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the year Ended September 30, 2018**

Total Net Change in Fund Balances - Governmental Funds \$ (1,198,647)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. (80,349)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. The following is the change in accrued interest payable on long-term debt. 1,886

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year. The following is the change in deferred inflows for special assessments receivable. (147,356)

Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The following represents the principal payment made during the year on long-term debt. 147,356

**Changes in Net Position - Governmental Funds** \$ (1,277,110)

**Montcalm County Drains**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

**Business-type Activities - Enterprise Funds**

	<b>Big Whitefish Lake</b>	<b>Little Whitefish Lake</b>	<b>Sidney Sewer Project</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 439,746	\$ 154,669	\$ 149,142	\$ 743,557
Accounts Receivable	--	13,231	8,359	21,590
Special Assessments Receivable	--	74,971	2,479,849	2,554,820
<b><i>Total Current Assets</i></b>	<b>439,746</b>	<b>242,871</b>	<b>2,637,350</b>	<b>3,319,967</b>
<i>Noncurrent Assets</i>				
Capital Assets not being Depreciated	75,650	--	--	75,650
Capital Assets being Depreciated, Net	410,656	1,598,267	5,043,682	7,052,605
<b><i>Total Assets</i></b>	<b>926,052</b>	<b>1,841,138</b>	<b>7,681,032</b>	<b>10,448,222</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	6,164	3,483	6,005	15,652
Accrued Interest	--	19,901	28,381	48,282
Current Portion of Long-term Debt	--	33,000	81,300	114,300
<b><i>Total Current Liabilities</i></b>	<b>6,164</b>	<b>56,384</b>	<b>115,686</b>	<b>178,234</b>
<i>Noncurrent Liabilities</i>				
Long-term Debt	--	945,000	2,756,800	3,701,800
Advances from Primary Government	136,648	--	--	136,648
<b><i>Total Liabilities</i></b>	<b>142,812</b>	<b>1,001,384</b>	<b>2,872,486</b>	<b>4,016,682</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	486,306	620,267	2,205,582	3,312,155
<i>Restricted for:</i>				
Restricted	296,934	219,487	2,602,964	3,119,385
<i>Unrestricted</i>	--	--	--	--
<b><i>Total Net Position</i></b>	<b>\$ 783,240</b>	<b>\$ 839,754</b>	<b>\$ 4,808,546</b>	<b>\$ 6,431,540</b>

**Montcalm County Drains**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the year Ended September 30, 2018**

**Business-type Activities - Enterprise Funds**

	<b>Big Whitefish Lake</b>	<b>Little Whitefish Lake</b>	<b>Sidney Sewer Project</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>				
Special Assessments	\$ --	\$ --	\$ 76,353	\$ 76,353
Charges for Services	84,190	127,027	81,327	292,544
Other Revenue	250	155	--	405
<b>Total Operating Revenues</b>	<b>84,440</b>	<b>127,182</b>	<b>157,680</b>	<b>369,302</b>
<b>Operating Expenses</b>				
Public Works	68,079	57,203	80,859	206,141
Depreciation	18,540	52,023	166,961	237,524
<b>Total Operating Expenses</b>	<b>86,619</b>	<b>109,226</b>	<b>247,820</b>	<b>443,665</b>
<b>Operating Income (Loss)</b>	<b>(2,179)</b>	<b>17,956</b>	<b>(90,140)</b>	<b>(74,363)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	2,220	3,341	1,092	6,653
Interest Expense	--	(48,065)	(86,769)	(134,834)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>2,220</b>	<b>(44,724)</b>	<b>(85,677)</b>	<b>(128,181)</b>
<b>Change In Net Position</b>	<b>41</b>	<b>(26,768)</b>	<b>(175,817)</b>	<b>(202,544)</b>
<i>Net Position at Beginning of Period</i>	783,199	866,522	4,984,363	6,634,084
<b>Net Position at End of Period</b>	<b>\$ 783,240</b>	<b>\$ 839,754</b>	<b>\$ 4,808,546</b>	<b>\$ 6,431,540</b>

