



**MONTCALM COUNTY
STANTON, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	20
Proprietary Funds	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities	24
Component Units	
Combining Statement of Net Position	25
Combining Statement of Activities	26
Notes to the Financial Statements	28
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	60
Schedule of Changes in Net Pension Liability and Related Ratios	62
Schedule of Contributions - Pension	63
Schedule of Changes in Net OPEB Liability and Related Ratios	64
Schedule of Contributions - OPEB	65

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION	Page
General Fund	
General Fund Combining Balance Sheet	67
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	68
Nonmajor Governmental Funds	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	74
Nonmajor Enterprise Funds	
Combining Statement of Net Position	79
Combining Statement of Revenues, Expenses, and Changes in Net Position	80
Combining Statement of Cash Flows	81
Internal Service Funds	
Combining Statement of Net Position	82
Combining Statement of Revenues, Expenses, and Changes in Net Position	83
Combining Statement of Cash Flows	84
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	85
Montcalm County Drains	
Statement of Net Position	86
Statement of Activities	87
Balance Sheet	88
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	89
Statement of Revenues, Expenditures, and Changes in Fund Balance	90
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	91
Statement of Net Position	92
Statement of Revenues, Expenses, and Changes in Net Position	93
Statement of Cash Flows	94

INDEPENDENT AUDITOR'S REPORT

To the 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, 2020, 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 74.1, 2.7, and 0.9 percent of the assets, 77.8, (2.1), and 1.1 percent of the net position, and 83.6, 0.9, and 6.4 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2020, 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 are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "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, Michigan
April 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Montcalm County
Management's Discussion and Analysis
September 30, 2020

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, 2020. 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 resources of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,719,358 (*net position*), an increase of \$7,587,896.
- 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 \$15,276,028, an increase of \$2,784,622 in comparison with the prior year. Of the fund balance amount, \$10,346,368, or 67.7%, is *available for spending* at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$13,144,926, an increase of \$2,592,067. At the end of the year, the unassigned portion of the fund balance in the general fund was \$10,346,368, or approximately 78.2% of total general fund expenditures and transfers out during the year.
- The County's investment in capital assets, net of accumulated depreciation, was \$6,537,999 at the end of the current year, which compares to \$6,859,861 at the end of the prior year.
- The County's total installment debt equaled \$4,835,000 at the close of the year, comprising \$2,000,000 in note issuances and \$3,447,580 in debt service payments 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, Housing Commission, and Brownfield Redevelopment Authority (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 by \$7,587,896 for the year ended September 30, 2020 to an ending net position of \$21,719,358. Net position of governmental activities increased \$4,437,969 and business-type activities increased by \$3,149,927. 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 of resources, liabilities, deferred inflows of resources, and net position of the County as of September 30 for each of the past two fiscal years:

Montcalm County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 17,041,930	\$ 14,324,228	\$ 14,859,505	\$ 13,365,417	\$ 31,901,435	\$ 27,689,645
Capital Assets, Net	4,924,059	5,541,639	1,613,940	1,318,222	6,537,999	6,859,861
<i>Total Assets</i>	<i>21,965,989</i>	<i>19,865,867</i>	<i>16,473,445</i>	<i>14,683,639</i>	<i>38,439,434</i>	<i>34,549,506</i>
Deferred Outflows of Resources						
	2,083,159	3,112,347	216,683	584,698	2,299,842	3,697,045
Liabilities						
Long-term Liabilities	11,077,509	11,578,823	855,492	2,478,083	11,933,001	14,056,906
Other Liabilities	2,424,986	2,455,624	981,213	266,688	3,406,199	2,722,312
<i>Total Liabilities</i>	<i>13,502,495</i>	<i>14,034,447</i>	<i>1,836,705</i>	<i>2,744,771</i>	<i>15,339,200</i>	<i>16,779,218</i>
Deferred Inflows of Resources						
	3,303,017	6,138,100	377,701	1,197,771	3,680,718	7,335,871
Net Position						
Net Investment in Capital Assets	894,413	741,362	1,613,940	1,318,222	2,508,353	2,059,584
Restricted	1,542,688	1,368,922	-	-	1,542,688	1,368,922
Unrestricted (Deficit)	4,806,535	695,383	12,861,782	10,007,573	17,668,317	10,702,956
Total Net Position	\$ 7,243,636	\$ 2,805,667	\$ 14,475,722	\$ 11,325,795	\$ 21,719,358	\$ 14,131,462

A component of the County's net position reflects its net investment in capital assets, \$2,508,353 or 11.6%, (e.g. land and improvements, construction in process, buildings and additions, machinery and equipment, infrastructure, and others). Restricted net position of \$1,542,688, or 7.1%, which represents amounts subject to external restrictions, such as State legislation. The remaining portion represents an unrestricted amount, \$17,668,317 or 81.3%, that can be used at the County's discretion.

Governmental Activities. The current assets of governmental activities for the County increased by \$2,717,702 consisting of approximately an increase in cash of \$1.9 million and in taxes receivable of \$600,000. Capital assets decreased by \$617,580 consisting of purchases of \$172,150 against depreciation expense of \$781,751 and net disposal of assets of \$7,979. Long-term liabilities decreased by \$501,314 as a result of payment of long-term debt of \$802,580 against slight increases in long-term compensated absences, net pension liability, and net OPEB liability. Other liabilities decreased by \$30,638 as accounts payable decreased by an approximate \$183,000 while accrued expenses increased by an approximate \$133,000. Deferred outflows of resources decreased by \$1,029,188 while deferred inflows of resources by \$2,835,083 as a result of routine recognition of deferrals related to the net pension liability and net OPEB liability.

Business-type Activities. The current assets of business-type activities for the County increased by \$1,494,088 consisting of approximately an increase in cash of \$1.8 million against a decline of approximately \$300,000 in all receivables. Capital assets increased by \$295,718 consisting of purchases of \$710,763 and net disposal of capital assets of \$16 against depreciation expense of \$415,061. Long-term liabilities decreased by \$1,622,591 as a result of payment of long-term debt of \$2,645,000 and a reduction in net pension liability of \$388,745 against issuance of general obligation limited tax notes of \$2,000,000. In addition, the remaining long-term debt of \$590,000 is due within one year and, as such, is classified as a current liability. Other liabilities increased by \$714,525 as current portion of long-term debt increased, as described above, by \$590,000 along with an increase in accounts payable and accrued expenses. Deferred outflows of resources decreased by \$368,015 while deferred inflows of resources by \$820,070 as a result of routine recognition of deferrals related to the net pension liability.

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:

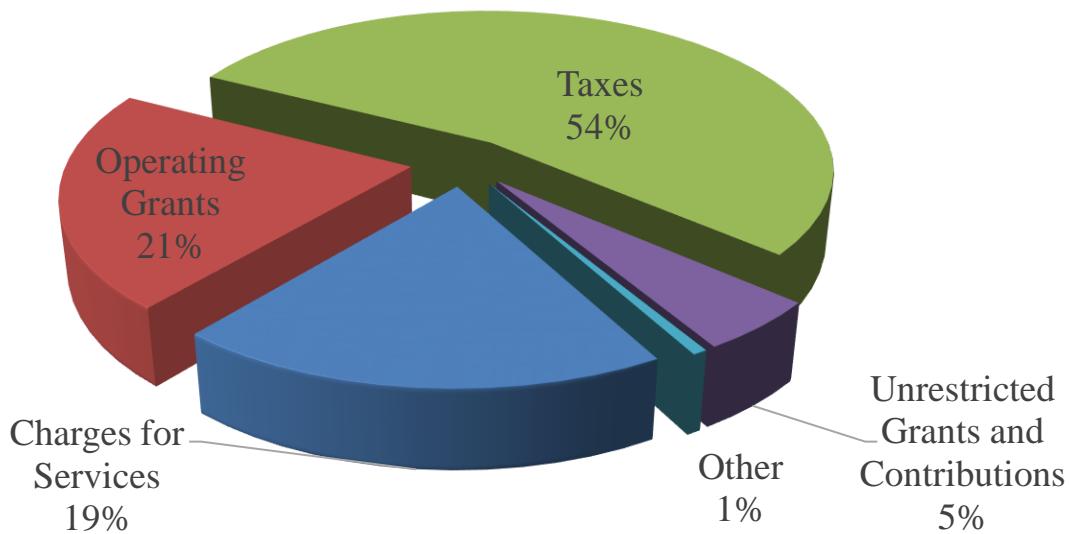
Montcalm County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 3,850,273	\$ 4,140,565	\$ 6,515,539	\$ 5,131,839	\$ 10,365,812	\$ 9,272,404
Operating Grants	4,304,896	3,562,031	75,895	26,711	4,380,791	3,588,742
Program Revenues:						
Taxes	10,774,236	10,316,353	1,134,619	1,348,233	11,908,855	11,664,586
Unrestricted Grants and Contributions	999,397	1,282,235	-	-	999,397	1,282,235
Unrestricted Investment Earnings	58,734	146,385	89,362	175,886	148,096	322,271
Gain (Loss) on Disposal of Capital Assets	(6,969)	200	-	-	(6,969)	200
Other Revenues (Losses)	65,640	660,480	(61,885)	78,252	3,755	738,732
Total Revenues	20,046,207	20,108,249	7,753,530	6,760,921	27,799,737	26,869,170
Expenses						
General Government	6,900,298	6,893,663	-	-	6,900,298	6,893,663
Public Safety	3,860,415	3,657,254	-	-	3,860,415	3,657,254
Public Works	517,536	433,130	-	-	517,536	433,130
Health and Welfare	2,727,082	3,315,197	-	-	2,727,082	3,315,197
Recreation and Culture	980,170	921,438	-	-	980,170	921,438
Community and Economic Development	483,764	456,003	-	-	483,764	456,003
Interest on Long-term Debt	140,378	153,561	-	-	140,378	153,561
Delinquent Tax	-	-	416,600	369,370	416,600	369,370
Ambulance	-	-	3,634,821	3,124,335	3,634,821	3,124,335
Building Official	-	-	519,906	412,907	519,906	412,907
PRE Audit	-	-	361	51,786	361	51,786
Inmate Commissary	-	-	30,510	35,817	30,510	35,817
Total Expenses	15,609,643	15,830,246	4,602,198	3,994,215	20,211,841	19,824,461
Change in Net Position before Transfers	4,436,564	4,278,003	3,151,332	2,766,706	7,587,896	7,044,709
Transfers	1,405	181,172	(1,405)	(181,172)	-	-
Change in Net Position	4,437,969	4,459,175	3,149,927	2,585,534	7,587,896	7,044,709
Net Position						
Beginning of year	2,805,667	(1,653,508)	11,325,795	8,740,261	14,131,462	7,086,753
End of Year	\$ 7,243,636	\$ 2,805,667	\$ 14,475,722	\$ 11,325,795	\$ 21,719,358	\$ 14,131,462

Governmental Activities. Charges for services decreased by \$290,292 as there was less overall activity due to the COVID-19 Pandemic and related voluntary and mandatory closures. Operating grants saw an increase of \$742,865 as a new coronavirus relief grant was received for approximately \$1,069,000 while other operating grants declined as a result of the COVID-19 Pandemic, as mentioned above. Tax revenues increased by \$457,883 during the current year to \$10,774,236 as a result of increased taxable values of 4.4% within the County. Other revenues decreased by \$594,840 as the County received a one-time settlement check of \$650,000 in the prior year. Overall expenses decreased by \$220,603 as a result of decreased activity due to the COVID-19 Pandemic, as mentioned above.

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

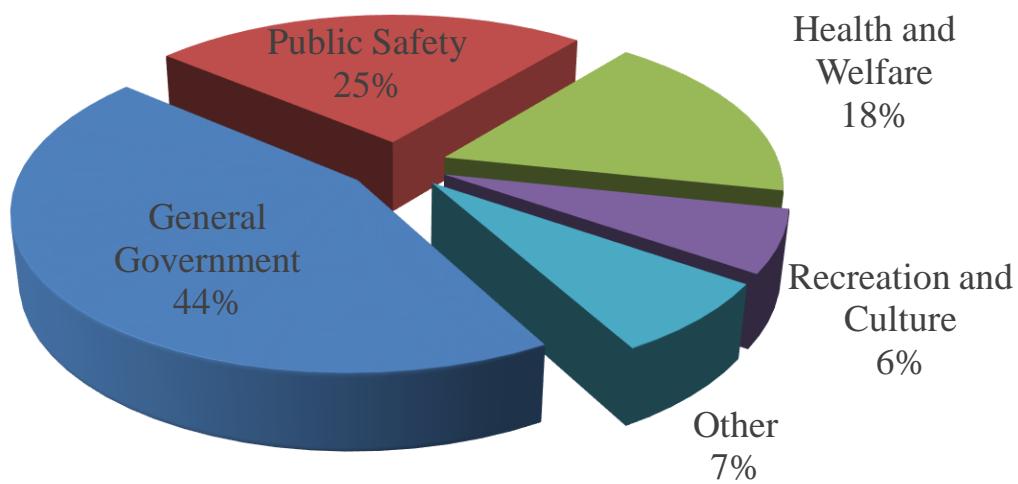
Governmental Activities Revenues



Property taxes comprised the largest portion of governmental activities revenue at 54%, or approximately \$10.8 million. *Charges for services* made up approximately \$3.9 million, or 19% of governmental activities revenues. *Operating grants* made up approximately \$4.3 million, or 21% of governmental activities revenues.

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

Governmental Activities Expenses



Total expenses for governmental activities decreased by approximately \$220,603, or 1.4% from the previous fiscal year.

Business-type Activities. Charges for services increased by \$1,383,700 as ambulance services increased by approximately \$688,000 and charges from the delinquent tax revolving fund increased by approximately \$641,000. Taxes decreased by \$213,614 as the EMS (ambulance services) had requested a lesser tax levy during the current fiscal year. Other revenues and losses decreased by \$140,137 as the County cancelled a long-term advance due from the Drains Commission in the amount of \$140,086. Overall expenses increased by \$607,983, or 15.2%, from the prior year with the largest increase occurring within the ambulance fund of \$510,486. This increase consisted of costs of personnel increases by approximately \$619,000 against a decrease in amounts paid for goods and services by approximately \$62,000. The increased EMS activity was due to the COVID-19 Pandemic.

Financial Analysis of the County's Funds

As the County completed the fiscal year, its governmental funds reported combined ending fund balances of \$15,276,028. Of this, \$152,391, or 1.0%, is legally restricted and/or unavailable to spend (i.e. amounts tied up in prepaid items and long-term advances), \$801,089, or 5.2%, is committed by the Board of Commissioners for designated projects, \$2,500,000, or 16.4%, is assigned for capital improvements, and programs, and \$1,476,180, or 9.7%, is restricted for various projects, leaving \$10,346,368, or 67.7%, as unassigned fund balance.

General Fund Budgetary Highlights

Original budget compared to final budget. There were no significant amendments made to either the original budgeted appropriations or the original estimated revenues; 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 County had no expenditures in excess of the amounts appropriated during the year ended September 30, 2020:

Capital Assets and Debt Administration

Capital Assets. At September 30, 2020, the County had invested \$6,537,999 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 76,658	\$ 76,658	\$ -	\$ -	\$ 76,658	\$ 76,658
Construction in Progress	-	136,270	-	66,539	-	202,809
Land Improvements	40,035	40,035	-	-	40,035	40,035
Buildings and Additions	22,979,915	22,714,758	443,908	443,908	23,423,823	23,158,666
Equipment and Furniture	1,120,018	1,275,147	1,219,559	980,784	2,339,577	2,255,931
Vehicles	817,126	826,533	2,389,013	2,211,037	3,206,139	3,037,570
	25,033,752	25,069,401	4,052,480	3,702,268	29,086,232	28,771,669
<i>Less Accumulated Depreciation</i>	<i>20,109,693</i>	<i>19,527,762</i>	<i>2,438,540</i>	<i>2,384,046</i>	<i>22,548,233</i>	<i>21,911,808</i>
Capital Assets, Net	\$ 4,924,059	\$ 5,541,639	\$ 1,613,940	\$ 1,318,222	\$ 6,537,999	\$ 6,859,861

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	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 4,245,000	\$ 5,040,000	\$ -	\$ -	\$ 4,245,000	\$ 5,040,000
GOLT Notes	-	-	590,000	1,235,000	590,000	1,235,000
Installment Purchase Agreements	-	7,580	-	-	-	7,580
Total Long-term Debt	\$ 4,245,000	\$ 5,047,580	\$ 590,000	\$ 1,235,000	\$ 4,835,000	\$ 6,282,580

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 continues to adopt a balanced budget each fiscal year, with 2021 being no exception. All major funds have maintained surplus balances for the past three fiscal years. The County continues to remain diligent in improving the status of the General Fund's fund balance, utilizing the policies and procedures put in place by the Board of Commissioners.

The County Board of Commissioners is determined to make the County better as a whole and continues to be responsible custodians of the taxpayers' dollars. Therefore, they are continually looking for ways to update and make changes to the manner in which the County does business, with technology and on-line services being the primary objective to servicing the needs of its constituents.

All signs continue to point to a positive economic outlook for Montcalm County. There continues to be measurable growth in the area of new business and new housing developments throughout the County, as well as the promising prospects of renewable energy resources sweeping across the County for years to come. Montcalm County is currently in a solid, stable financial position and desires only to continue down the road of improvement going forward. Additionally, management and the County Board of Commissioners are currently working to determine the significance that the COVID-19 Pandemic will have on the County's upcoming revenues and expenditures.

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.

BASIC FINANCIAL STATEMENTS

Montcalm County
Statement of Net Position
September 30, 2020

	Primary Government				Component Units	
	Governmental Activities	Business-type Activities	Total	Component Units		
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 13,158,932	\$ 10,804,829	\$ 23,963,761	\$ 6,645,010		
Receivables, Net	268,382	1,033,850	1,302,232	3,000,680		
Special Assessments Receivable	--	--	--	2,766,841		
Taxes Receivable	2,274,352	3,002,699	5,277,051	--		
Due from Other Governments	761,803	18,127	779,930	152,612		
Inventory	14,955	--	14,955	979,880		
Prepays	563,506	--	563,506	233,334		
Total Current Assets	17,041,930	14,859,505	31,901,435	13,778,357		
<i>Noncurrent Assets</i>						
Restricted Cash	--	--	--	98,175		
Capital Assets not being Depreciated	76,658	--	76,658	5,416,562		
Capital Assets being Depreciated	4,847,401	1,613,940	6,461,341	51,449,468		
Total Assets	21,965,989	16,473,445	38,439,434	70,742,562		
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charges on Refunding	161,114	--	161,114	--		
OPEB Related	333,033	--	333,033	413,695		
Pension Related	1,589,012	216,683	1,805,695	1,800,867		
Total Deferred Outflows of Resources	2,083,159	216,683	2,299,842	2,214,562		
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	569,134	217,565	786,699	1,011,847		
Accrued Liabilities	515,569	134,178	649,747	36,637		
Due to Other Governments	38,821	--	38,821	--		
Accrued Interest	41,356	--	41,356	77,894		
Current Portion of Compensated Absences	455,106	39,470	494,576	184,420		
Current Portion of Long-term Debt	805,000	590,000	1,395,000	756,601		
Total Current Liabilities	2,424,986	981,213	3,406,199	2,067,399		
<i>Noncurrent Liabilities</i>						
Advances from Other Governmental Units	--	--	--	357,693		
Compensated Absences	59,910	11,831	71,741	22,532		
Long-term Debt	3,440,000	--	3,440,000	5,785,965		
Net OPEB Liability	1,390,752	--	1,390,752	1,857,711		
Net Pension Liability	6,186,847	843,661	7,030,508	10,055,274		
Total Liabilities	13,502,495	1,836,705	15,339,200	20,146,574		
DEFERRED INFLOWS OF RESOURCES						
OPEB Related	533,207	--	533,207	590,033		
Pension Related	2,769,810	377,701	3,147,511	1,861,212		
Total Deferred Inflows of Resources	3,303,017	377,701	3,680,718	2,451,245		
NET POSITION						
Net Investment in Capital Assets	894,413	1,613,940	2,508,353	50,323,464		
<i>Restricted for:</i>						
Restricted	1,542,688	--	1,542,688	3,438,704		
Unrestricted	4,806,535	12,861,782	17,668,317	(3,402,863)		
Total Net Position	\$ 7,243,636	\$ 14,475,722	\$ 21,719,358	\$ 50,359,305		

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, 2020

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		
Primary Government									
Governmental Activities:									
Public Safety	\$ 3,860,415	\$ 977,525	\$ 398,707	\$ --	\$ (2,484,183)	\$ --	\$ (2,484,183)	\$ --	
Public Works	517,536	280,696	--	--	(236,840)	--	(236,840)	--	
Health and Welfare	2,727,082	234,705	654,839	--	(1,837,538)	--	(1,837,538)	--	
Community and Economic Development	483,764	765,150	6,800	--	288,186	--	288,186	--	
General Government	6,900,298	1,578,657	3,244,550	--	(2,077,091)	--	(2,077,091)	--	
Recreation and Culture	980,170	13,540	--	--	(966,630)	--	(966,630)	--	
Interest on Long-term Debt	140,378	--	--	--	(140,378)	--	(140,378)	--	
Total Governmental Activities	15,609,643	3,850,273	4,304,896	--	(7,454,474)	--	(7,454,474)	--	
Business-type Activities:									
Ambulance	3,634,821	4,246,703	75,895	--	--	687,777	687,777	--	
Delinquent Tax Revolving	416,600	1,515,419	--	--	--	1,098,819	1,098,819	--	
Inmate Commissary	30,510	70,404	--	--	--	39,894	39,894	--	
Building Official	519,906	676,527	--	--	--	156,621	156,621	--	
PRE Audit	361	6,486	--	--	--	6,125	6,125	--	
Total Business-type Activities	4,602,198	6,515,539	75,895	--	--	1,989,236	1,989,236	--	
Total Primary Government	\$ 20,211,841	\$ 10,365,812	\$ 4,380,791	\$ --	(7,454,474)	\$ 1,989,236	(5,465,238)	--	
Component Units									
Central Dispatch Authority	\$ 1,204,948	\$ 10,155	\$ 143,871	\$ 4,286	--	--	--	(1,046,636)	
Road Commission	13,571,162	1,548,440	9,536,711	3,668,843	--	--	--	1,182,832	
Drain Commission	1,573,059	1,251,259	219,678	127,194	--	--	--	25,072	
Housing Commission (12/31/19)	1,222,342	136,020	1,001,458	--	--	--	--	(84,864)	
Brownfield Redevelopment Authority	2,894	--	--	--	--	--	--	(2,894)	
Total Component Units	\$ 17,574,405	\$ 2,945,874	\$ 10,901,718	\$ 3,800,323	--	--	--	73,510	
General Purpose Revenues and Transfers:									
Revenues									
Unrestricted State Sources				999,397	--	999,397	--		
Property Taxes				10,774,236	1,134,619	11,908,855	2,894		
Interest Income				58,734	89,362	148,096	41,168		
Gain (Loss) on Disposal of Capital Assets				(6,969)	--	(6,969)	92,407		
Other Revenue				65,640	78,201	143,841	5,982		
Gain (Loss) from Cancellation of Long-term Advance				--	(140,086)	(140,086)	140,086		
State and Local Surcharges				--	--	--	1,725,681		
Transfers				1,405	(1,405)	--	--		
Total General Revenues and Transfers				11,892,443	1,160,691	13,053,134	2,008,218		
Change in Net Position									
Net Position at Beginning of Period (Restated, Note 15)				4,437,969	3,149,927	7,587,896	2,081,728		
Net Position at End of Period				2,805,667	11,325,795	14,131,462	48,277,577		
				\$ 7,243,636	\$ 14,475,722	\$ 21,719,358	\$ 50,359,305		

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

**Montcalm County
Balance Sheet
Governmental Funds
September 30, 2020**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 10,753,055	\$ 2,036,247	\$ 12,789,302
Receivables, Net	103,025	165,357	268,382
Taxes Receivable	2,274,352	--	2,274,352
Due from Other Governments	511,038	250,765	761,803
Prepays	84,272	5,236	89,508
Total Assets	\$ 13,725,742	\$ 2,457,605	\$ 16,183,347
LIABILITIES			
Accounts Payable	\$ 283,196	\$ 227,975	\$ 511,171
Accrued Liabilities	297,620	59,707	357,327
Due to Other Governments	--	38,821	38,821
Total Liabilities	580,816	326,503	907,319
FUND BALANCE			
Nonspendable	84,272	68,119	152,391
Restricted	--	1,476,180	1,476,180
Committed	214,286	586,803	801,089
Assigned	2,500,000	--	2,500,000
Unassigned	10,346,368	--	10,346,368
Total Fund Balance	13,144,926	2,131,102	15,276,028
Total Liabilities and Fund Balance	\$ 13,725,742	\$ 2,457,605	\$ 16,183,347

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, 2020

Total Fund Balance - Governmental Funds	\$ 15,276,028
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.	554,239
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(515,016)
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.	(7,367,645)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(1,590,926)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(41,356)
General government capital assets of \$24,795,937, net of accumulated depreciation of \$20,099,495, are not financial resources, and accordingly are not reported in the funds.	4,696,442
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 \$4,245,000 less unamortized costs of \$161,114.	(4,083,886)
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.	315,756
Total Net Position - Governmental Activities	\$ <u>7,243,636</u>

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, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 8,597,152	\$ 2,177,084	\$ 10,774,236
Licenses and Permits	122,558	48,808	171,366
Intergovernmental	3,621,387	1,634,978	5,256,365
Charges for Services	3,124,487	533,451	3,657,938
Fines and Forfeitures	27,511	6,500	34,011
Interest and Rents	49,478	921,131	970,609
Local Contributions	--	47,928	47,928
Other Revenue	251,043	--	251,043
Total Revenues	15,793,616	5,369,880	21,163,496
Expenditures			
General Government	5,835,336	1,906,254	7,741,590
Public Safety	4,783,904	38,066	4,821,970
Public Works	299,554	227,596	527,150
Health and Welfare	1,440,552	1,337,666	2,778,218
Community and Economic Development	233,770	249,994	483,764
Recreation and Culture	9,687	967,774	977,461
Capital Outlay	--	70,605	70,605
Debt Service - Interest	--	114,118	114,118
Debt Service - Principal	--	802,580	802,580
Total Expenditures	12,602,803	5,714,653	18,317,456
Excess of Revenues Over (Under) Expenditures			
	3,190,813	(344,773)	2,846,040
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	1,010	--	1,010
Transfers In	19,687	595,786	615,473
Transfers Out	(619,443)	(58,458)	(677,901)
Net Other Financing Sources (Uses)	(598,746)	537,328	(61,418)
Net Change in Fund Balance	2,592,067	192,555	2,784,622
<i>Fund Balance at Beginning of Period</i>	<i>10,552,859</i>	<i>1,938,547</i>	<i>12,491,406</i>
Fund Balance at End of Period	\$ 13,144,926	\$ 2,131,102	\$ 15,276,028

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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ 2,784,622
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.	27,090
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.	(68,834)
Changes to the net pension liability, and the pension related deferrals, are not shown in the fund financial statements.	1,656,748
Other post employment benefits are expensed in the statement of activities when incurred. However, if they are not to be paid using current financial resources, they are not recorded in the fund statements. This represents the change in other post employment benefits for the year.	(62,406)
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 \$771,553 and net disposal of capital assets of \$7,979 exceeds capital outlay expenditures of \$70,605 during the year.	(708,927)
Changes to accrued interest are not shown in the fund financial statements.	5,963
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 \$802,580 less deferred charge on bond refunding of \$32,223.	770,357
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.	33,356
Changes in Net Position - Governmental Activities	\$ 4,437,969

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

Montcalm County
Statement of Net Position
Proprietary Funds
September 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Ambulance	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds	
	 	 	 	 	
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 5,162,818	\$ 4,696,555	\$ 945,456	\$ 10,804,829	\$ 369,630
Receivables, Net	476,246	557,604	--	1,033,850	--
Taxes Receivable	--	3,002,699	--	3,002,699	--
Due from Other Governments	18,127	--	--	18,127	--
Inventory	--	--	--	--	14,955
Total Current Assets	5,657,191	8,256,858	945,456	14,859,505	384,585
<i>Noncurrent Assets</i>					
Capital Assets being Depreciated	1,549,130	--	64,810	1,613,940	227,617
Total Assets	7,206,321	8,256,858	1,010,266	16,473,445	612,202
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related	216,683	--	--	216,683	--
Total Deferred Outflows of Resources	216,683	--	--	216,683	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	163,899	51,701	1,965	217,565	57,963
Accrued Liabilities	115,731	--	18,447	134,178	--
Current Portion of Compensated Absences	31,449	--	8,021	39,470	--
Current Portion of Long-term Debt	--	590,000	--	590,000	--
Total Current Liabilities	311,079	641,701	28,433	981,213	57,963
<i>Noncurrent Liabilities</i>					
Compensated Absences	4,207	--	7,624	11,831	--
Net Pension Liability	843,661	--	--	843,661	--
Total Liabilities	1,158,947	641,701	36,057	1,836,705	57,963
DEFERRED INFLOWS OF RESOURCES					
Pension Related	377,701	--	--	377,701	--
Total Deferred Inflows of Resources	377,701	--	--	377,701	--
NET POSITION					
Net Investment in Capital Assets	1,549,130	--	64,810	1,613,940	227,617
<i>Unrestricted</i>	4,337,226	7,615,157	909,399	12,861,782	326,622
Total Net Position	\$ 5,886,356	\$ 7,615,157	\$ 974,209	\$ 14,475,722	\$ 554,239

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, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Ambulance	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues					
Charges for Services	\$ 4,246,703	\$ 882,877	\$ 746,931	\$ 5,876,511	\$ 298,997
Penalties and Interest on Delinquent Taxes	--	632,542	6,486	639,028	--
Employer Contributions	--	--	--	--	739,400
Total Operating Revenues	4,246,703	1,515,419	753,417	6,515,539	1,038,397
Operating Expenses					
Personnel Services	2,491,204	--	449,289	2,940,493	35,754
Purchases of Goods and Services	736,769	401,532	93,275	1,231,576	287,203
Depreciation	406,848	--	8,213	415,061	10,198
Participant Benefits	--	--	--	--	741,840
Administrative Expense	--	--	--	--	1,075
Total Operating Expenses	3,634,821	401,532	550,777	4,587,130	1,076,070
Operating Income (Loss)	611,882	1,113,887	202,640	1,928,409	(37,673)
Non-Operating Revenues (Expenses)					
Property Taxes	1,134,619	--	--	1,134,619	--
Interest Income	37,417	49,230	2,715	89,362	930
Other Revenue	75,895	78,201	--	154,096	--
Loss from Cancellation of Long-term Advance	--	(140,086)	--	(140,086)	--
Interest Expense	--	(15,068)	--	(15,068)	--
Net Non-Operating Revenues (Expenses)	1,247,931	(27,723)	2,715	1,222,923	930
Income Before Transfers					
Transfers In	1,859,813	1,086,164	205,355	3,151,332	(36,743)
Transfers Out	--	6,090	--	6,090	63,833
Change In Net Position	1,859,813	1,092,254	197,860	3,149,927	27,090
<i>Net Position at Beginning of Period</i>	<i>4,026,543</i>	<i>6,522,903</i>	<i>776,349</i>	<i>11,325,795</i>	<i>527,149</i>
Net Position at End of Period	\$ 5,886,356	\$ 7,615,157	\$ 974,209	\$ 14,475,722	\$ 554,239

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, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Ambulance	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
Cash Flows from Operating Activities						
Cash Received from Customers and Users	\$ 4,423,758	\$ 493,315	\$ 746,931	\$ 5,664,004	\$ 252,701	
Cash Received from Interfund Services	--	--	--	--	785,696	
Cash Payments for Goods and Services	(603,841)	(391,557)	(113,042)	(1,108,440)	(374,465)	
Cash Received to Purchase Delinquent Taxes	--	1,014,413	6,486	1,020,899	--	
Cash Payments to Employees	(3,327,180)	--	(441,508)	(3,768,688)	(722,747)	
Net Cash Provided by (Used in) Operating Activities	492,737	1,116,171	198,867	1,807,775	(58,815)	
Cash Flows from Capital and Related Financing Activities						
Principal and Interest Paid on Long-term Debt	--	(2,660,068)	--	(2,660,068)	--	
Issuance of Long-term Debt	--	2,000,000	--	2,000,000	--	
Net Disposal of Capital Assets	--	--	(16)	(16)	--	
Purchase of Capital Assets	(704,510)	--	(6,253)	(710,763)	(101,545)	
Net Cash Used in Capital and Related Financing Activities	(704,510)	(660,068)	(6,269)	(1,370,847)	(101,545)	
Cash Flows from Noncapital Financing Activities						
Property Taxes	1,134,619	--	--	1,134,619	--	
Loss from Write-off of Long-term Advance	--	(140,086)	--	(140,086)	--	
Advances to Drains Commission Component Unit	--	140,086	--	140,086	--	
Other Revenue	75,895	78,201	--	154,096	--	
Interfund Balances	--	(10,062)	--	(10,062)	--	
Net Transfers	--	6,090	(7,495)	(1,405)	63,833	
Net Cash Provided by (Used in) Noncapital Financing Activities	1,210,514	74,229	(7,495)	1,277,248	63,833	
Cash Flows from Investing Activities						
Interest Income	37,417	49,230	2,715	89,362	930	
Net Cash Provided by Investing Activities	37,417	49,230	2,715	89,362	930	
Net Increase (Decrease) in Cash and Investments						
Cash and Investments - Beginning of Year	1,036,158	579,562	187,818	1,803,538	(95,597)	
Cash and Investments - End of Year	4,126,660	4,116,993	757,638	9,001,291	465,227	
	\$ 5,162,818	\$ 4,696,555	\$ 945,456	\$ 10,804,829	\$ 369,630	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Net Cash Provided by (Used in) Operating Activities	611,882	1,113,887	202,640	1,928,409	(37,673)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	406,848	--	8,213	415,061	10,198	
Changes in Assets, Liabilities, and Deferrals						
Depreciation Expense	177,007	(389,562)	--	(212,555)	--	
Receivables, Net	--	381,871	--	381,871	--	
Taxes Receivable	48	--	--	48	--	
Due from Other Governments	--	--	--	--	(14,955)	
Inventory	100,708	9,975	(24,451)	86,232	(16,385)	
Accounts Payable	32,220	--	4,684	36,904	--	
Accrued Liabilities	(840,800)	--	--	(840,800)	--	
Net Pension Liability and Related Deferrals	4,824	--	7,781	12,605	--	
Compensated Absences	--	--	--	--	--	
Net Cash Provided by (Used in) Operating Activities	\$ 492,737	\$ 1,116,171	\$ 198,867	\$ 1,807,775	\$ (58,815)	

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

Montcalm County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2020

	<u>Agency</u>
ASSETS	
Cash and Investments	\$ 7,742,931
<i>Total Assets</i>	<u>7,742,931</u>
LIABILITIES	
Undistributed Receipts	4,029,035
Due to Other Governments	3,713,896
<i>Total Liabilities</i>	<u>\$ 7,742,931</u>

Montcalm County
Combining Statement of Net Position
Component Units
September 30, 2020

	Central Dispatch Authority	Road Commission	Drain Commission	Housing Commission (12/31/19)	Brownfield Redevelopment Authority	Total Component Units
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 694,076	\$ 2,417,575	\$ 3,303,216	\$ 230,143	\$ --	\$ 6,645,010
Receivables, Net	369,021	2,594,060	33,577	4,022	--	3,000,680
Special Assessments Receivable	--	--	2,766,841	--	--	2,766,841
Due from Other Governments	152,612	--	--	--	--	152,612
Inventory	--	979,880	--	--	--	979,880
Prepays	66,672	158,023	--	8,639	--	233,334
Total Current Assets	1,282,381	6,149,538	6,103,634	242,804	--	13,778,357
<i>Noncurrent Assets</i>						
Restricted Cash	--	--	85,000	13,175	--	98,175
Capital Assets not being Depreciated	--	5,272,262	75,650	68,650	--	5,416,562
Capital Assets being Depreciated	596,754	41,033,408	9,530,015	289,291	--	51,449,468
Total Assets	1,879,135	52,455,208	15,794,299	613,920	--	70,742,562
DEFERRED OUTFLOWS OF RESOURCES						
OPEB Related	142,162	271,533	--	--	--	413,695
Pension Related	107,344	1,693,523	--	--	--	1,800,867
Total Deferred Outflows of Resources	249,506	1,965,056	--	--	--	2,214,562
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	265,776	631,870	107,471	6,730	--	1,011,847
Accrued Liabilities	--	5,250	2,336	29,051	--	36,637
Accrued Interest	--	28,760	49,134	--	--	77,894
Current Portion of Compensated Absences	29,213	150,329	--	4,878	--	184,420
Current Portion of Long-term Debt	--	546,745	209,856	--	--	756,601
Total Current Liabilities	294,989	1,362,954	368,797	40,659	--	2,067,399
<i>Noncurrent Liabilities</i>						
Advances from Other Governmental Units	--	357,693	--	--	--	357,693
Compensated Absences	22,125	--	--	407	--	22,532
Long-term Debt	--	2,004,025	3,781,940	--	--	5,785,965
Net OPEB Liability	499,703	1,358,008	--	--	--	1,857,711
Net Pension Liability	487,758	9,567,516	--	--	--	10,055,274
Total Liabilities	1,304,575	14,650,196	4,150,737	41,066	--	20,146,574
DEFERRED INFLOWS OF RESOURCES						
OPEB Related	126,022	464,011	--	--	--	590,033
Pension Related	1,733,214	127,998	--	--	--	1,861,212
Total Deferred Inflows of Resources	1,859,236	592,009	--	--	--	2,451,245
NET POSITION						
Net Investment in Capital Assets	596,754	43,754,900	5,613,869	357,941	--	50,323,464
<i>Restricted for:</i>						
Restricted	50,457	--	3,375,072	13,175	--	3,438,704
<i>Unrestricted</i>						
Unrestricted	(1,682,381)	(4,576,841)	2,654,621	201,738	--	(3,402,863)
Total Net Position	\$ (1,035,170)	\$ 39,178,059	\$ 11,643,562	\$ 572,854	\$ --	\$ 50,359,305

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, 2020

	Central Dispatch Authority	Road Commission	Drain Commission	Housing Commission (12/31/19)	Brownfield Redevelopment Authority	Total Component Units
Expenses						
Brownfield Redevelopment Authority	\$ --	\$ --	\$ --	\$ --	\$ 2,894	\$ 2,894
Central Dispatch Authority	1,204,948	--	--	--	--	1,204,948
Road Commission	--	13,571,162	--	--	--	13,571,162
Drain Commission	--	--	1,573,059	--	--	1,573,059
Housing Commission	--	--	--	1,222,342	--	1,222,342
Total Expenses	1,204,948	13,571,162	1,573,059	1,222,342	2,894	17,574,405
Program Revenues						
Charges for services	10,155	1,548,440	1,251,259	136,020	--	2,945,874
Operating grants and contributions	143,871	9,536,711	219,678	1,001,458	--	10,901,718
Capital grants and contributions	4,286	3,668,843	127,194	--	--	3,800,323
Total Program Revenues	158,312	14,753,994	1,598,131	1,137,478	--	17,647,915
Net Program Revenues (Expenses)	(1,046,636)	1,182,832	25,072	(84,864)	(2,894)	73,510
General Revenue						
State and Local Surcharges	1,725,681	--	--	--	--	1,725,681
Property Taxes	--	--	--	--	\$ 2,894	2,894
Interest Income	4,957	30,034	6,177	--	--	41,168
Other Revenue	--	--	--	5,982	--	5,982
Gain (Loss) on Disposal of Capital Assets	--	92,407	--	--	--	92,407
Gain from Cancellation of Long-term Advance	--	--	140,086	--	--	140,086
Total General Revenues	1,730,638	122,441	146,263	5,982	2,894	2,008,218
Change in Net Position	684,002	1,305,273	171,335	(78,882)	--	2,081,728
<i>Net Position at Beginning of Period (Restated, Note 15)</i>	<i>(1,719,172)</i>	<i>37,872,786</i>	<i>11,472,227</i>	<i>651,736</i>	<i>--</i>	<i>48,277,577</i>
Net Position at End of Period	\$ (1,035,170)	\$ 39,178,059	\$ 11,643,562	\$ 572,854	\$ --	\$ 50,359,305

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

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

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.

Montcalm County Brownfield Redevelopment Authority - Brownfield Redevelopment Authority (the Authority) was created by the County under the provisions of State of Michigan Public Act 381 of 1996, as amended. The purpose of the Authority is to promote the revitalization of environmentally distressed areas and/or functionally obsolete properties within the boundaries of the County. The Authority Board members are from the general public. The Authority is a

Montcalm County

Notes to the Financial Statements

legally separate entity. Separate financial statements for the Authority are not prepared and are not available.

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 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, 2020, the County contributed \$427,904 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

Montcalm County

Notes to the Financial Statements

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

Governmental 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.

Montcalm County

Notes to the Financial Statements

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 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

Montcalm County

Notes to the Financial Statements

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 County's control.

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.

Montcalm County

Notes to the Financial Statements

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.

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.

Montcalm County

Notes to the Financial Statements

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.

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.

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

	Years
Land Improvements	10
Buildings and Additions	10 - 25
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 contributions subsequent to the measurement period and changes 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

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.

Montcalm County

Notes to the Financial Statements

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners is authorized to assign fund balance. The Board of Commissioners may also assign

Montcalm County

Notes to the Financial Statements

fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Commissioners. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is used only to report a deficit.

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 Municipal Employees Retirement System ("MERS") of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Subsequent Events

Subsequent events have been evaluated through April 22, 2021. The County will be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic

Montcalm County

Notes to the Financial Statements

by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders.

The extent of the impact of COVID-19 on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is highly uncertain.

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, 2020, the County had no expenditures in excess of the amounts appropriated.

Montcalm County

Notes to the Financial Statements

Note 3 - Deposits and Investments

Following is a reconciliation of deposit and investment balances:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and Investments	\$ 23,963,761	\$ 6,645,010	\$ 30,608,771
Restricted Cash	-	98,175	98,175
Statement of Fiduciary Assets and Liabilities			
Cash and Investments	<u>7,742,931</u>	-	<u>7,742,931</u>
Total Deposits and Investments	<u>31,706,692</u>	<u>6,743,185</u>	<u>38,449,877</u>
Less Component Units Separately Audited			
Central Dispatch Authority	-	(694,076)	(694,076)
Road Commission	-	(2,417,575)	(2,417,575)
Housing Commission (12/31/19)	<u>-</u>	<u>(243,318)</u>	<u>(243,318)</u>
Deposits and Investments Managed by the County Treasurer			
	<u>\$ 31,706,692</u>	<u>\$ 3,388,216</u>	<u>\$ 35,094,908</u>
Deposits and Investments			
Checking and Savings Accounts			\$ 22,487,852
Pooled Investments			12,604,631
Cash on Hand			2,425
Total Deposits and Investments			<u>\$ 35,094,908</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, \$24,933,962 of the County's bank balance of \$24,540,864 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. The County's entire investment balance of \$12,604,631 was invested in money market funds.

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

Montcalm County

Notes to the Financial Statements

30, 2020, 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 Poor's), where applicable, are summarized as follows: AAAm for the entire investment balance of \$12,604,631.

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.

Maturity dates for investments held at year-end are summarized as follows: no maturity for the entire investment balance of \$12,604,631.

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.

Montcalm County

Notes to the Financial Statements

The County has the following recurring fair value measurements as of September 30, 2020:

- Michigan Cooperative Liquid Assets Securities System, with a balance of \$12,604,631, which invests primarily in Level 2 investments.

Restricted Cash - Repair, Replacement, and Improvement Fund

The Sidney Township Sewage Disposal Bonds, Series 2010, carry a requirement to maintain a Repair, Replacement, and Improvement Fund within the Drains Commission, a discretely presented component unit of the County. The amount of \$8,500 shall be deposited annually. Moneys deposited in the fund may be withdrawn to pay the cost of emergency maintenance of the original project, extensions to the original project facilities, and replacement of the original project assets having useful lives ending prior to the final maturity of the bonds. As of September 30, 2020, the total amount within the Repair, Replacement, and Improvement Fund was \$85,000.

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2020 for governmental and business-type activities were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 76,658	\$ -	\$ -	\$ 76,658
Construction in Progress	136,270	-	(136,270)	-
	<u>212,928</u>	<u>-</u>	<u>(136,270)</u>	<u>76,658</u>
Capital Assets, being Depreciated				
Land Improvements	40,035	-	-	40,035
Buildings and Additions	22,714,758	265,157	-	22,979,915
Equipment and Furniture	1,275,147	26,297	(181,426)	1,120,018
Vehicles	826,533	16,966	(26,373)	817,126
	<u>24,856,473</u>	<u>308,420</u>	<u>(207,799)</u>	<u>24,957,094</u>
Less Accumulated Depreciation For:				
Land Improvements	5,951	3,437	-	9,388
Buildings and Additions	17,823,117	660,296	-	18,483,413
Equipment and Furniture	949,759	83,222	(179,417)	853,564
Vehicles	748,935	34,796	(20,403)	763,328
	<u>19,527,762</u>	<u>781,751</u>	<u>(199,820)</u>	<u>20,109,693</u>
Total Capital Assets being Depreciated, Net	<u>5,328,711</u>	<u>(473,331)</u>	<u>(7,979)</u>	<u>4,847,401</u>
Governmental Activities				
Capital Assets, Net	\$ 5,541,639	\$ (473,331)	\$ (144,249)	\$ 4,924,059

Montcalm County

Notes to the Financial Statements

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, not being Depreciated				
Construction in Progress	\$ 66,539	\$ -	\$ (66,539)	\$ -
Capital Assets, being Depreciated				
Buildings and Additions	443,908	-	-	443,908
Equipment and Furniture	980,784	242,335	(3,560)	1,219,559
Vehicles	2,211,037	534,967	(356,991)	2,389,013
	<u>3,635,729</u>	<u>777,302</u>	<u>(360,551)</u>	<u>4,052,480</u>
Less Accumulated Depreciation For:				
Buildings and Additions	318,260	22,652	-	340,912
Equipment and Furniture	676,909	83,344	(3,576)	756,677
Vehicles	1,388,877	309,065	(356,991)	1,340,951
	<u>2,384,046</u>	<u>415,061</u>	<u>(360,567)</u>	<u>2,438,540</u>
Total Capital Assets being Depreciated, Net	<u>1,251,683</u>	<u>362,241</u>	<u>16</u>	<u>1,613,940</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 1,318,222</u>	<u>\$ 362,241</u>	<u>\$ (66,523)</u>	<u>\$ 1,613,940</u>

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

Depreciation of Governmental Activities By Function

General Government	\$ 360,863
Public Safety	372,476
Health and Welfare	33,487
Recreation and Culture	4,727
Fuel Station Internal Service Fund	<u>10,198</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 781,751</u>
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Depreciation of Business-type Activities By Function

Ambulance	\$ 406,848
Building Official	<u>8,213</u>

Total Depreciation Expense - Business-type Activities	<u>\$ 415,061</u>
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Montcalm County

Notes to the Financial Statements

Capital asset activity for the drain commission (a discretely presented component unit) for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Drain Commission				
Capital Assets, not being Depreciated				
Land	\$ 75,650	\$ -	\$ -	\$ 75,650
Capital Assets, being Depreciated				
Drain Infrastructure	13,617,107	-	-	13,617,107
Vehicles	-	41,381	-	41,381
	<u>13,617,107</u>	<u>41,381</u>	<u>-</u>	<u>13,658,488</u>
Less Accumulated Depreciation For:				
Drain Infrastructure	3,809,336	317,868	-	4,127,204
Vehicles	-	1,269	-	1,269
	<u>3,809,336</u>	<u>319,137</u>	<u>-</u>	<u>4,128,473</u>
Total Capital Assets being Depreciated, Net	<u>9,807,771</u>	<u>(277,756)</u>	<u>-</u>	<u>9,530,015</u>
Drain Commission				
Capital Assets, Net	<u>\$ 9,883,421</u>	<u>\$ (277,756)</u>	<u>\$ -</u>	<u>\$ 9,605,665</u>

Note 5 - Interfund Transfers

For the year ended September 30, 2020, interfund transfers consisted of the following:

	Transfer In	Transfer Out
General	\$ 19,687	\$ 619,443
Nonmajor Governmental Funds	595,786	58,458
Delinquent Tax Revolving	6,090	-
Inmate Commissary	-	1,405
PRE Audit	-	6,090
Office Equipment	53,833	-
OPEB	10,000	-
	<u>\$ 685,396</u>	<u>\$ 685,396</u>

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

Montcalm County

Notes to the Financial Statements

Note 6 - Long-term Debt

Long-term debt activity for the year ended September 30, 2020 for governmental activities, business-type activities, and the drain commission (discretely presented component unit) was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
General Obligation Bonds	\$ 5,040,000	\$ -	\$ (795,000)	\$ 4,245,000	\$ 805,000
2017 Purchase Agreement	7,580	-	(7,580)	-	-
Total Installment Debt	<u>5,047,580</u>	<u>-</u>	<u>(802,580)</u>	<u>4,245,000</u>	<u>805,000</u>
Compensated Absences	446,182	515,016	(446,182)	515,016	455,106
	<u>\$ 5,493,762</u>	<u>\$ 515,016</u>	<u>\$ (1,248,762)</u>	<u>\$ 4,760,016</u>	<u>\$ 1,260,106</u>
 Business-type Activities					
2019 GOLT Note	\$ 1,235,000	\$ -	\$ (1,235,000)	\$ -	\$ -
2020 GOLT Note	-	2,000,000	(1,410,000)	590,000	590,000
Total Installment Debt	<u>1,235,000</u>	<u>2,000,000</u>	<u>(2,645,000)</u>	<u>590,000</u>	<u>590,000</u>
Compensated Absences	38,696	51,301	(38,696)	51,301	39,470
	<u>\$ 1,273,696</u>	<u>\$ 2,051,301</u>	<u>\$ (2,683,696)</u>	<u>\$ 641,301</u>	<u>\$ 629,470</u>
 Drain Commission Component Unit					
General Obligation Bonds	\$ 4,364,253	\$ -	\$ (372,457)	\$ 3,991,796	\$ 209,856

Montcalm County

Notes to the Financial Statements

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 \$ 4,245,000

Business-type Activities

\$2,000,000 2020 General Obligation Limited Tax Notes, payable in full, with variable interest starting from 1.50% annually through May 1, 2022. \$ 590,000

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 \$ 330,000

\$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 152,354

\$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 37,142

\$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 775,300

\$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 92,500

\$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 2,604,500

Total \$ 3,991,796

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

Year Ending September 30,	Governmental Activities			Drain Commission Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 805,000	\$ 99,255	\$ 904,255	\$ 209,856	\$ 151,215	\$ 361,071
2022	830,000	83,115	913,115	213,156	143,392	356,548
2023	850,000	65,310	915,310	198,685	135,357	334,042
2024	870,000	45,335	915,335	151,400	127,666	279,066
2025	890,000	23,585	913,585	155,400	121,755	277,155
2026-2030	-	-	-	865,300	511,591	1,376,891
2031-2035	-	-	-	768,100	326,670	1,094,770
2036-2040	-	-	-	527,000	189,189	716,189
2041-2045	-	-	-	459,000	110,506	569,506
2046-2050	-	-	-	443,899	41,040	484,939
	<u>\$ 4,245,000</u>	<u>\$ 316,600</u>	<u>\$ 4,561,600</u>	<u>\$ 3,991,796</u>	<u>\$ 1,858,381</u>	<u>\$ 5,850,177</u>

Montcalm County

Notes to the Financial Statements

The \$590,000 General Obligation Limited Tax Notes within the Business-type Activities are due within one year.

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:

	General Fund	Nonmajor Governmental Funds	Totals
Nonspendable			
Prepaid Expenditures	\$ 84,272	\$ 5,236	\$ 89,508
Corpus of Permanent Fund	-	62,883	62,883
	<u>84,272</u>	<u>68,119</u>	<u>152,391</u>
Restricted			
Register of Deeds Automation	-	171,482	171,482
Law Enforcement	-	200,429	200,429
Libraries	-	153,706	153,706
Housing Rehabilitation Programs	-	37,826	37,826
Soldiers, Sailors, and Veterans Assistance	-	22,422	22,422
Animal Shelter	-	17,565	17,565
Capital Improvements (Unexpended Bond Proceeds)	-	54,240	54,240
Other Purposes	-	818,510	818,510
	<u>-</u>	<u>1,476,180</u>	<u>1,476,180</u>
Committed			
Parks	15,599	136,621	152,220
Child Care	198,687	-	198,687
Solid Waste Planning	-	369,692	369,692
Capital Improvements	-	80,490	80,490
	<u>214,286</u>	<u>586,803</u>	<u>801,089</u>
Assigned			
Capital Improvements	2,500,000	-	2,500,000
Unassigned			
	<u>10,346,368</u>	<u>-</u>	<u>10,346,368</u>
Total Fund Balance - Governmental Funds	<u>\$ 13,144,926</u>	<u>\$ 2,131,102</u>	<u>\$ 15,276,028</u>

Montcalm County

Notes to the Financial Statements

Note 9 - Net Position

Restricted Net Position

The composition of the County's restricted net position as of September 30, 2020 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Restricted			
Register of Deeds Automation	\$ 171,482	\$ -	\$ -
Nonexpendable Cemetery	62,883	-	-
Law Enforcement	200,429	-	50,457
Libraries	153,706	-	-
Housing Rehabilitation Programs	37,826	-	-
Housing Assistance Payments	-	-	13,175
Soldiers, Sailors, and Veterans Assistance	22,422	-	-
Repair, Replacement, and Improvement	-	-	85,000
Drain Maintenance and Construction	-	-	3,290,072
Other Purposes	<u>893,940</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 1,542,688</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,438,704</u></u>

Net Investment in Capital Assets

The composition of the County's net investment in capital assets as of September 30, 2020 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital Assets:			
Capital Assets not being Depreciated	\$ 76,658	\$ -	\$ 5,416,562
Capital Assets being Depreciated, Net	<u>4,847,401</u>	<u>1,613,940</u>	<u>51,449,468</u>
Total Capital Assets	<u><u>4,924,059</u></u>	<u><u>1,613,940</u></u>	<u><u>56,866,030</u></u>
Related Debt:			
Bonds and Notes Payable	(4,245,000)	-	(6,542,566)
Deferred Charge on Bond Refunding	161,114	-	-
Unexpended Bond Proceeds	54,240	-	-
Total Related Debt	<u>(4,029,646)</u>	<u>-</u>	<u>(6,542,566)</u>
Net Investment in Capital Assets	<u><u>\$ 894,413</u></u>	<u><u>\$ 1,613,940</u></u>	<u><u>\$ 50,323,464</u></u>

Montcalm County

Notes to the Financial Statements

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 employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. 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 divisions.

Normal retirement age is 60 with 5 to 10 years of service (depending on division) or early (unreduced retirement) at 55 with 25 years of service for Officers/Sherriff. A reduced benefit is available age 50 with 25 years of service or age 55 with 15 years of service.

Employees Covered by Benefit Terms. At the December 31, 2019 valuation date, plan membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits	104
Inactive Employees Entitled to but Not Yet Receiving Benefits	22
Active Employees	66
Total Membership	192

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 September 30, 2020 ranged from 10.66% to 20.06% of billable wages for the FOP, POAM, and COAM divisions and a flat monthly amount of \$26,066 for the closed divisions. Employees are required to contribute to the Plan at rates ranging from 3.50% to 11.20% depending on bargaining unit and hire date.

Montcalm County

Notes to the Financial Statements

Net Pension Liability. The County's net pension liability was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.35%

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

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

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

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

Asset Class	Target Allocation	Target Allocation	Long-term Expected	Long-term Expected
		Gross Rate of Return	Gross Rate of Return	Real Rate of Return
Global Equity	60.00%	7.75%	4.65%	2.50%
Global Fixed Income	20.00%	3.75%	0.75%	2.50%
Private Investments	20.00%	9.75%	1.95%	2.50%
	<u>100.00%</u>		<u>7.35%</u>	<u>4.85%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.6%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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.

Montcalm County

Notes to the Financial Statements

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. The discount rate used to measure the total pension liability in the prior year was 8.00%.

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

Changes in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2018	\$ 28,996,486	\$ 21,747,038	\$ 7,249,448
Service Cost	489,168	-	489,168
Interest	2,266,704	-	2,266,704
Changes in Benefits	65,640	-	65,640
Differences Between Expected and Actual Experience	302,516	-	302,516
Changes in Actuarial Assumptions	880,140	-	880,140
Employer Contributions	-	1,079,709	(1,079,709)
Employee Contributions	-	273,177	(273,177)
Net Investment Income	-	2,920,508	(2,920,508)
Benefit Payments, Including Refunds	(1,814,525)	(1,814,525)	-
Administrative Expense	-	(50,286)	50,286
<i>Net Changes</i>	<i>2,189,643</i>	<i>2,408,583</i>	<i>(218,940)</i>
Balances at December 31, 2019	\$ 31,186,129	\$ 24,155,621	\$ 7,030,508
Allocated to:			
		Governmental Activities	\$ 6,186,847
		Business-type Activities	843,661
			\$ 7,030,508

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 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.60%)	(7.60%)	(8.60%)
County's Net Pension Liability	<u>\$ 10,292,470</u>	<u>\$ 7,030,508</u>	<u>\$ 4,310,403</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Montcalm County

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the plan year ended December 31, 2019, the County recognized a reduction of pension expense of \$1,473,680.

At September 30, 2020 the County reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 385,844	\$ -
Changes in Assumptions	660,105	3,147,511
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	302,339	-
Contributions Subsequent to Measurement Date*	457,407	-
Total Deferred Outflows/Inflows of Resources	\$ 1,805,695	\$ 3,147,511
Allocated to:		
Governmental Activities	\$ 1,589,012	\$ 2,769,810
Business-type Activities	216,683	377,701
	\$ 1,805,695	\$ 3,147,511

*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, 2021.

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

Year Ended September 30,	Amount
2021	\$ (2,630,902)
2022	475,617
2023	596,305
2024	(240,243)

Significant Changes to the Pension Valuation

At the February 28, 2019 board meeting, the MERS Retirement Board adjusted key economic assumptions. These assumptions, in particular the investment return assumption, have a significant effect on a plan's required contribution and funding level. Historically low interest rates, along with high equity market valuations, have led to reductions in projected returns for most asset classes. This has resulted in a Board adopted reduction in the investment rate of return assumption from 7.75% to 7.35%, effective with the December 31, 2019 valuation, first impacting 2021 contributions. The Board also changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

Montcalm County

Notes to the Financial Statements

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%-4.0%. County contributions for the fiscal year ended September 30, 2020 were \$319,782 while member contributions were \$179,977.

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, 2020):

Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Inactive Employees Entitled to but Not Yet Receiving Benefits	7
Active Employees	40
Total Membership	51

Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020 and a measurement date of September 30, 2020 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Implicit in expected payroll increases
Salary Increases	1.25%
Investment Rate of Return	N/A; plan is not prefunded
20-year Aa Municipal bond rate	2.14%
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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.14%. 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. 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. The discount used to develop the beginning of year liability was 3.58% - the bond rate in effect at that time.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at September 30, 2019	\$ 1,316,781	\$ -	\$ 1,316,781
Service Cost	49,890	-	49,890
Interest	48,755	-	48,755
Differences Between Expected and Actual Experience	(304,598)	-	(304,598)
Changes in Actuarial Assumptions	289,524	-	289,524
Employer Contributions	-	9,600	(9,600)
Benefit Payments, Including Refunds	(9,600)	(9,600)	-
<i>Net Changes</i>	<i>73,971</i>	<i>-</i>	<i>73,971</i>
Balance at September 30, 2020	\$ 1,390,752	\$ -	\$ 1,390,752

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 2.14%, 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		
	1% Decrease	Discount Rate	1% Increase
	(1.14%)	(2.14%)	(3.14%)
County's Net OPEB Liability	\$ 1,595,974	\$ 1,390,752	\$ 1,207,187

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 8.50%, 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
County's Net OPEB Liability	\$ 968,831	\$ 1,390,752	\$ 1,886,330

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$72,011. At September 30, 2020, 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
Differences Between Expected and Actual Experience	\$ -	\$ 484,245
Changes in Assumptions	333,033	48,962
Total Deferred Outflows/Inflows of Resources	\$ 333,033	\$ 533,207

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

Year Ended	
September 30,	Amount
2021	\$ (26,639)
2022	(26,639)
2023	(26,639)
2024	(26,639)
Thereafter	(93,618)

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

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

Note 14 - Tax Abatements

The County received reduced property tax revenues during the year 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 \$66,926 in reduced County tax revenues for 2020.

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 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 \$204,666 in reduced County tax revenues for 2020.

Note 15 - Prior Period Restatement

During the current fiscal year, the newly elected Drain Commissioner and his staff reconciled special assessment receivables and determined that the prior year balance was overstated by \$55,434. The resulting correction decreased special assessment receivables and overall net position by the same amount.

In addition, the reconciliation of past years financial statements by the Drain Commissioner, his staff, and an outside consultant determined that the fund balance and net position of several governmental funds and enterprise funds were to be restated. These restatements resulted in a net change of \$0 for the net position of the Drain Commission as a whole.

Montcalm County

Notes to the Financial Statements

The resulting correct to special assessments receivable and net position for the Drain Commission is shown below:

	Drain Commission	Component Units
Net Position at September 30, 2019, as reported	\$ 11,527,661	\$ 48,333,011
Adjustment of Special Assessment Receivables	(55,434)	(55,434)
Net Position at September 30, 2019, as restated	<u>\$ 11,472,227</u>	<u>\$ 48,277,577</u>

Note 16 - Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and will clarify whether and how business-type activities should report their fiduciary activities. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022 fiscal year.

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, 2020

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 7,925,500	\$ 8,040,500	\$ 8,597,152	\$ 556,652
Licenses and Permits	118,400	118,400	122,558	4,158
Intergovernmental	2,663,259	2,663,259	3,621,387	958,128
Charges for Services	3,037,193	3,037,193	3,124,487	87,294
Fines and Forfeitures	20,000	20,000	27,511	7,511
Interest and Rents	20,000	20,000	49,478	29,478
Other Revenue	160,300	160,300	251,043	90,743
Total Revenues	13,944,652	14,059,652	15,793,616	1,733,964
Other Financing Sources				
Proceeds from Sale of Capital Assets	3,000	3,000	1,010	(1,990)
Transfers In	21,406	21,406	19,687	(1,719)
Total Revenues and Other Financing Sources	13,969,058	14,084,058	15,814,313	1,730,255
Expenditures				
General Government				
Board of Commissioners	103,451	148,451	145,041	3,410
Circuit Court	239,350	239,350	187,692	51,658
District Court	714,908	714,908	699,894	15,014
Probate/Juvenile Court	778,506	778,506	773,261	5,245
Witness Cost	13,000	5,000	1,203	3,797
Controller	446,108	361,108	355,278	5,830
Clerk	299,727	314,727	310,325	4,402
Audit	35,000	26,500	26,050	450
Information Systems	183,509	158,509	144,938	13,571
Central Services and Purchasing	20,000	20,000	15,834	4,166
Survey/Remonumentation	45,000	80,000	74,801	5,199
Treasurer	328,246	328,246	319,403	8,843
Equalization	239,350	239,350	235,656	3,694
Elections	103,600	103,600	41,204	62,396
Buildings and Grounds	824,088	824,088	781,237	42,851
Prosecuting Attorney	637,571	687,571	671,981	15,590
Building Rent	909,065	909,065	909,065	--
Other	277,000	252,000	142,473	109,527
Total General Government	6,197,479	6,190,979	5,835,336	355,643

Continued on next page...

Montcalm County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund - Continued
For the Year Ended September 30, 2020

	Budgeted Amounts			Actual	Variance Positive (Negative)		
	Original	Final	Final to Actual				
Expenditures							
Public Safety							
Sheriff	\$ 1,446,844	\$ 1,371,844	\$ 1,310,540	\$ 61,304			
Contracted Police Service	679,830	724,830	716,180	8,650			
Justice Training	3,000	3,000	2,313	687			
Marine Safety	39,761	39,761	31,838	7,923			
Jail	2,446,153	2,556,153	2,498,010	58,143			
Community Corrections	97,822	97,822	75,625	22,197			
Animal Control	55,408	65,408	66,125	(717)			
Traffic and Safety Program	86,600	86,600	83,273	3,327			
<i>Total Public Safety</i>	<i>4,855,418</i>	<i>4,945,418</i>	<i>4,783,904</i>	<i>161,514</i>			
Public Works							
Drains at Large	115,000	85,000	84,510	490			
Drain Commissioners	172,534	220,534	215,044	5,490			
<i>Total Public Works</i>	<i>287,534</i>	<i>305,534</i>	<i>299,554</i>	<i>5,980</i>			
Health and Welfare							
Contagious Disease	1,000	1,000	--	1,000			
Substance Abuse Commission	100,762	100,762	85,664	15,098			
Medical Examiner	199,124	199,124	180,678	18,446			
Veterans Burials	6,000	6,000	5,700	300			
District Health	427,904	427,904	427,904	--			
Health Services	20,500	20,500	5,969	14,531			
Mental Health	188,053	188,053	188,053	--			
Child Care	728,500	728,500	546,584	181,916			
<i>Total Health and Welfare</i>	<i>1,671,843</i>	<i>1,671,843</i>	<i>1,440,552</i>	<i>231,291</i>			
Community and Economic Development							
Register of Deeds	223,571	223,571	219,203	4,368			
West Michigan Regional Planning	4,500	4,500	4,117	383			
Planning Commission	1,650	1,650	450	1,200			
Economic Development	10,000	10,000	10,000	--			
<i>Total Community and Economic Development</i>	<i>239,721</i>	<i>239,721</i>	<i>233,770</i>	<i>5,951</i>			
Recreation and Culture							
Parks	12,560	12,560	9,687	2,873			
<i>Total Expenditures</i>	<i>13,264,555</i>	<i>13,366,055</i>	<i>12,602,803</i>	<i>763,252</i>			
Other Financing Uses							
Transfers Out	630,180	643,680	619,443	24,237			
<i>Total Expenditures and Other Financing Uses</i>	<i>13,894,735</i>	<i>14,009,735</i>	<i>13,222,246</i>	<i>787,489</i>			
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses							
<i>Net Change in Fund Balance</i>	<i>74,323</i>	<i>74,323</i>	<i>2,592,067</i>	<i>2,517,744</i>			
<i>Fund Balance at Beginning of Period</i>	<i>10,552,859</i>	<i>10,552,859</i>	<i>10,552,859</i>	<i>--</i>			
<i>Fund Balance at End of Period</i>	<i>\$ 10,627,182</i>	<i>\$ 10,627,182</i>	<i>\$ 13,144,926</i>	<i>\$ 2,517,744</i>			

Concluded.

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

	2019	2018	2017*	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 489,168	\$ 505,165	\$ 510,243	\$ 1,285,924	\$ 1,006,943	\$ 1,006,943
Interest	2,266,704	2,162,802	3,005,024	1,753,666	1,900,616	1,779,050
Changes in Benefits	65,640	-	-	-	-	-
Differences Between Expected and Actual Experience	302,516	317,913	-	-	(530,426)	-
Changes of Assumptions	880,140	-	(12,590,050)	(3,675,223)	6,232,817	-
Benefit Payments, including Refunds of Employee Contributions	(1,814,525)	(1,543,633)	(1,357,304)	(1,590,719)	(1,508,500)	(1,365,511)
Net Change in Total Pension Liability	2,189,643	1,442,247	(10,432,087)	(2,226,352)	7,101,450	1,420,482
Total Pension Liability, Beginning of Year	<u>28,996,486</u>	<u>27,554,239</u>	<u>37,986,326</u>	<u>43,682,403</u>	<u>36,580,953</u>	<u>35,160,471</u>
Total Pension Liability, End of Year	<u>31,186,129</u>	<u>28,996,486</u>	<u>27,554,239</u>	<u>41,456,051</u>	<u>43,682,403</u>	<u>36,580,953</u>
Plan Fiduciary Net Position						
Employer Contributions	1,079,709	746,121	485,179	851,050	513,450	536,125
Employee Contributions	273,177	580,032	13,936	350,774	377,299	400,487
Net Investment Income (Loss)	2,920,508	(893,309)	2,646,653	1,640,751	(5,877)	1,078,217
Benefit Payments, including Refunds of Employee Contributions	(1,814,525)	(1,543,633)	(1,357,304)	(1,590,719)	(1,508,500)	(1,368,958)
Administrative Expenses	(50,286)	(44,206)	(41,205)	(109,915)	(21,590)	(7,524)
Other Changes/Net Transfers	-	132,238	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,408,583	(1,022,757)	1,747,259	1,141,941	(645,218)	638,347
Plan Fiduciary Net Position - Beginning	<u>21,747,038</u>	<u>22,769,795</u>	<u>21,022,536</u>	<u>21,664,366</u>	<u>22,309,584</u>	<u>21,671,237</u>
Plan Fiduciary Net Position - Ending	<u>24,155,621</u>	<u>21,747,038</u>	<u>22,769,795</u>	<u>22,806,307</u>	<u>21,664,366</u>	<u>22,309,584</u>
Net Pension Liability	<u>\$ 7,030,508</u>	<u>\$ 7,249,448</u>	<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	77.46%	75.00%	82.64%	55.01%	49.60%	60.99%
Covered Payroll	\$ 3,424,219	\$ 3,621,321	\$ 3,690,642	N/A	\$ 5,031,428	\$ 5,344,449
Net Pension Liability as a Percentage of Covered Payroll	205.32%	200.19%	129.64%	N/A	437.61%	267.03%

*As of the December 31, 2017 valuation, the County switched plans resulting in significant change of assumptions as well as omitted the Central Dispatch Authority from net pension liability and related deferred items calculations.

Montcalm County
Required Supplementary Information
Schedule of Contributions - Pension
Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 609,710	\$ 683,104	\$ 499,115	\$ 826,402	\$ 704,880	\$ 699,970
Contributions in Relation to the Actuarially Determined Contribution	609,710	683,104	499,115	536,125	-	520,257
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ 290,277	\$ 704,880	\$ 179,713
Covered Payroll	\$ 3,329,856	\$ 3,563,091	\$ 3,690,642	N/A	\$ 5,031,428	\$ 5,202,565
Contributions as a Percentage of Covered Payroll	18.31%	19.17%	13.52%	N/A	0.00%	10.00%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 9 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 Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	22 years
Asset Valuation Method	5-year smoothed market; 20% corridor
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.35%
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 Table

Changes in Assumptions in 2019 Plan Valuation (impacting the County's September 30, 2020 fiscal year reporting)

Reduction in discount rate from 8.00% to 7.60%

Reduction in the investment rate of return assumption from 7.75% to 7.35%, net of administrative expense

Reduction in the rate of wage inflation from 3.75% to 3.00%

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

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 49,890	\$ 56,758	\$ 52,399
Interest	48,755	41,793	43,194
Differences Between Expected and Actual Experience	(304,598)	(50,243)	(233,733)
Changes in Assumptions	289,524	(62,675)	96,674
Benefit Payments, Including Refunds	(9,600)	(10,480)	(8,660)
Net Change in total OPEB Liability	73,971	(24,847)	(50,126)
Total OPEB Liability - Beginning	1,316,781	1,341,628	1,391,754
Total OPEB Liability - Ending (a)	\$ 1,390,752	\$ 1,316,781	\$ 1,341,628
 Plan Fiduciary Net Position			
Employer Contributions	\$ 9,600	\$ 10,480	\$ 8,660
Benefit Payments, Including Refunds	(9,600)	(10,480)	(8,660)
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -
 Net OPEB Liability - Ending (a) - (b)	\$ 1,390,752	\$ 1,316,781	\$ 1,341,628
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%
 Covered Payroll	\$ 3,291,099	\$ 2,648,267	\$ 2,531,289
 Net OPEB Liability as a Percentage of Covered Payroll	42.26%	49.72%	53.00%

** Built prospectively upon implementation of GASB 75*

Montcalm County
Required Supplementary Information
Schedule of Contributions - OPEB
Last Three Fiscal Years

	2020	2019	2018
Actuarially Determined Contribution	\$ 176,147	\$ 160,094	\$ 161,065
Contributions in Relation to the Actuarially Determined Contribution	9,600	10,480	8,660
Contribution Deficiency (Excess)	<u>\$ 166,547</u>	<u>\$ 149,614</u>	<u>\$ 152,405</u>
 Covered Payroll	 \$ 3,291,099	 \$ 2,648,267	 \$ 2,531,289
 Contributions as a Percentage of Covered Payroll	 0.29%	 0.40%	 0.34%

Notes

Valuation Date: September 30, 2020

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Projected Unit Credit (level dollar)
Amortization Method	Average Future Service
Remaining Amortization Period	11 years
Asset Valuation Method	Equal to market value of assets
Inflation	Implicit in expected payroll increases
Salary Increases	1.25%
Investment Rate of Return	N/A; plan is not prefunded
Retirement Age	Varies depending on plan adoption
Mortality	RPH-2014 adjusted to 2006 Total Data Set with MP-2018 mortality improvement

** Built prospectively upon implementation of GASB 75*

OTHER SUPPLEMENTARY INFORMATION

Montcalm County
General Fund Combining Balance Sheet
All Funds Treated as General
September 30, 2020

	General	Parks	Child Care	Total General Funds
ASSETS				
Cash and Investments	\$ 10,501,733	\$ 16,618	\$ 234,704	\$ 10,753,055
Receivables, Net	103,025	--	--	103,025
Taxes Receivable	2,274,352	--	--	2,274,352
Due from Other Governments	481,697	--	29,341	511,038
Prepaids	84,272	--	--	84,272
Total Assets	\$ 13,445,079	\$ 16,618	\$ 264,045	\$ 13,725,742
LIABILITIES				
Accounts Payable	\$ 216,819	\$ 1,019	\$ 65,358	\$ 283,196
Accrued Liabilities	297,620	--	--	297,620
Total Liabilities	514,439	1,019	65,358	580,816
FUND BALANCE				
Nonspendable	84,272	--	--	84,272
Committed	--	15,599	198,687	214,286
Assigned	2,500,000	--	--	2,500,000
Unassigned	10,346,368	--	--	10,346,368
Total Fund Balance	12,930,640	15,599	198,687	13,144,926
Total Liabilities and Fund Balance	\$ 13,445,079	\$ 16,618	\$ 264,045	\$ 13,725,742

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, 2020

	General	Parks	Child Care	Eliminating Entry	Total General Funds
Revenues					
Property Taxes	\$ 8,597,152	\$ --	\$ --	\$ --	\$ 8,597,152
Licenses and Permits	122,558	--	--	--	122,558
Intergovernmental	3,507,132	--	114,255	--	3,621,387
Charges for Services	3,079,462	13,540	31,485	--	3,124,487
Fines and Forfeitures	27,511	--	--	--	27,511
Interest and Rents	48,820	41	617	--	49,478
Other Revenue	251,043	--	--	--	251,043
Total Revenues	15,633,678	13,581	146,357	--	15,793,616
Expenditures					
General Government	5,835,336	--	--	--	5,835,336
Public Safety	4,783,904	--	--	--	4,783,904
Public Works	299,554	--	--	--	299,554
Health and Welfare	893,968	--	546,584	--	1,440,552
Community and Economic Development	233,770	--	--	--	233,770
Recreation and Culture	--	9,687	--	--	9,687
Total Expenditures	12,046,532	9,687	546,584	--	12,602,803
Excess of Revenues Over (Under) Expenditures	3,587,146	3,894	(400,227)	--	3,190,813
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	1,010	--	--	--	1,010
Transfers In	19,687	--	402,000	(402,000)	19,687
Transfers Out	(1,021,443)	--	--	402,000	(619,443)
Net Other Financing Sources (Uses)	(1,000,746)	--	402,000	--	(598,746)
Net Change in Fund Balance	2,586,400	3,894	1,773	--	2,592,067
Fund Balance at Beginning of Period	10,344,240	11,705	196,914	--	10,552,859
Fund Balance at End of Period	\$ 12,930,640	\$ 15,599	\$ 198,687	\$ --	\$ 13,144,926

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

Special Revenue											
	Register of Deeds Automation	Concealed Pistol License	Local Correction Training	Drug Law Enforcement	Law Enforcement	Law Library					
ASSETS											
Cash and Investments	\$ 171,482	\$ 89,637	\$ 25,169	\$ 8,021	\$ 474	\$ 25,639					
Receivables, Net	--	--	--	--	--	--					
Due from Other Governments	--	--	--	--	--	--					
Prepays	--	--	--	--	--	--					
Total Assets	\$ 171,482	\$ 89,637	\$ 25,169	\$ 8,021	\$ 474	\$ 25,639					
LIABILITIES											
Accounts Payable	\$ --	\$ 109	\$ 618	\$ --	\$ --	\$ --					
Accrued Liabilities	--	--	--	--	--	--					
Due to Other Governments	--	--	--	--	--	--					
Total Liabilities	--	109	618	--	--	--					
FUND BALANCE											
Nonspendable	--	--	--	--	--	--					
Restricted	171,482	89,528	24,551	8,021	474	25,639					
Committed	--	--	--	--	--	--					
Unassigned	--	--	--	--	--	--					
Total Fund Balance	171,482	89,528	24,551	8,021	474	25,639					
Total Liabilities and Fund Balance	\$ 171,482	\$ 89,637	\$ 25,169	\$ 8,021	\$ 474	\$ 25,639					

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

Special Revenue												
	County Libraries		Animal Shelter Donation		CDBG Housing		Commission on Aging		Soldiers and Sailors Relief		Veterans' Trust	
ASSETS												
Cash and Investments	\$	166,888	\$	18,008	\$	46,283	\$	335,977	\$	1,541	\$	20,881
Receivables, Net		--		--		--		91,352		--		--
Due from Other Governments		--		--		--		5,379		--		--
Prepays		--		--		--		--		--		--
Total Assets	\$	166,888	\$	18,008	\$	46,283	\$	432,708	\$	1,541	\$	20,881
LIABILITIES												
Accounts Payable	\$	--	\$	443	\$	8,457	\$	33,473	\$	--	\$	--
Accrued Liabilities		--		--		--		27,543		--		--
Due to Other Governments		38,821		--		--		--		--		--
Total Liabilities		38,821		443		8,457		61,016		--		--
FUND BALANCE												
Nonspendable		--		--		--		--		--		--
Restricted		128,067		17,565		37,826		371,692		1,541		20,881
Committed		--		--		--		--		--		--
Unassigned		--		--		--		--		--		--
Total Fund Balance		128,067		17,565		37,826		371,692		1,541		20,881
Total Liabilities and Fund Balance	\$	166,888	\$	18,008	\$	46,283	\$	432,708	\$	1,541	\$	20,881

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

Special Revenue											
	Victim Support	Law Enforcement Trust	Friend of the Court	Solid Waste Planning	Homeland Security Grant	Social Welfare - County					
ASSETS											
Cash and Investments	\$ 5,314	\$ 23,883	\$ 11,957	\$ 316,387	\$ 53,972	\$ 1,016					
Receivables, Net	--	--	--	74,005	--	--					
Due from Other Governments	--	--	172,501	--	--	--					
Prepays	--	--	3,625	--	--	--					
Total Assets	\$ 5,314	\$ 23,883	\$ 188,083	\$ 390,392	\$ 53,972	\$ 1,016					
LIABILITIES											
Accounts Payable	\$ --	\$ --	\$ 5,068	\$ 20,700	\$ --	\$ --					
Accrued Liabilities	--	--	27,355	--	--	--					
Due to Other Governments	--	--	--	--	--	--					
Total Liabilities	--	--	32,423	20,700	--	--					
FUND BALANCE											
Nonspendable	--	--	3,625	--	--	--					
Restricted	5,314	23,883	152,035	--	53,972	1,016					
Committed	--	--	--	369,692	--	--					
Unassigned	--	--	--	--	--	--					
Total Fund Balance	5,314	23,883	155,660	369,692	53,972	1,016					
Total Liabilities and Fund Balance	\$ 5,314	\$ 23,883	\$ 188,083	\$ 390,392	\$ 53,972	\$ 1,016					

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Special Revenue				Debt Service		Capital Projects	
	Montcalm Conservation District	MSU Cooperative Extension	Indigent Defense	Drug Court	Building Authority	Equipment Purchase and Replacement		
ASSETS								
Cash and Investments	\$ 18	\$ 18,558	\$ 84,089	\$ 20,227	\$ 7,288	\$ 7,553		
Receivables, Net	--	--	--	--	--	--		
Due from Other Governments	--	--	72,885	--	--	--		
Prepays	--	--	--	--	--	1,611		
Total Assets	\$ 18	\$ 18,558	\$ 156,974	\$ 20,227	\$ 7,288	\$ 9,164		
LIABILITIES								
Accounts Payable	\$ --	\$ --	\$ 152,165	\$ 1,385	\$ --	\$ --		
Accrued Liabilities	--	--	4,809	--	--	--		
Due to Other Governments	--	--	--	--	--	--		
Total Liabilities	--	--	156,974	1,385	--	--		
FUND BALANCE								
Nonspendable	--	--	--	--	--	1,611		
Restricted	18	18,558	--	18,842	7,288	--		
Committed	--	--	--	--	--	7,553		
Unassigned	--	--	--	--	--	--		
Total Fund Balance	18	18,558	--	18,842	7,288	9,164		
Total Liabilities and Fund Balance	\$ 18	\$ 18,558	\$ 156,974	\$ 20,227	\$ 7,288	\$ 9,164		

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Capital Projects						Permanent		Total Nonmajor Governmental Funds	
	Jail Improvement		General Projects		Park Improvements	Building Authority Improvements	Public Improvement	Cemetery		
ASSETS										
Cash and Investments	\$ 9,789	\$ 249,304	\$ 136,621	\$ 54,240	\$ 63,148	\$ 62,883	\$ 2,036,247			
Receivables, Net	--	--	--	--	--	--	--	--	165,357	
Due from Other Governments	--	--	--	--	--	--	--	--	250,765	
Prepays	--	--	--	--	--	--	--	--	5,236	
Total Assets	\$ 9,789	\$ 249,304	\$ 136,621	\$ 54,240	\$ 63,148	\$ 62,883	\$ 2,036,247		\$ 2,457,605	
LIABILITIES										
Accounts Payable	\$ --	\$ 5,557	\$ --	\$ --	\$ --	\$ --	\$ 227,975			
Accrued Liabilities	--	--	--	--	--	--	--	--	59,707	
Due to Other Governments	--	--	--	--	--	--	--	--	38,821	
Total Liabilities	--	5,557	--	--	--	--	--	--	326,503	
FUND BALANCE										
Nonspendable	--	--	--	--	--	--	62,883		68,119	
Restricted	--	243,747	--	54,240	--	--	--	--	1,476,180	
Committed	9,789	--	136,621	--	63,148	--	--	--	586,803	
Unassigned	--	--	--	--	--	--	--	--	--	
Total Fund Balance	9,789	243,747	136,621	54,240	63,148	62,883	2,131,102			
Total Liabilities and Fund Balance	\$ 9,789	\$ 249,304	\$ 136,621	\$ 54,240	\$ 63,148	\$ 62,883	\$ 2,457,605			

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue					
	Register of Deeds Automation	Concealed Pistol License	Local Correction Training	Drug Law Enforcement	Law Enforcement	Law Library
Revenues						
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	43,078	--	--	--	--
Intergovernmental	--	--	--	--	--	--
Charges for Services	59,455	--	8,510	--	--	--
Fines and Forfeitures	--	--	--	--	--	6,500
Interest and Rents	2,022	213	76	--	2	65
Local Contributions	--	--	--	--	--	--
Total Revenues	61,477	43,291	8,586	--	2	6,565
Expenditures						
General Government	70,589	5,701	--	--	--	1,278
Public Safety	--	--	9,902	--	--	--
Public Works	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--
Community and Economic Development	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--
Total Expenditures	70,589	5,701	9,902	--	--	1,278
Excess of Revenues Over (Under) Expenditures	(9,112)	37,590	(1,316)	--	2	5,287
Other Financing Sources (Uses)						
Transfers In	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	--	--	--	--	--
Net Change in Fund Balance	(9,112)	37,590	(1,316)	--	2	5,287
Fund Balance at Beginning of Period	180,594	51,938	25,867	8,021	472	20,352
Fund Balance at End of Period	\$ 171,482	\$ 89,528	\$ 24,551	\$ 8,021	\$ 474	\$ 25,639

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue					
	County Libraries	Animal Shelter Donation	CDBG Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust
Revenues						
Property Taxes	\$ 945,029	\$ --	\$ --	\$ 854,148	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--
Intergovernmental	--	--	6,800	510,215	--	--
Charges for Services	--	--	180	76,125	--	--
Fines and Forfeitures	--	--	--	--	--	--
Interest and Rents	1,385	51	160	1,154	1	--
Local Contributions	--	13,076	--	15,753	1,540	--
Total Revenues	946,414	13,127	7,140	1,457,395	1,541	--
Expenditures						
General Government	--	--	--	--	--	--
Public Safety	--	--	--	--	--	--
Public Works	--	--	--	--	--	--
Health and Welfare	--	11,221	--	1,317,015	9,430	--
Community and Economic Development	--	--	9,067	--	--	--
Recreation and Culture	947,324	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--
Total Expenditures	947,324	11,221	9,067	1,317,015	9,430	--
Excess of Revenues Over (Under) Expenditures	(910)	1,906	(1,927)	140,380	(7,889)	--
Other Financing Sources (Uses)						
Transfers In	--	--	--	29,347	--	--
Transfers Out	--	--	(18,281)	(7,781)	(29,347)	--
Net Other Financing Sources (Uses)	--	--	(18,281)	21,566	(29,347)	--
Net Change in Fund Balance	(910)	1,906	(20,208)	161,946	(37,236)	--
Fund Balance at Beginning of Period	128,977	15,659	58,034	209,746	38,777	20,881
Fund Balance at End of Period	\$ 128,067	\$ 17,565	\$ 37,826	\$ 371,692	\$ 1,541	\$ 20,881

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue						
	Victim Support	Law Enforcement Trust		Friend of the Court	Solid Waste Planning	Homeland Security Grant	Social Welfare - County
		Enforcement	Trust	Court	Planning	Grant	County
Revenues							
Property Taxes	\$ --	\$ --	\$ --	\$ 5,730	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	641,645	--	--	--
Intergovernmental	--	--	--	131,557	256,100	--	--
Charges for Services	--	--	--	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	--	--
Interest and Rents	14	37	--	--	962	173	--
Local Contributions	3,567	225	--	--	--	--	--
Total Revenues	3,581	262	778,932	257,062	173	--	--
Expenditures							
General Government	--	--	858,954	--	--	--	--
Public Safety	817	--	--	--	--	--	--
Public Works	--	--	--	219,771	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Community and Economic Development	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--
Total Expenditures	817	--	858,954	219,771	--	--	--
Excess of Revenues Over (Under) Expenditures	2,764	262	(80,022)	37,291	173	--	--
Other Financing Sources (Uses)							
Transfers In	--	--	81,237	--	--	--	--
Transfers Out	--	--	(3,049)	--	--	--	--
Net Other Financing Sources (Uses)	--	--	78,188	--	--	--	--
Net Change in Fund Balance	2,764	262	(1,834)	37,291	173	--	--
Fund Balance at Beginning of Period	2,550	23,621	157,494	332,401	53,799	1,016	
Fund Balance at End of Period	\$ 5,314	\$ 23,883	\$ 155,660	\$ 369,692	\$ 53,972	\$ 1,016	

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue				Debt Service		Capital Projects	
	Montcalm Conservation District	MSU Cooperative Extension			Building Authority		Equipment Purchase and Replacement	
			Indigent Defense	Drug Court				
Revenues								
Property Taxes	\$ 126,218	\$ 251,689	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--	--
Intergovernmental	--	--	476,318	--	--	--	--	--
Charges for Services	--	--	--	1,524	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	--	--	--
Interest and Rents	18	--	24	70	909,065		11	
Local Contributions	--	--	13,767	--	--	--	--	--
Total Revenues	126,236	251,689	490,109	1,594	909,065		11	
Expenditures								
General Government	126,218	--	735,306	4,685	--	--	75,265	
Public Safety	--	--	--	--	--	--	6,772	
Public Works	--	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--	--
Community and Economic Development	--	240,927	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	16,966	
Debt Service - Interest	--	--	--	--	114,065		53	
Debt Service - Principal	--	--	--	--	795,000		7,580	
Total Expenditures	126,218	240,927	735,306	4,685	909,065		106,636	
Excess of Revenues Over (Under) Expenditures	18	10,762	(245,197)	(3,091)	--		(106,625)	
Other Financing Sources (Uses)								
Transfers In	--	--	225,180	--	--	--	110,022	
Transfers Out	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	--	225,180	--	--		110,022	
Net Change in Fund Balance	18	10,762	(20,017)	(3,091)	--		3,397	
Fund Balance at Beginning of Period	--	7,796	20,017	21,933	7,288		5,767	
Fund Balance at End of Period	\$ 18	\$ 18,558	\$ --	\$ 18,842	\$ 7,288		\$ 9,164	

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Capital Projects					Permanent		Total Nonmajor Governmental Funds
	Jail Improvement	General Projects	Park Improvements	Building Authority Improvements	Public Improvement	Cemetery		
Revenues								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,177,084
Licenses and Permits	--	--	--	--	--	--	--	48,808
Intergovernmental	--	--	--	--	--	--	--	1,634,978
Charges for Services	--	--	--	--	--	--	--	533,451
Fines and Forfeitures	--	--	--	--	--	--	--	6,500
Interest and Rents	32	698	464	274	3,935	225		921,131
Local Contributions	--	--	--	--	--	--	--	47,928
Total Revenues	32	698	464	274	3,935	225		5,369,880
Expenditures								
General Government	--	28,258	--	--	--	--	--	1,906,254
Public Safety	--	20,575	--	--	--	--	--	38,066
Public Works	--	--	--	--	--	7,825		227,596
Health and Welfare	--	--	--	--	--	--	--	1,337,666
Community and Economic Development	--	--	--	--	--	--	--	249,994
Recreation and Culture	--	--	20,450	--	--	--	--	967,774
Capital Outlay	--	47,759	5,880	--	--	--	--	70,605
Debt Service - Interest	--	--	--	--	--	--	--	114,118
Debt Service - Principal	--	--	--	--	--	--	--	802,580
Total Expenditures	--	96,592	26,330	--	--	7,825		5,714,653
Excess of Revenues Over (Under) Expenditures	32	(95,894)	(25,866)	274	3,935	(7,600)		(344,773)
Other Financing Sources (Uses)								
Transfers In	--	150,000	--	--	--	--	--	595,786
Transfers Out	--	--	--	--	--	--	--	(58,458)
Net Other Financing Sources (Uses)	--	150,000	--	--	--	--		537,328
Net Change in Fund Balance	32	54,106	(25,866)	274	3,935	(7,600)		192,555
<i>Fund Balance at Beginning of Period</i>	<i>9,757</i>	<i>189,641</i>	<i>162,487</i>	<i>53,966</i>	<i>59,213</i>	<i>70,483</i>		<i>1,938,547</i>
Fund Balance at End of Period	\$ 9,789	\$ 243,747	\$ 136,621	\$ 54,240	\$ 63,148	\$ 62,883		\$ 2,131,102

Montcalm County
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2020

	Enterprise			
	Inmate Commissary	Building Official	PRE Audit	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 243,078	\$ 670,513	\$ 31,865	\$ 945,456
Total Current Assets	243,078	670,513	31,865	945,456
<i>Noncurrent Assets</i>				
Capital Assets being Depreciated	--	64,810	--	64,810
Total Assets	243,078	735,323	31,865	1,010,266
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	1,003	962	--	1,965
Accrued Liabilities	--	18,447	--	18,447
Current Portion of Compensated Absences	--	8,021	--	8,021
Total Current Liabilities	1,003	27,430	--	28,433
<i>Noncurrent Liabilities</i>				
Compensated Absences	--	7,624	--	7,624
Total Liabilities	1,003	35,054	--	36,057
NET POSITION				
Net Investment in Capital Assets	--	64,810	--	64,810
<i>Unrestricted</i>	242,075	635,459	31,865	909,399
Total Net Position	\$ 242,075	\$ 700,269	\$ 31,865	\$ 974,209

Montcalm County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2020

Enterprise				
	Inmate Commissary	Building Official	PRE Audit	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$ 70,404	\$ 676,527	\$ --	\$ 746,931
Penalties and Interest on Delinquent Taxes	--	--	6,486	6,486
Total Operating Revenues	70,404	676,527	6,486	753,417
Operating Expenses				
Personnel Services	--	449,289	--	449,289
Purchases of Goods and Services	30,510	62,404	361	93,275
Depreciation	--	8,213	--	8,213
Total Operating Expenses	30,510	519,906	361	550,777
Operating Income				
Non-Operating Revenues				
Interest Income	717	1,820	178	2,715
Net Non-Operating Revenues	717	1,820	178	2,715
Income Before Transfers				
Transfers Out	40,611	158,441	6,303	205,355
	(1,405)	--	(6,090)	(7,495)
Change In Net Position	39,206	158,441	213	197,860
<i>Net Position at Beginning of Period</i>	202,869	541,828	31,652	776,349
Net Position at End of Period	\$ 242,075	\$ 700,269	\$ 31,865	\$ 974,209

Montcalm County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2020

Enterprise				
	Inmate Commissary	Building Official	PRE Audit	Total Enterprise Funds
Cash Flows from Operating Activities				
Cash Received from Customers and Users	\$ 70,404	\$ 676,527	\$ --	\$ 746,931
Cash Payments for Goods and Services	(31,375)	(64,112)	(17,555)	(113,042)
Cash Received to Purchase Delinquent Taxes	--	--	6,486	6,486
Cash Payments to Employees	--	(441,508)	--	(441,508)
<i>Net Cash Provided by (Used in) Operating Activities</i>	39,029	170,907	(11,069)	198,867
Cash Flows from Capital and Related Financing Activities				
Net Disposal of Capital Assets	--	(16)	--	(16)
Purchase of Capital Assets	--	(6,253)	--	(6,253)
<i>Net Cash Used in Capital and Related Financing Activities</i>	--	(6,269)	--	(6,269)
Cash Flows from Noncapital Financing Activities				
Transfers Out	(1,405)	--	(6,090)	(7,495)
<i>Net Cash Used in Noncapital Financing Activities</i>	(1,405)	--	(6,090)	(7,495)
Cash Flows from Investing Activities				
Interest Income	717	1,820	178	2,715
<i>Net Cash Provided by Investing Activities</i>	717	1,820	178	2,715
Net Increase (Decrease) in Cash and Investments				
Cash and Investments - Beginning of Year	38,341	166,458	(16,981)	187,818
Cash and Investments - End of Year	204,737	504,055	48,846	757,638
	\$ 243,078	\$ 670,513	\$ 31,865	\$ 945,456
Reconciliation of Operating Income to				
Net Cash Provided by (Used in) Operating Activities				
Operating Income	39,894	156,621	6,125	202,640
Adjustments to Reconcile Operating Income to				
Net Cash Provided by (Used in) Operating Activities				
Depreciation Expense	--	8,213	--	8,213
Changes in Liabilities				
Accounts Payable	(865)	(6,392)	(17,194)	(24,451)
Accrued Liabilities	--	4,684	--	4,684
Compensated Absences	--	7,781	--	7,781
Net Cash Provided by (Used in) Operating Activities	\$ 39,029	\$ 170,907	\$ (11,069)	\$ 198,867

Montcalm County
Combining Statement of Net Position
Internal Service Funds
September 30, 2020

	Internal Service				Total Internal Service Funds	
	Office Equipment	OPEB	Pension Employee Benefits	Fuel Station		
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 12,190	\$ 189,375	\$ 154,591	\$ 13,474	\$ 369,630	
Inventory	--	--	--	14,955	14,955	
Total Current Assets	12,190	189,375	154,591	28,429	384,585	
<i>Noncurrent Assets</i>						
Capital Assets being Depreciated	--	--	--	227,617	227,617	
Total Assets	12,190	189,375	154,591	256,046	612,202	
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	3,116	444	54,403	--	57,963	
Total Liabilities	3,116	444	54,403	--	57,963	
NET POSITION						
Net Investment in Capital Assets	--	--	--	227,617	227,617	
<i>Unrestricted</i>	9,074	188,931	100,188	28,429	326,622	
Total Net Position	\$ 9,074	\$ 188,931	\$ 100,188	\$ 256,046	\$ 554,239	

Montcalm County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2020

	Internal Service				Total Internal Service Funds	
	Office Equipment	OPEB	Pension			
			Employee Benefits	Fuel Station		
Operating Revenues						
Charges for Services	\$ --	\$ 46,296	\$ --	\$ 252,701	\$ 298,997	
Employer Contributions	--	--	739,400	--	739,400	
Total Operating Revenues	--	46,296	739,400	252,701	1,038,397	
Operating Expenses						
Personnel Services	--	35,754	--	--	35,754	
Purchases of Goods and Services	53,757	--	--	233,446	287,203	
Depreciation	--	--	--	10,198	10,198	
Participant Benefits	--	--	741,840	--	741,840	
Administrative Expense	--	--	--	1,075	1,075	
Total Operating Expenses	53,757	35,754	741,840	244,719	1,076,070	
Operating Income (Loss)	(53,757)	10,542	(2,440)	7,982	(37,673)	
Non-Operating Revenues						
Interest Income	32	581	253	64	930	
Net Non-Operating Revenues	32	581	253	64	930	
Income Before Transfers						
Transfers In	(53,725)	11,123	(2,187)	8,046	(36,743)	
Change In Net Position	53,833	10,000	--	--	63,833	
Net Position at Beginning of Period	108	21,123	(2,187)	8,046	27,090	
Net Position at End of Period	\$ 9,074	\$ 188,931	\$ 100,188	\$ 256,046	\$ 554,239	

Montcalm County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2020

	Internal Service					Total Internal Service Funds
	Office Equipment	OPEB	Pension Employee Benefits	Fuel Station		
Cash Flows from Operating Activities						
Cash Received from Interfund Services	\$ --	\$ 46,296	\$ 739,400	\$ --	\$ 785,696	
Cash Received from Customers	--	--	--	252,701	252,701	
Cash Payments for Goods and Services	(56,854)	--	--	(317,611)	(374,465)	
Cash Payments to Employees	--	(35,310)	(687,437)	--	(722,747)	
Net Cash Provided by (Used in) Operating Activities	(56,854)	10,986	51,963	(64,910)	(58,815)	
Cash Flows from Capital and Related Financing Activities						
Purchase of Capital Assets	--	--	--	(101,545)	(101,545)	
Net Cash Used in Capital and Related Financing Activities	--	--	--	(101,545)	(101,545)	
Cash Flows from Noncapital Financing Activities						
Transfers In	53,833	10,000	--	--	63,833	
Net Cash Provided by Noncapital Financing Activities	53,833	10,000	--	--	63,833	
Cash Flows from Investing Activities						
Interest Income	32	581	253	64	930	
Net Cash Provided by Investing Activities	32	581	253	64	930	
Net Increase (Decrease) in Cash and Investments	(2,989)	21,567	52,216	(166,391)	(95,597)	
Cash and Investments - Beginning of Year	15,179	167,808	102,375	179,865	465,227	
Cash and Investments - End of Year	\$ 12,190	\$ 189,375	\$ 154,591	\$ 13,474	\$ 369,630	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	(53,757)	10,542	(2,440)	7,982	(37,673)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Depreciation Expense	--	--	--	10,198	10,198	
Changes in Assets and Liabilities						
Inventory	--	--	--	(14,955)	(14,955)	
Accounts Payable	(3,097)	444	54,403	(68,135)	(16,385)	
Net Cash Provided by (Used in) Operating Activities	\$ (56,854)	\$ 10,986	\$ 51,963	\$ (64,910)	\$ (58,815)	

Montcalm County
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2020

	District Health Department	Trust & Agency	Penal Fines	Inmate Trust	Total
ASSETS					
Cash and Investments	\$ 3,234,455	\$ 4,120,583	\$ 362,980	\$ 24,913	\$ 7,742,931
<i>Total Assets</i>	<i>3,234,455</i>	<i>4,120,583</i>	<i>362,980</i>	<i>24,913</i>	<i>7,742,931</i>
LIABILITIES					
Undistributed Receipts	3,234,455	431,600	362,980	--	4,029,035
Due to Other Governments	--	3,688,983	--	24,913	3,713,896
<i>Total Liabilities</i>	<i>\$ 3,234,455</i>	<i>\$ 4,120,583</i>	<i>\$ 362,980</i>	<i>\$ 24,913</i>	<i>\$ 7,742,931</i>

Montcalm County Drains
Statement of Net Position
September 30, 2020

	Primary Government			Total	
	Governmental Activities		Business-type Activities		
	Activities	Activities	Activities		
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 2,213,088	\$ 1,090,128	\$ 3,303,216		
Accounts Receivable	--	33,577	33,577		
Special Assessments Receivable	520,997	2,245,844	2,766,841		
Total Current Assets	2,734,085	3,369,549	6,103,634		
<i>Noncurrent Assets</i>					
Restricted Cash	--	85,000	85,000		
Capital Assets not being Depreciated	--	75,650	75,650		
Capital Assets being Depreciated, Net	2,952,455	6,577,560	9,530,015		
Total Assets	5,686,540	10,107,759	15,794,299		
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	73,199	34,272	107,471		
Accrued Liabilities	2,336	--	2,336		
Accrued Interest	3,929	45,205	49,134		
Current Portion of Long-term Debt	93,356	116,500	209,856		
Total Current Liabilities	172,820	195,977	368,797		
<i>Noncurrent Liabilities</i>					
Long-term Debt	426,140	3,355,800	3,781,940		
Total Liabilities	598,960	3,551,777	4,150,737		
NET POSITION					
Net Investment in Capital Assets	2,432,959	3,180,910	5,613,869		
<i>Restricted for:</i>					
Restricted	--	3,375,072	3,375,072		
Unrestricted	2,654,621	--	2,654,621		
Total Net Position	\$ 5,087,580	\$ 6,555,982	\$ 11,643,562		

Montcalm County Drains
Statement of Activities
For the Year Ended September 30, 2020

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
Primary Government							
Governmental Activities:							
Public Works	\$ 1,006,521	\$ 865,595	\$ 219,678	\$ --	\$ 78,752	\$ --	\$ 78,752
Interest on Long-term Debt	26,284	--	--	--	(26,284)	--	(26,284)
Total Governmental Activities	1,032,805	865,595	219,678	--	52,468	--	52,468
Business-type Activities:							
Big Whitefish Lake	90,595	90,926	--	--	--	331	331
Little Whitefish Lake	101,944	139,039	--	--	--	37,095	37,095
Sidney Sewer Project	347,715	155,699	--	127,194	--	(64,822)	(64,822)
Total Business-type Activities	540,254	385,664	--	127,194	--	(27,396)	(27,396)
Total Primary Government	\$ 1,573,059	\$ 1,251,259	\$ 219,678	\$ 127,194	52,468	(27,396)	25,072

General Purpose Revenues:

Revenues

Interest Income	3,427	2,750	6,177
Gain from Cancellation of Long-term Advance	--	140,086	140,086
Total General Revenues	3,427	142,836	146,263
Change in Net Position	55,895	115,440	171,335
<i>Net Position at Beginning of Period (Restated, Note 15)</i>	5,031,685	6,440,542	11,472,227
Net Position at End of Period	\$ 5,087,580	\$ 6,555,982	\$ 11,643,562

Montcalm County Drains
Balance Sheet
Governmental Funds
September 30, 2020

	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	Lake Improvement
ASSETS								
Cash and Investments	\$ 156	\$ --	\$ 774,946	\$ 329,569	\$ 239,256	\$ 223,243	\$ 645,918	\$ 2,213,088
Special Assessments Receivable	519,497	1,500	--	--	--	--	--	520,997
<i>Total Assets</i>	\$ 519,653	\$ 1,500	\$ 774,946	\$ 329,569	\$ 239,256	\$ 223,243	\$ 645,918	\$ 2,734,085
LIABILITIES								
Accounts Payable	\$ --	\$ 1,454	\$ 4,965	\$ 6,156	\$ --	\$ 27,475	\$ 33,149	\$ 73,199
Accrued Liabilities	--	--	--	2,336	--	--	--	2,336
<i>Total Liabilities</i>	--	1,454	4,965	8,492	--	27,475	33,149	75,535
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Special Assessments	519,497	--	--	--	--	--	--	519,497
<i>Total Liabilities and Deferred Inflows of Resources</i>	519,497	1,454	4,965	8,492	--	27,475	33,149	595,032
FUND BALANCE								
Unassigned	156	46	769,981	321,077	239,256	195,768	612,769	2,139,053
<i>Total Fund Balance</i>	156	46	769,981	321,077	239,256	195,768	612,769	2,139,053
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 519,653	\$ 1,500	\$ 774,946	\$ 329,569	\$ 239,256	\$ 223,243	\$ 645,918	\$ 2,734,085

Montcalm County Drains
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020

Total Fund Balance - Governmental Funds	\$ 2,139,053
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, the interest expenditure is reported when due.	(3,929)
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.	(240,356)
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.	2,952,455
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(519,496)
Certain assets, such as special assessments receivable, are not available to pay current period expenditures and therefore are reported as deferred in the funds.	759,853
Total Net Position - Governmental Activities	\$ 5,087,580

Montcalm County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2020

	Debt Service	Capital Projects							Total Governmental Funds	
		Regular Drain Debt Service	Lake Level		Drain		Regular Drain	Lake Improvement		
			Lake Level Revolving	Special Assessment	Maintenance Revolving	Special Assessment				
Revenues										
Special Assessments	\$ 86,464	\$ 1,500	\$ 496,124	\$ --	\$ 123,484	\$ 450,424	\$ --	\$ 1,157,996		
Other Revenue	133,214	--	--	776	--	30,127	--	164,117		
Interest Income	--	--	2,273	120	1,034	3,516	--	6,943		
Total Revenues	219,678	1,500	498,397	896	124,518	484,067	--	1,329,056		
Expenditures										
Public Works	--	1,500	389,917	37,688	--	431,290	64,511	924,906		
Capital Outlay	--	--	--	41,381	--	--	--	41,381		
Debt Service - Principal	192,357	--	--	--	--	--	--	192,357		
Debt Service - Interest	27,165	--	--	--	--	--	--	27,165		
Total Expenditures	219,522	1,500	389,917	79,069	--	431,290	64,511	1,185,809		
Excess of Revenues Over (Under) Expenditures	156	--	108,480	(78,173)	124,518	52,777	(64,511)	143,247		
Other Financing Sources (Uses)										
Transfers In	--	--	--	380,169	1,147	140,054	677,280	1,198,650		
Transfers Out	--	--	(677,280)	--	(140,054)	(381,316)	--	(1,198,650)		
Net Other Financing Sources (Uses)	--	--	(677,280)	380,169	(138,907)	(241,262)	677,280	--		
Net Change in Fund Balance	156	--	(568,800)	301,996	(14,389)	(188,485)	612,769	143,247		
<i>Fund Balance at Beginning of Period (Restated, Note 15)</i>	--	46	1,338,781	19,081	253,645	384,253	--	1,995,806		
<i>Fund Balance at End of Period</i>	\$ 156	\$ 46	\$ 769,981	\$ 321,077	\$ 239,256	\$ 195,768	\$ 612,769	\$ 2,139,053		

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, 2020

Total Net Change in Fund Balances - Governmental Funds \$ 143,247

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. This is the amount by which depreciation expense exceeds capital outlay expenditures. (40,234)

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. 881

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. 192,357

Certain assets, such as special assessments receivable, are not available to pay current period expenditures and therefore are reported as deferred in the funds. (240,356)

Changes in Net Position - Governmental Activities \$ 55,895

Montcalm County Drains
Statement of Net Position
Proprietary Funds
September 30, 2020

Business-type Activities - Enterprise Funds

	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 509,962	\$ 219,208	\$ 360,958	\$ 1,090,128
Accounts Receivable	--	15,603	17,974	33,577
Special Assessments Receivable	--	63,283	2,182,561	2,245,844
<i>Total Current Assets</i>	509,962	298,094	2,561,493	3,369,549
<i>Noncurrent Assets</i>				
Restricted Cash	--	--	85,000	85,000
Capital Assets not being Depreciated	75,650	--	--	75,650
Capital Assets being Depreciated, Net	373,580	1,494,220	4,709,760	6,577,560
<i>Total Assets</i>	959,192	1,792,314	7,356,253	10,107,759
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	16,270	9,342	8,660	34,272
Accrued Interest	--	18,450	26,755	45,205
Current Portion of Long-term Debt	--	36,500	80,000	116,500
<i>Total Current Liabilities</i>	16,270	64,292	115,415	195,977
<i>Noncurrent Liabilities</i>				
Long-term Debt	--	831,300	2,524,500	3,355,800
<i>Total Liabilities</i>	16,270	895,592	2,639,915	3,551,777
NET POSITION				
Net Investment in Capital Assets	449,230	626,420	2,105,260	3,180,910
<i>Restricted for:</i>				
Restricted	493,692	270,302	2,611,078	3,375,072
<i>Unrestricted</i>	--	--	--	--
<i>Total Net Position</i>	\$ 942,922	\$ 896,722	\$ 4,716,338	\$ 6,555,982

Montcalm County Drains
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020

Business-type Activities - Enterprise Funds				
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	Total Enterprise Funds
Operating Revenues				
Special Assessments	\$ --	\$ 6,693	\$ 127,194	\$ 133,887
Charges for Services	90,926	132,346	155,699	378,971
<i>Total Operating Revenues</i>	90,926	139,039	282,893	512,858
Operating Expenses				
Public Works	61,995	37,661	99,856	199,512
Depreciation	18,538	52,023	166,961	237,522
<i>Total Operating Expenses</i>	80,533	89,684	266,817	437,034
<i>Operating Income (Loss)</i>	10,393	49,355	16,076	75,824
Non-Operating Revenues (Expenses)				
Gain from Cancellation of Long-term Advance	140,086	--	--	140,086
Interest Income	1,589	614	547	2,750
Interest Expense	(10,062)	(12,260)	(80,898)	(103,220)
<i>Net Non-Operating Revenues (Expenses)</i>	131,613	(11,646)	(80,351)	39,616
Change In Net Position	142,006	37,709	(64,275)	115,440
<i>Net Position at Beginning of Period (Restated, Note 15)</i>	800,916	859,013	4,780,613	6,440,542
<i>Net Position at End of Period</i>	\$ 942,922	\$ 896,722	\$ 4,716,338	\$ 6,555,982

Montcalm County Drains
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

Business-type Activities - Enterprise Funds					
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	Total Enterprise Funds	
Cash Flows from Operating Activities					
Cash Received from Customers and Users	\$ 90,926	\$ 141,550	\$ 397,101	\$ 629,577	
Cash Payments to Suppliers for Goods and Services	(52,986)	(34,051)	(99,106)	(186,143)	
<i>Net Cash Provided by Operating Activities</i>	37,940	107,499	297,995	443,434	
Cash Flows from Capital and Related Financing Activities					
Principal Paid on Long-term Debt	--	(77,800)	(102,300)	(180,100)	
Interest Paid on Long-term Debt	(10,062)	(13,006)	(82,524)	(105,592)	
<i>Net Cash Used in Capital and Related Financing Activities</i>	(10,062)	(90,806)	(184,824)	(285,692)	
Cash Flows from Noncapital Financing Activities					
Advances from Primary Government	(140,086)	--	--	(140,086)	
Gain from Cancellation of Long-term Advance	140,086	--	--	140,086	
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	--	--	--	--	
Cash Flows from Investing Activities					
Interest Income Received	1,589	614	547	2,750	
<i>Net Cash Provided by Investing Activities</i>	1,589	614	547	2,750	
Increase in Cash and Investments	29,467	17,307	113,718	160,492	
<i>Cash and Investments, Beginning of Year</i>	480,495	201,901	332,240	1,014,636	
<i>Cash and Investments, End of Year</i>	\$ 509,962	\$ 219,208	\$ 445,958	\$ 1,175,128	
Reconciliation of Operating Income to					
Net Cash Provided by Operating Activities					
Operating Income	\$ 10,393	\$ 49,355	\$ 16,076	\$ 75,824	
Adjustments to Reconcile Operating Income to					
Net Cash Provided by Operating Activities					
Depreciation Expense	18,538	52,023	166,961	237,522	
Change in Operating Assets and Liabilities					
Accounts Receivable	--	(1,802)	(5,074)	(6,876)	
Special Assessments Receivable	--	4,313	119,282	123,595	
Accounts Payable	9,009	3,610	750	13,369	
<i>Net Cash Provided by Operating Activities</i>	\$ 37,940	\$ 107,499	\$ 297,995	\$ 443,434	



**MONTCALM COUNTY
STANTON, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED SEPTEMBER 30, 2020**

TABLE OF CONTENTS

	Page
Independent Auditor's Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to the Schedule of Expenditures of Federal Awards	3
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 <i>Government Auditing Standards</i>	5
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	7
Schedule of Findings and Questioned Costs	10

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 22, 2021, 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
April 22, 2021

Montcalm County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Schools and Roads - Grants to States	10.665	MDNR	-n/a-	\$ -	\$ 2,637
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	4,302
U.S. Department of Justice					
Residential Substance Abuse Treatment	16.593	Direct	-n/a-	88,869	96,193
Coronavirus Emergency Supplemental Funding Grant					
Montcalm County Sheriff's Office	16.034	MSP	CESF-128-2020	-	2,703
Montcalm County Courts	16.034	MSP	CESF-8-59-0219	-	4,579
Montcalm County Prosecutor's Office	16.034	MSP	CESF-8-59-0132	-	7,449
				-	14,731
Total U.S. Department of Justice				88,869	110,924
U.S. Department of Health and Human Services					
Aging Cluster:					
Title IIIB - Homemaker	93.044	AAAWM	61.76	-	35,634
Title IIIB - Transportation	93.044	AAAWM	61.76	-	14,893
Title IIIC-1 - Congregate Meals	93.045	AAAWM	61.76	-	38,871
Title IIIC-2 - Home Delivered Meals	93.045	AAAWM	61.76	-	232,577
Nutrition Services Incentive Program:					
Congregate Meals	93.053	AAAWM	61.76	-	8,096
Home Delivered Meals	93.053	AAAWM	61.76	-	38,810
				-	368,881
Title IIIE - Respite	93.052	AAAWM	61.76	-	38,680
Child Support Enforcement:					
Title IV-D - Incentive Payments	93.563	MDHHS	-n/a-	-	134,400
Title IV-D - Friend of the Court	93.563	MDHHS	CSFOC-17-59001	-	402,778
Title IV-D - Prosecuting Attorney	93.563	MDHHS	CSPA-17-59002	-	73,406
				-	610,584
Total U.S. Department of Health and Human Services				-	1,018,145
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	MDNR	MSR-MS18-086-279	-	21,800
Emergency Management Performance Grants	97.042	MSP	EMC-2018-EP-00002	-	18,127
Homeland Security Grant Program	97.067	MSP	EMW-2016-SS-00010-S01	-	20,197
Homeland Security Grant Program (non-cash)	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	33,327
				-	53,524
Total U.S. Department of Homeland Security				-	93,451
U.S. Department of Transportation Highway Safety Funds					
Highway Safety Project	20.600	MOHSP	PT-19-25	-	4,700
U.S. Department of Treasury					
Coronavirus Relief Local Government Grants	21.019	MDT	59-0000-CRLGG	-	472,670
Public Safety and Public Health Payroll Reimbursement Program	21.019	MDT	59-0000-PSPHPR	-	596,754
Total U.S. Department of Treasury				-	1,069,424
U.S. Department of Housing and Urban Development					
Community Development Block Grant	14.228	MEDC	B-20-DW-26-0001	-	10,067
Total Expenditures of Federal Awards				\$ 88,869	\$ 2,313,650

See Notes to the Schedule of Expenditures of Federal Awards

Montcalm County

Notes to the Schedule of Expenditures of Federal Awards

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, 2020. 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, 2020, 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:

Intergovernmental Revenue Reported in the Financial Statements	
Governmental Funds	\$ 5,256,365
Subtract State and Local Sources:	<u>(2,942,715)</u>
Total Expenditures of Federal Awards	<u>\$ 2,313,650</u>

Montcalm County

Notes to the Schedule of Expenditures of Federal Awards

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:

Pass-through Agency Abbreviation	Pass-through Agency Name
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
MOHSP	Michigan Office of Highway Safety Planning
MDT	Michigan Department of Treasury
MEDC	Michigan Economic 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 22, 2021. 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) as a basis for designing 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 financial statements. 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

April 22, 2021

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, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Montcalm County Road Commission, 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, 2020. 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, 2020.

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

April 22, 2021

Montcalm County
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

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

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
CARES Act	21.019
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.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No findings or questioned costs in the prior year.

April 22, 2021

To the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Montcalm County, Michigan (the “County”) as of and for the year ended September 30, 2020. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the fiscal year ended September 30, 2020. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County’s financial statements were:

- Management’s estimate of the useful life of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management’s estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management’s assumptions used in the actuarial valuations of the pension and OPEB are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 22, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, pension and OPEB schedules, and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Gabridge & Company, PLC
Grand Rapids, MI