**Montcalm County Drains**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

<b>Business-type Activities - Enterprise Funds</b>						
	<b>Big Whitefish Lake</b>	<b>Little Whitefish Lake</b>	<b>Sidney Sewer Project</b>	<b>Total Enterprise Funds</b>		
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers and Users	\$ 89,021	\$ 142,654	\$ 270,157	\$ 501,832		
Cash Payments to Suppliers for Goods and Services	(61,977)	(56,957)	(79,581)	(198,515)		
<b>Net Cash Provided by Operating Activities</b>	<b>27,044</b>	<b>85,697</b>	<b>190,576</b>	<b>303,317</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>						
Principal Paid on Long-term Debt	--	(32,000)	(81,300)	(113,300)		
Interest Paid on Long-term Debt	--	(49,051)	(87,582)	(136,633)		
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>--</b>	<b>(81,051)</b>	<b>(168,882)</b>	<b>(249,933)</b>		
<b>Cash Flows from Investing Activities</b>						
Interest Income Received	2,220	3,341	1,092	6,653		
<b>Net Cash From Investing Activities</b>	<b>2,220</b>	<b>3,341</b>	<b>1,092</b>	<b>6,653</b>		
<b>Change in Cash and Cash Equivalents</b>	<b>29,264</b>	<b>7,987</b>	<b>22,786</b>	<b>60,037</b>		
Cash and Cash Equivalents, Beginning of Year	410,482	146,682	126,356	683,520		
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 439,746</b>	<b>\$ 154,669</b>	<b>\$ 149,142</b>	<b>\$ 743,557</b>		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>						
Operating Income (Loss)	\$ (2,179)	\$ 17,956	\$ (90,140)	\$ (74,363)		
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities						
Depreciation Expense	18,540	52,023	166,961	237,524		
Change in Operating Assets and Liabilities that Provided (used) Cash:						
Accounts Receivable	4,581	(2,754)	(1,172)	655		
Special Assessments Receivable	--	18,226	113,649	131,875		
Accounts Payable	2,749	246	1,278	4,273		
Advances from Primary Government	3,353	--	--	3,353		
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 27,044</b>	<b>\$ 85,697</b>	<b>\$ 190,576</b>	<b>\$ 303,317</b>		



**MONTCALM COUNTY  
STANTON, MICHIGAN  
SINGLE AUDIT ACT COMPLIANCE  
YEAR ENDED SEPTEMBER 30, 2018**

GABRIDGE & CO

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### MONTCALM COUNTY

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**INDEPENDENT AUDITOR'S REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Members of the Board of Commissioners

Montcalm County

Stanton, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montcalm County, Michigan (the "County") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 25, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Gabridge & Company, PLC

Grand Rapids, MI

March 25, 2019

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

<b>Federal Agency / Cluster / Program Title</b>	<b>CFDA Number</b>	<b>Passed Through</b>	<b>Pass-through / Grantor Number</b>	<b>Total Subawards</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>					
Schools and Roads - Grants to States	10.665	MDNR	-n/a-	\$ 2,949	\$ 2,949
<b>U.S. Department of the Interior</b>					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	4,626
<b>U.S. Department of Health and Human Services</b>					
Aging Cluster:					
Title IIIB - Homemaker	93.044	AAAWM	61.76	-	6,827
Title IIIB - Transportation	93.044	AAAWM	61.76	-	30,888
Title IIIC-1 - Congregate Meals	93.045	AAAWM	61.76	-	71,450
Title IIIC-2 - Home Delivered Meals	93.045	AAAWM	61.76	-	62,890
Nutrition Services Incentive Program:					
Congregate Meals	93.053	AAAWM	61.76	-	8,458
Home Delivered Meals	93.053	AAAWM	61.76	-	40,403
				-	220,916
Title IIIE - Respite	93.045	AAAWM	61.76	-	5,056
				-	5,056
Child Support Enforcement:					
Title IV-D - Incentive Payments	93.563	MDHHS	-n/a-	-	134,386
Title IV-D - State GF/GP	93.563	MDHHS	CSFOC-17-59001	-	88,695
Title IV-D - Friend of the Court	93.563	MDHHS	CSFOC-17-59001	-	354,929
Title IV-D - Prosecuting Attorney	93.563	MDHHS	CSPA-17-59002	-	73,418
				-	651,428
				-	877,400
<b>Total U.S. Department of Health and Human Services</b>					
<b>U.S. Department of Homeland Security</b>					
Boating Safety Financial Assistance	97.012	MDNR	MSR-MS18-086-279	-	21,800
Emergency Management Performance Grants	97.042	MSP	EMC-2018-EP-00002	-	17,574
Homeland Security Grant Program	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	33,343
Homeland Security Grant Program (non-cash)	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	1,282
Homeland Security Grant Program (non-cash)	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	2,564
				-	37,189
Hazardous Materials Emergency Preparedness	20.703	MSP	HM-HMP-0558-16-01-00	-	1,708
<b>Total U.S. Department of Homeland Security</b>				-	78,271
<b>Total Expenditures of Federal Awards</b>				\$ 2,949	\$ 963,246

See notes to the schedule of expenditures of federal awards

## Montcalm County

### Notes to the Schedule of Expenditures of Federal Awards

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#### **NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Montcalm County (the “County”) under programs of the federal government for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

The County’s reporting entity is defined in Note 1 of the County’s Audited Financial Statements. The County’s financial statements include the operations of the Montcalm County Road Commission, the Montcalm County Housing Commission, and the Montcalm County Central Dispatch Authority, which received federal awards that are not included in the Schedule for the year ended September 30, 2018, as these entities were separately audited.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **NOTE C - RECONCILIATION TO FINANCIAL STATEMENTS**

A reconciliation of the amounts presented in the Schedule to the amounts presented in the financial statements is as follows:

Interlocal revenue reported in the financial statements	
Governmental funds	\$ 4,379,310
Subtract state and local sources:	<u>3,416,064</u>
Total expenditures of federal awards	<u>\$ 963,246</u>

## **Montcalm County**

### Notes to the Schedule of Expenditures of Federal Awards

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#### **NOTE D - PASS-THROUGH AGENCIES**

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

<b>Pass-through Agency</b>	<b>Pass-through Agency Name</b>
<b>Abbreviation</b>	
AAAWM	Area Agency on Aging of West Michigan
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MSP	Michigan Department of State Police
WMSRDC	West Michigan Shoreline Regional Development Corporation

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of the Board of Commissioners  
Montcalm County  
Stanton, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Montcalm, Michigan (the “County”), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated March 25, 2019. Our report includes a reference to other auditors who audited the financial statements of the Montcalm County Road Commission, the Montcalm County Housing Commission, and the Montcalm Central Dispatch Authority, as described in our report on the County’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Gabridge & Company". The signature is fluid and cursive, with "Gabridge" on the first line and "& Company" on the second line.

Gabridge & Company, PLC

Grand Rapids, MI

March 25, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

Honorable Members of the Board of Commissioners  
Montcalm County  
Stanton, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited Montcalm County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Montcalm, Michigan's (the "County") major federal programs for the year ended September 30, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Montcalm County Road Commission, the Montcalm County Housing Commission, and Montcalm County Central Dispatch Authority, discretely presented component units, which received certain federal awards which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2018. Our audit, as described below, did not include the operations of the Montcalm County Road Commission, the Montcalm County Housing Commission, and Montcalm County Central Dispatch Authority because they arranged for a separate financial statement audit report and they did not meet the criteria for a single audit.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on its Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

### **Report on Internal Control over Compliance**

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

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

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

***Purpose of this Report***

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

*Gabridge & Company*

Gabridge & Company, PLC

Grand Rapids, MI

March 25, 2019

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

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
Auditee qualified as a low-risk auditee?	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported