



**MONTCALM COUNTY
STANTON, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019**

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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, 2019, 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 73.6, 2.4, and 1.0 percent of the assets, 78.4, (3.6), and 1.3 percent of the net position, and 79.3, 7.4, and 4.9 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 County, as of September 30, 2019, 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 March 25, 2020, 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 dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Gabridge & Company, PLC
Grand Rapids, Michigan
March 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Montcalm County
Management's Discussion and Analysis
September 30, 2019

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, 2019. 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 \$14,131,462 (*net position*), an increase of \$7,044,709.
- 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 \$12,491,406, an increase of \$2,207,124 in comparison with the prior year. Of the fund balance amount, \$8,675,723, or 69.5%, is *available for spending* at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$10,552,859, an increase of \$1,793,203. At the end of the year, the unassigned portion of the fund balance in the general fund was \$8,675,723, or approximately 59.7 percent of total general fund expenditures and transfers out during the year.
- The County's investment in capital assets, net of accumulated depreciation, was \$6,859,861 at the end of the current year, which compares to \$7,148,199 at the end of the prior year.
- The County's total installment debt equaled \$6,282,580 at the close of the year, comprising of \$3,000,000 in note issuances and \$4,934,956 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 \$7,044,709 for the year ended September 30, 2019 to an ending net position of \$14,131,462. Net position of governmental activities increased \$4,459,175 and business-type activities increased by \$2,585,534. 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	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 14,324,228	\$ 11,816,996	\$ 13,365,417	\$ 12,960,607	\$ 27,689,645	\$ 24,777,603
Capital Assets, Net	5,541,639	6,034,227	1,318,222	1,113,972	6,859,861	7,148,199
	<u>19,865,867</u>	<u>17,851,223</u>	<u>14,683,639</u>	<u>14,074,579</u>	<u>34,549,506</u>	<u>31,925,802</u>
Deferred Outflows of Resources	<u>3,112,347</u>	<u>2,479,106</u>	<u>584,698</u>	<u>536,530</u>	<u>3,697,045</u>	<u>3,015,636</u>
Liabilities						
Long-term Liabilities	11,578,823	10,363,979	2,478,083	3,188,844	14,056,906	13,552,823
Other Liabilities	2,455,624	2,126,350	266,688	361,542	2,722,312	2,487,892
	<u>14,034,447</u>	<u>12,490,329</u>	<u>2,744,771</u>	<u>3,550,386</u>	<u>16,779,218</u>	<u>16,040,715</u>
Deferred Inflows of Resources	<u>6,138,100</u>	<u>9,493,508</u>	<u>1,197,771</u>	<u>2,320,462</u>	<u>7,335,871</u>	<u>11,813,970</u>
Net Position						
Net Investment in Capital Assets	741,362	475,797	1,318,222	1,113,972	2,059,584	1,589,769
Restricted	1,368,922	835,307	-	-	1,368,922	835,307
Unrestricted (Deficit)	<u>695,383</u>	<u>(2,964,612)</u>	<u>10,007,573</u>	<u>7,626,289</u>	<u>10,702,956</u>	<u>4,661,677</u>
Total Net Position	<u>\$ 2,805,667</u>	<u>\$ (1,653,508)</u>	<u>\$ 11,325,795</u>	<u>\$ 8,740,261</u>	<u>\$ 14,131,462</u>	<u>\$ 7,086,753</u>

A component of the County's net position reflects its net investment in capital assets, \$2,059,584 or 14.6%, (e.g. land and improvements, construction in process, buildings and additions, machinery and equipment, infrastructure, and others). Restricted net position of \$1,368,922, or 9.7%, which represents amounts subject to external restrictions, such as State legislation. The remaining portion represents an unrestricted amount, \$10,702,956 or 75.7%, that can be used at the County's discretion.

The current assets of the County increased by \$2,912,042 over the prior year. This increase is primarily related to the overall increase of \$7,044,709 in net position recognized by the County during the year.

The County's pension retirement assets recorded net investment loss of \$893,309 in the current year compared to net investment income of \$2,646,653 in the prior year. As a result, net pension liability and related deferred outflows of resources increased significantly while related deferred inflows of resources decreased significantly. This was the primary cause for change within long-term liabilities, deferred outflows of resources, and deferred inflows of resources of the County.

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:

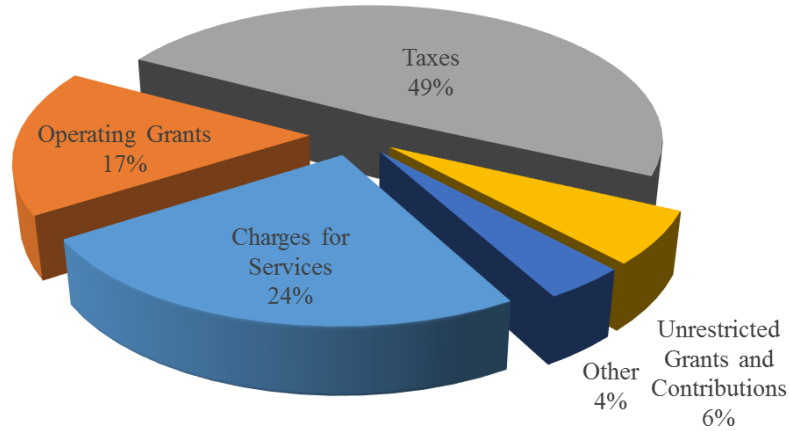
Montcalm County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 5,046,720	\$ 5,064,832	\$ 5,131,839	\$ 5,866,305	\$ 10,178,559	\$ 10,931,137
Operating Grants	3,562,031	3,113,751	26,711	67,853	3,588,742	3,181,604
Program Revenues:						
Taxes	10,316,353	9,570,858	1,348,233	1,295,893	11,664,586	10,866,751
Unrestricted Grants and Contributions	1,282,235	1,267,179	-	-	1,282,235	1,267,179
Unrestricted Investment Earnings	146,385	46,649	175,886	-	322,271	46,649
Gain on Sale of Capital Assets	200	113,383	-	-	200	113,383
Other Revenues	660,480	41,835	78,252	-	738,732	41,835
Total Revenues	21,014,404	19,218,487	6,760,921	7,230,051	27,775,325	26,448,538
Expenses						
General Government	7,799,818	7,652,499	-	-	7,799,818	7,652,499
Public Safety	3,657,254	4,985,489	-	-	3,657,254	4,985,489
Public Works	433,130	437,558	-	-	433,130	437,558
Health and Welfare	3,315,197	3,308,418	-	-	3,315,197	3,308,418
Recreation and Culture	921,438	823,122	-	-	921,438	823,122
Community and Economic Development	456,003	253,979	-	-	456,003	253,979
Interest on Long-term Debt	153,561	170,578	-	-	153,561	170,578
Delinquent Tax	-	-	369,370	430,597	369,370	430,597
Ambulance	-	-	3,124,335	2,859,627	3,124,335	2,859,627
Building Official	-	-	412,907	342,953	412,907	342,953
PRE Audit	-	-	51,786	32,753	51,786	32,753
Inmate Commissary	-	-	35,817	34,889	35,817	34,889
Total Expenses	16,736,401	17,631,643	3,994,215	3,700,819	20,730,616	21,332,462
Change in Net Position before Transfers	4,278,003	1,586,844	2,766,706	3,529,232	7,044,709	5,116,076
Transfers	181,172	-	(181,172)	-	-	-
Change in Net Position	4,459,175	1,586,844	2,585,534	3,529,232	7,044,709	5,116,076
Net Position						
Beginning of year	(1,653,508)	(3,240,352)	8,740,261	5,211,029	7,086,753	1,970,677
End of Year	\$ 2,805,667	\$ (1,653,508)	\$ 11,325,795	\$ 8,740,261	\$ 14,131,462	\$ 7,086,753

Governmental Activities. Tax revenues increased by \$745,495 during the current year to \$10,316,353 as a result of increased taxable values within the County. Operating grants increased by \$448,280 as the County received an indigent defense grant which it did not receive in the prior year. Other revenues increased by \$618,645 as a result of a one-time settlement check of \$650,000. Public safety expenses decreased by \$1,328,235 due to the amortization of prior year pension deferrals.

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

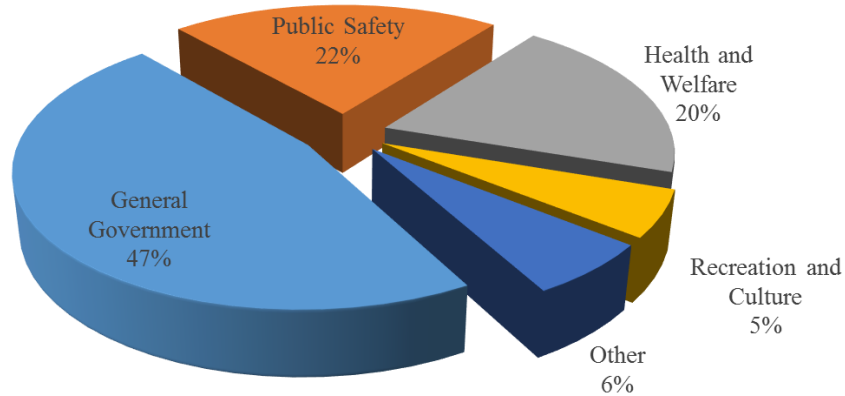
Governmental Activities Revenues



Property taxes comprised the largest portion of governmental activities revenue at 49%, or approximately \$10.3 million. *Charges for services* made up approximately \$5 million, or 24% of governmental activities revenues. *Operating grants and contributions* made up approximately \$3.6 million, or 17% 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 \$895,242, or 5% from the previous fiscal year.

Business-type Activities. Net position of the business-type activities increased by \$2,585,534, which was the result of an overall decrease in revenues and an overall increase in expenses.

Financial Analysis of the County's Funds

As the County completed the fiscal year, its governmental funds reported combined ending fund balances of \$12,491,406. Of this, \$182,625, or 1.4%, is legally restricted and/or unavailable to spend (i.e. amounts tied up in prepaid items and long-term advances), \$778,244, or 6.2%, is committed by the Board of Commissioners for designated projects, \$1,560,000, or 12.5%, is assigned for capital improvements, and programs, and \$1,294,814, or 10.4%, is restricted for various projects, leaving \$8,675,723, or 69.5%, as unassigned fund balance.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was one significant amendment to increase the original estimated property tax revenues as a result of increased taxable values. There was no significant amendments to the original budgeted appropriations; however, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was *not* significant.

Final budget compared to actual results. The County had the following expenditures in excess of the amounts appropriated during the year ended September 30, 2019:

	Final Amount Appropriated	Actual Amount	Budget Variance
General Government			
Circuit Court	\$ 270,266	\$ 299,607	\$ (29,341)
Clerk	279,841	286,976	(7,135)
Central Services and Purchasing	29,000	34,496	(5,496)
Survey/Remonumentation	89,300	90,350	(1,050)
Elections	89,900	103,465	(13,565)
Building and Grounds	795,819	815,798	(19,979)
Prosecuting Attorney	639,332	652,929	(13,597)
Public Safety			
Jail	2,356,247	2,473,305	(117,058)
Animal Control	29,000	33,509	(4,509)
Traffic and Safety Program	82,320	83,895	(1,575)
Health and Welfare			
Medical Examiner	167,000	178,895	(11,895)

Capital Assets and Debt Administration

Capital Assets. At September 30, 2019, the County had invested \$6,859,861 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 76,658	\$ 76,657	\$ -	\$ -	\$ 76,658	\$ 76,657
Construction in Progress	136,270	-	66,539	-	202,809	-
Land Improvements	40,035	5,665	-	-	40,035	5,665
Buildings and Additions	22,714,758	22,704,572	443,908	443,908	23,158,666	23,148,480
Equipment and Furniture	1,275,147	1,269,499	980,784	865,051	2,255,931	2,134,550
Vehicles	826,533	819,960	2,211,037	2,000,632	3,037,570	2,820,592
	25,069,401	24,876,353	3,702,268	3,309,591	28,771,669	28,185,944
Less Accumulated Depreciation	19,527,762	18,842,126	2,384,046	2,195,619	21,911,808	21,037,745
Capital Assets, Net	\$ 5,541,639	\$ 6,034,227	\$ 1,318,222	\$ 1,113,972	\$ 6,859,861	\$ 7,148,199

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	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 5,040,000	\$ 5,820,000	\$ -	\$ -	\$ 5,040,000	\$ 5,820,000
GOLT Notes	-	-	1,235,000	2,380,000	1,235,000	2,380,000
Installment Purchase Agreements	7,580	17,536	-	-	7,580	17,536
Total Long-term Debt	\$ 5,047,580	\$ 5,837,536	\$ 1,235,000	\$ 2,380,000	\$ 6,282,580	\$ 8,217,536

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 2019 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.

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, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 11,297,696	\$ 9,001,291	\$ 20,298,987	\$ 6,774,746
Receivables, Net	238,352	821,295	1,059,647	2,357,937
Special Assessments Receivable	--	--	--	3,184,726
Taxes Receivable	1,685,417	3,384,570	5,069,987	--
Due from Other Governments	593,548	18,175	611,723	24,179
Inventory	--	--	--	811,037
Prepays	509,215	--	509,215	107,908
Total Current Assets	14,324,228	13,225,331	27,549,559	13,260,533
<i>Noncurrent Assets</i>				
Restricted Cash	--	--	--	81,036
Advances to Component Units	--	140,086	140,086	--
Capital Assets not being Depreciated	212,928	66,539	279,467	5,416,562
Capital Assets being Depreciated	5,328,711	1,251,683	6,580,394	51,839,741
Total Assets	19,865,867	14,683,639	34,549,506	70,597,872
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	193,337	--	193,337	--
OPEB	78,419	--	78,419	2,173,073
Pension	2,840,591	584,698	3,425,289	41,663
Total Deferred Outflows of Resources	3,112,347	584,698	3,697,045	2,214,736
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	752,159	131,333	883,492	909,439
Accrued Liabilities	384,234	97,274	481,508	30,709
Due to Other Governments	33,212	--	33,212	--
Accrued Interest	47,319	--	47,319	87,665
Current Portion of Compensated Absences	446,182	28,019	474,201	169,078
Current Portion of Long-term Debt	802,580	--	802,580	968,972
Internal Balances	(10,062)	10,062	--	--
Total Current Liabilities	2,455,624	266,688	2,722,312	2,165,863
<i>Noncurrent Liabilities</i>				
Advances from Other Governmental Units	--	--	--	384,397
Advances from Primary Government	--	--	--	140,086
Compensated Absences	--	10,677	10,677	23,328
Long-term Debt	4,245,000	1,235,000	5,480,000	6,706,637
Net OPEB Obligation	1,316,781	--	1,316,781	1,494,117
Net Pension Liability	6,017,042	1,232,406	7,249,448	10,064,397
Total Liabilities	14,034,447	2,744,771	16,779,218	20,978,825
DEFERRED INFLOWS OF RESOURCES				
OPEB	290,158	--	290,158	665,573
Pension	5,847,942	1,197,771	7,045,713	2,835,199
Total Deferred Inflows of Resources	6,138,100	1,197,771	7,335,871	3,500,772
NET POSITION				
Net Investment in Capital Assets	741,362	1,318,222	2,059,584	49,580,694
<i>Restricted for:</i>				
Restricted	1,368,922	--	1,368,922	3,076,748
<i>Unrestricted</i>	695,383	10,007,573	10,702,956	(4,324,431)
Total Net Position	\$ 2,805,667	\$ 11,325,795	\$ 14,131,462	\$ 48,333,011

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, 2019

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	\$ 3,657,254	\$ 1,691,378	\$ 438,861	\$ --	\$ (1,527,015)	\$ --	\$ (1,527,015)	\$ --
Public Works	433,130	236,349	--	--	(196,781)	--	(196,781)	--
Health and Welfare	3,315,197	189,055	1,037,595	--	(2,088,547)	--	(2,088,547)	--
Community and Economic Development	456,003	712,038	47,900	--	303,935	--	303,935	--
General Government	7,799,818	2,205,110	2,037,675	--	(3,557,033)	--	(3,557,033)	--
Recreation and Culture	921,438	12,790	--	--	(908,648)	--	(908,648)	--
Interest on Long-term Debt	153,561	--	--	--	(153,561)	--	(153,561)	--
<i>Total Governmental Activities</i>	<u>16,736,401</u>	<u>5,046,720</u>	<u>3,562,031</u>	<u>--</u>	<u>(8,127,650)</u>	<u>--</u>	<u>(8,127,650)</u>	<u>--</u>
Business-type Activities:								
Ambulance	3,124,335	3,559,136	26,711	--	--	461,512	461,512	--
Delinquent Tax Revolving	369,370	874,187	--	--	--	504,817	504,817	--
Inmate Commissary	35,817	64,938	--	--	--	29,121	29,121	--
Building Official	412,907	593,465	--	--	--	180,558	180,558	--
PRE Audit	51,786	40,113	--	--	--	(11,673)	(11,673)	--
<i>Total Business-type Activities</i>	<u>3,994,215</u>	<u>5,131,839</u>	<u>26,711</u>	<u>--</u>	<u>--</u>	<u>1,164,335</u>	<u>1,164,335</u>	<u>--</u>
<i>Total Primary Government</i>	<u>\$ 20,730,616</u>	<u>\$ 10,178,559</u>	<u>\$ 3,588,742</u>	<u>\$ --</u>	<u>\$ (8,127,650)</u>	<u>\$ 1,164,335</u>	<u>\$ (6,963,315)</u>	<u>--</u>
Component Units								
Central Dispatch Authority	\$ 2,864,699	\$ 1,742,745	\$ 19,118	\$ 774	--	--	--	(1,102,062)
Road Commission	19,377,181	2,058,016	9,253,265	7,526,473	--	--	--	(539,427)
Drain Commission	1,783,067	1,069,077	891,387	--	--	--	--	177,397
Housing Commission (12/31/18)	1,155,918	131,295	1,039,046	--	--	--	--	14,423
Brownfield Redevelopment Authority	7,108	--	--	--	--	--	--	(7,108)
<i>Total Component Units</i>	<u>\$ 25,187,973</u>	<u>\$ 5,001,133</u>	<u>\$ 11,202,816</u>	<u>\$ 7,527,247</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,456,777)</u>
General Purpose Revenues and Transfers:								
Revenues								
Intergovernmental					1,282,235	--	1,282,235	--
Property Taxes					10,316,353	1,348,233	11,664,586	7,108
Interest Income					146,385	175,886	322,271	19,946
Gain on Sale of Capital Assets					200	--	200	64,077
Other Revenue					660,480	78,252	738,732	--
Transfers					181,172	(181,172)	--	--
<i>Total General Revenues and Transfers</i>					<u>12,586,825</u>	<u>1,421,199</u>	<u>14,008,024</u>	<u>91,131</u>
<i>Change in Net Position</i>					<u>4,459,175</u>	<u>2,585,534</u>	<u>7,044,709</u>	<u>(1,365,646)</u>
<i>Net Position at Beginning of Period (Restated, Note 15)</i>					<u>(1,653,508)</u>	<u>8,740,261</u>	<u>7,086,753</u>	<u>49,698,657</u>
<i>Net Position at End of Period</i>					<u>\$ 2,805,667</u>	<u>\$ 11,325,795</u>	<u>\$ 14,131,462</u>	<u>\$ 48,333,011</u>

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

**Montcalm County
Balance Sheet
Governmental Funds
September 30, 2019**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 8,887,220	\$ 1,945,249	\$ 10,832,469
Receivables, Net	117,670	120,682	238,352
Taxes Receivable	1,685,417	--	1,685,417
Due from Other Governments	422,436	171,112	593,548
Prepays	108,517	3,625	112,142
Due from Other Funds	10,062	--	10,062
<i>Total Assets</i>	<u>\$ 11,231,322</u>	<u>\$ 2,240,668</u>	<u>\$ 13,471,990</u>
LIABILITIES			
Accounts Payable	\$ 457,350	\$ 220,461	\$ 677,811
Accrued Liabilities	221,113	48,448	269,561
Due to Other Governments	--	33,212	33,212
<i>Total Liabilities</i>	<u>678,463</u>	<u>302,121</u>	<u>980,584</u>
FUND BALANCE			
Nonspendable	108,517	74,108	182,625
Restricted	--	1,294,814	1,294,814
Committed	208,619	569,625	778,244
Assigned	1,560,000	--	1,560,000
Unassigned	8,675,723	--	8,675,723
<i>Total Fund Balance</i>	<u>10,552,859</u>	<u>1,938,547</u>	<u>12,491,406</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 11,231,322</u>	<u>\$ 2,240,668</u>	<u>\$ 13,471,990</u>

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, 2019

Total Fund Balance - Governmental Funds	\$ 12,491,406
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	527,149
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(446,182)
Certain pension-related amounts, such as the net pension liability and the pension related deferrals, are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds. This represents net pension liability of \$6,017,042 plus pension related deferred inflows of \$5,847,942 less pension related deferred outflows of \$2,840,591.	(9,024,393)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(1,528,520)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(47,319)
General government capital assets of \$24,933,131, net of accumulated depreciation of \$19,527,762, are not financial resources, and accordingly are not reported in the funds.	5,405,369
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents the sum of long-term installment debt payable of \$5,047,580 less unamortized costs of \$193,337.	(4,854,243)
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.	282,400
Total Net Position - Governmental Activities	\$ <u>2,805,667</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, 2019

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 8,244,701	\$ 2,071,652	\$ 10,316,353
Licenses and Permits	151,709	40,485	192,194
Intergovernmental	3,256,208	1,559,516	4,815,724
Charges for Services	3,186,737	574,234	3,760,971
Fines and Forfeitures	27,288	6,500	33,788
Interest and Rents	127,334	927,169	1,054,503
Local Contributions	100	28,442	28,542
Other Revenues	810,352	--	810,352
Total Revenues	15,804,429	5,207,998	21,012,427
Expenditures			
General Government	6,234,063	1,595,736	7,829,799
Public Safety	4,730,811	11,383	4,742,194
Public Works	289,605	211,660	501,265
Health and Welfare	1,908,514	1,355,793	3,264,307
Community and Economic Development	222,094	233,909	456,003
Recreation and Culture	12,077	905,250	917,327
Capital Outlay	--	119,628	119,628
Debt Service - Interest	--	126,376	126,376
Debt Service - Principal	--	789,956	789,956
Total Expenditures	13,397,164	5,349,691	18,746,855
Excess of Revenues Over (Under) Expenditures	2,407,265	(141,693)	2,265,572
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	200	--	200
Transfers In	531,700	659,739	1,191,439
Transfers Out	(1,145,962)	(104,125)	(1,250,087)
Net Other Financing Sources (Uses)	(614,062)	555,614	(58,448)
Net Change in Fund Balance	1,793,203	413,921	2,207,124
Fund Balance at Beginning of Period	8,759,656	1,524,626	10,284,282
Fund Balance at End of Period	\$ 10,552,859	\$ 1,938,547	\$ 12,491,406

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, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ 2,207,124
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	264,770
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.	28,708
Changes to the net pension liability, and the pension related deferrals, are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.	1,919,010
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.	(62,778)
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 \$773,337 exceeds capital outlay expenditures of \$144,479 during the year.	(628,858)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	5,038
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 \$789,956 less deferred charge on bond refunding of \$32,223.	757,733
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.	(31,572)
Changes in Net Position - Governmental Activities	\$ <u>4,459,175</u>

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

Montcalm County
Statement of Net Position
Proprietary Funds
September 30, 2019

	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	\$ 4,126,660	\$ 4,116,993	\$ 757,638	\$ 9,001,291	\$ 465,227
Receivables, Net	653,253	168,042	--	821,295	--
Taxes Receivable	--	3,384,570	--	3,384,570	--
Due from Other Governments	18,175	--	--	18,175	--
Total Current Assets	4,798,088	7,669,605	757,638	13,225,331	465,227
<i>Noncurrent Assets</i>					
Advances to Component Units	--	140,086	--	140,086	--
Capital Assets not being Depreciated	66,539	--	--	66,539	136,270
Capital Assets being Depreciated	1,184,929	--	66,754	1,251,683	--
Total Assets	6,049,556	7,809,691	824,392	14,683,639	601,497
DEFERRED OUTFLOWS OF RESOURCES					
Pension	584,698	--	--	584,698	--
Total Deferred Outflows of Resources	584,698	--	--	584,698	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	63,191	41,726	26,416	131,333	74,348
Accrued Liabilities	83,511	--	13,763	97,274	--
Current Portion of Compensated Absences	20,555	--	7,464	28,019	--
Due to Other Funds	--	10,062	--	10,062	--
Total Current Liabilities	167,257	51,788	47,643	266,688	74,348
<i>Noncurrent Liabilities</i>					
Compensated Absences	10,277	--	400	10,677	--
Long-term Debt	--	1,235,000	--	1,235,000	--
Net Pension Liability	1,232,406	--	--	1,232,406	--
Total Liabilities	1,409,940	1,286,788	48,043	2,744,771	74,348
DEFERRED INFLOWS OF RESOURCES					
Pension	1,197,771	--	--	1,197,771	--
Total Deferred Inflows of Resources	1,197,771	--	--	1,197,771	--
NET POSITION					
Net Investment in Capital Assets	1,251,468	--	66,754	1,318,222	136,270
Unrestricted	2,775,075	6,522,903	709,595	10,007,573	390,879
Total Net Position	\$ 4,026,543	\$ 6,522,903	\$ 776,349	\$ 11,325,795	\$ 527,149

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, 2019

	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	\$ 3,559,136	\$ 434,687	\$ 658,403	\$ 4,652,226	\$ 68,935
Penalties and Interest on Delinquent Taxes	--	439,500	40,113	479,613	--
Employer Contributions	--	--	--	--	740,929
Total Operating Revenues	3,559,136	874,187	698,516	5,131,839	809,864
Operating Expenses					
Personnel Services	1,872,216	--	357,832	2,230,048	40,742
Purchases of Goods and Services	798,791	310,191	139,335	1,248,317	51,586
Depreciation	406,355	--	3,343	409,698	--
Participant Benefits	--	--	--	--	758,398
Administrative Expense	--	--	--	--	4,100
Total Operating Expenses	3,077,362	310,191	500,510	3,888,063	854,826
Operating Income (Loss)	481,774	563,996	198,006	1,243,776	(44,962)
Non-Operating Revenues (Expenses)					
Property Taxes	1,348,233	--	--	1,348,233	--
Interest Income	85,086	85,026	5,774	175,886	1,777
Other Revenue	26,711	78,252	--	104,963	68,135
Interest Expense	--	(59,179)	--	(59,179)	--
Loss on Disposal of Capital Assets	(46,973)	--	--	(46,973)	--
Net Non-Operating Revenues (Expenses)	1,413,057	104,099	5,774	1,522,930	69,912
Income Before Contributions and Transfers	1,894,831	668,095	203,780	2,766,706	24,950
Transfers In	--	--	--	--	239,820
Transfers Out	(179,820)	--	(1,352)	(181,172)	--
Change In Net Position	1,715,011	668,095	202,428	2,585,534	264,770
<i>Net Position at Beginning of Period</i>	<i>2,311,532</i>	<i>5,854,808</i>	<i>573,921</i>	<i>8,740,261</i>	<i>262,379</i>
Net Position at End of Period	\$ 4,026,543	\$ 6,522,903	\$ 776,349	\$ 11,325,795	\$ 527,149

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, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Ambulance	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities					
Cash Received from Customers and Users	\$ 3,460,843	\$ 410,774	\$ 658,403	\$ 4,530,020	\$ --
Cash Received from Interfund Services	--	--	--	--	809,864
Cash Payments for Goods and Services	(785,681)	(297,864)	(115,568)	(1,199,113)	13,522
Cash Received to Purchase Delinquent Taxes	--	349,216	40,113	389,329	--
Cash Payments to Employees	(2,756,878)	--	(357,286)	(3,114,164)	(803,240)
Net Cash Provided by (Used in) Operating Activities	(81,716)	462,126	225,662	606,072	20,146
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid on Long-term Debt	--	(4,204,179)	--	(4,204,179)	--
Issuance of Long-term Debt	--	3,000,000	--	3,000,000	--
Change in Capital Assets	(595,981)	--	(64,940)	(660,921)	(136,270)
Net Cash Used in Capital and Related Financing Activities	(595,981)	(1,204,179)	(64,940)	(1,865,100)	(136,270)
Cash Flows from Noncapital and Related Financing Activities					
Property Taxes	1,348,233	--	--	1,348,233	--
Other Revenue	26,711	78,252	--	104,963	68,135
Interfund Balances	--	3,438	--	3,438	--
Net Transfers	(179,820)	--	(1,352)	(181,172)	239,820
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	1,195,124	81,690	(1,352)	1,275,462	307,955
Cash Flows from Investing Activities					
Interest Income	85,086	85,026	5,774	175,886	1,777
Net Cash Provided by Investing Activities	85,086	85,026	5,774	175,886	1,777
Net Increase in Cash and Investments	602,513	(575,337)	165,144	192,320	193,608
<i>Cash and Investments - Beginning of Year</i>	<i>3,524,147</i>	<i>4,692,330</i>	<i>592,494</i>	<i>8,808,971</i>	<i>271,619</i>
<i>Cash and Investments - End of Year</i>	<i>\$ 4,126,660</i>	<i>\$ 4,116,993</i>	<i>\$ 757,638</i>	<i>\$ 9,001,291</i>	<i>\$ 465,227</i>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	481,774	563,996	198,006	1,243,776	(44,962)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation Expense	406,355	--	3,343	409,698	--
Changes in Assets and Liabilities					
Receivables, Net	(99,400)	(23,913)	--	(123,313)	--
Taxes Receivable	--	(86,846)	--	(86,846)	--
Due from Other Governments	1,107	--	--	1,107	--
Advances to Component Units	--	(3,438)	--	(3,438)	--
Accounts Payable	10,025	12,327	22,819	45,171	65,108
Accrued Liabilities	3,085	--	948	4,033	--
Net Pension Liability and Related Deferrals	(895,342)	--	--	(895,342)	--
Compensated Absences	10,680	--	546	11,226	--
Net Cash Provided by (Used in) Operating Activities	\$ (81,716)	\$ 462,126	\$ 225,662	\$ 606,072	\$ 20,146

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, 2019

	<u>Agency</u>
ASSETS	
Cash and Investments	\$ 8,451,405
<i>Total Assets</i>	<u>8,451,405</u>
LIABILITIES	
Undistributed Receipts	3,834,879
Due to Other Governments	4,616,526
<i>Total Liabilities</i>	<u>\$ 8,451,405</u>

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

Montcalm County
Combining Statement of Net Position
Component Units
September 30, 2019

	Central Dispatch Authority	Road Commission	Drain Commission	Housing Commission (12/31/18)	Brownfield Redevelopment Authority	Total Component Units
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 572,359	\$ 2,856,492	\$ 3,097,391	\$ 248,504	\$ --	\$ 6,774,746
Receivables, Net	352,290	1,976,775	26,701	2,171	--	2,357,937
Special Assessments Receivable	--	--	3,184,726	--	--	3,184,726
Due from Other Governments	24,179	--	--	--	--	24,179
Inventory	--	811,037	--	--	--	811,037
Prepays	99,867	--	--	8,041	--	107,908
Total Current Assets	1,048,695	5,644,304	6,308,818	258,716	--	13,260,533
<i>Noncurrent Assets</i>						
Restricted Cash	--	--	76,500	4,536	--	81,036
Capital Assets not being Depreciated	--	5,272,262	75,650	68,650	--	5,416,562
Capital Assets being Depreciated	659,694	41,019,161	9,807,771	353,115	--	51,839,741
Total Assets	1,708,389	51,935,727	16,268,739	685,017	--	70,597,872
DEFERRED OUTFLOWS OF RESOURCES						
OPEB	29,299	12,364	--	--	--	41,663
Pension	143,338	2,029,735	--	--	--	2,173,073
Total Deferred Outflows of Resources	172,637	2,042,099	--	--	--	2,214,736
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	42,837	681,105	182,700	2,797	--	909,439
Accrued Liabilities	--	2,250	1,652	26,807	--	30,709
Accrued Interest	--	35,278	52,387	--	--	87,665
Current Portion of Compensated Absences	24,843	140,558	--	3,677	--	169,078
Current Portion of Long-term Debt	213,671	546,745	208,556	--	--	968,972
Total Current Liabilities	281,351	1,405,936	445,295	33,281	--	2,165,863
<i>Noncurrent Liabilities</i>						
Advances from Other Governmental Units	--	384,397	--	--	--	384,397
Advances from Primary Government	--	--	140,086	--	--	140,086
Compensated Absences	23,328	--	--	--	--	23,328
Long-term Debt	--	2,550,940	4,155,697	--	--	6,706,637
Net OPEB Obligation	403,320	1,090,797	--	--	--	1,494,117
Net Pension Liability	511,102	9,553,295	--	--	--	10,064,397
Total Liabilities	1,219,101	14,985,365	4,741,078	33,281	--	20,978,825
DEFERRED INFLOWS OF RESOURCES						
OPEB	72,883	592,690	--	--	--	665,573
Pension	2,308,214	526,985	--	--	--	2,835,199
Total Deferred Inflows of Resources	2,381,097	1,119,675	--	--	--	3,500,772
NET POSITION						
Net Investment in Capital Assets	446,023	43,193,738	5,519,168	421,765	--	49,580,694
<i>Restricted for:</i>						
Restricted	37,301	--	3,034,911	4,536	--	3,076,748
<i>Unrestricted</i>	(2,202,496)	(5,320,952)	2,973,582	225,435	--	(4,324,431)
Total Net Position	\$ (1,719,172)	\$ 37,872,786	\$ 11,527,661	\$ 651,736	\$ --	\$ 48,333,011

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, 2019

	Central Dispatch Authority	Road Commission	Drain Commission	Housing Commission (12/31/18)	Brownfield Redevelopment Authority	Total Component Units
Expenses						
Brownfield Redevelopment Authority	\$ --	\$ --	\$ --	\$ --	\$ 7,108	\$ 7,108
Central Dispatch Authority	2,864,699	--	--	--	--	2,864,699
Road Commission	--	19,377,181	--	--	--	19,377,181
Drain Commission	--	--	1,786,141	--	--	1,786,141
Housing Commission	--	--	--	1,155,918	--	1,155,918
Total Expenses	<u>2,864,699</u>	<u>19,377,181</u>	<u>1,786,141</u>	<u>1,155,918</u>	<u>7,108</u>	<u>25,191,047</u>
Program Revenues						
Charges for services	1,742,745	2,058,016	1,092,486	131,295	--	5,024,542
Operating grants and contributions	19,118	9,253,265	868,767	1,039,046	--	11,180,196
Capital grants and contributions	774	7,526,473	--	--	--	7,527,247
Total Program Revenues	<u>1,762,637</u>	<u>18,837,754</u>	<u>1,961,253</u>	<u>1,170,341</u>	<u>--</u>	<u>23,731,985</u>
Net Program Revenues (Expenses)	<u>(1,102,062)</u>	<u>(539,427)</u>	<u>175,112</u>	<u>14,423</u>	<u>(7,108)</u>	<u>(1,459,062)</u>
General Revenue						
Property Taxes	--	--	--	--	7,108	7,108
Interest Income	6,212	--	13,734	--	--	19,946
Gain on Sale of Capital Assets	--	64,077	--	--	--	64,077
Total General Revenues	<u>6,212</u>	<u>64,077</u>	<u>13,734</u>	<u>--</u>	<u>7,108</u>	<u>91,131</u>
Change in Net Position	<u>(1,095,850)</u>	<u>(475,350)</u>	<u>188,846</u>	<u>14,423</u>	<u>--</u>	<u>(1,367,931)</u>
<i>Net Position at Beginning of Period</i>	<u>(623,322)</u>	<u>38,348,136</u>	<u>11,336,530</u>	<u>637,313</u>	<u>--</u>	<u>49,698,657</u>
Net Position at End of Period	<u>\$ (1,719,172)</u>	<u>\$ 37,872,786</u>	<u>\$ 11,525,376</u>	<u>\$ 651,736</u>	<u>\$ --</u>	<u>\$ 48,330,726</u>

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, 2019, the County contributed \$405,580 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 government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Deposits and Investments

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

State statutes authorize the County to invest in:

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

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 Prepaids

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

Montcalm County
Notes to the Financial Statements

as expenses when they are used). Inventories are priced at cost as determined on the average cost valuation method.

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

Capital Assets

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

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

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

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

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

Deferred Outflows of Resources

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

Montcalm County
Notes to the Financial Statements

refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

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 it paid out 100% at retirement or termination. Sick time accrued up to a maximum of 720 hours and is paid out at 25% or 50%, based on bargaining unit. A vesting period of 8-10 applies to most bargaining units. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

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

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

Deferred Inflows of Resources

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

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained

Montcalm County

Notes to the Financial Statements

intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has not delegated the authority to assign fund balance. Unassigned fund balance is the residual classification for the general fund.

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

Interfund Transactions

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

Pension

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

Use of Estimates

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

Montcalm County

Notes to the Financial Statements

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, 2019, the County incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Final Amount Appropriated</u>	<u>Actual Amount</u>	<u>Budget Variance</u>
General Government			
Circuit Court	\$ 270,266	\$ 299,607	\$ (29,341)
Clerk	279,841	286,976	(7,135)
Central Services and Purchasing	29,000	34,496	(5,496)
Survey/Remonumentation	89,300	90,350	(1,050)
Elections	89,900	103,465	(13,565)
Building and Grounds	795,819	815,798	(19,979)
Prosecuting Attorney	639,332	652,929	(13,597)
Public Safety			
Jail	2,356,247	2,473,305	(117,058)
Animal Control	29,000	33,509	(4,509)
Traffic and Safety Program	82,320	83,895	(1,575)
Health and Welfare			
Medical Examiner	167,000	178,895	(11,895)

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	\$ 20,298,987	\$ 6,774,746	\$ 27,073,733
Restricted Cash	-	81,036	81,036
Statement of Fiduciary Assets and Liabilities			
Cash and Investments	8,451,405	-	8,451,405
Total	<u>28,750,392</u>	<u>6,855,782</u>	<u>35,606,174</u>
Less Component Units Separately Audited			
Central Dispatch Authority	-	(572,359)	(572,359)
Road Commission	-	(2,856,492)	(2,856,492)
Housing Commission (12/31/18)	-	(253,040)	(253,040)
Deposits and Investments Managed by the County Treasurer	<u>\$ 28,750,392</u>	<u>\$ 3,173,891</u>	<u>\$ 31,924,283</u>
Deposits and Investments			
Bank Deposits:			
Checking / Savings Accounts			\$ 19,013,529
Certificates of Deposits (due within one year)			1,542,686
Investments:			
Pooled Investments			11,365,643
Cash on Hand			<u>2,425</u>
Total			<u>\$ 31,924,283</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$16,846,652 of the County's bank balance of \$19,188,383 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 \$11,365,643 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, 2019, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County or the Plan.

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

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

Credit risk ratings (Standard and Poors), where applicable, are summarized as follows: AAAM for the entire investment balance of \$11,365,643.

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 \$11,365,643.

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, 2019:

- Michigan Cooperative Liquid Assets Securities System, with a balance of \$11,365,643, which invests primarily in Level 2 investments.

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, 2019, the total amount within the Repair, Replacement, and Improvement Fund was \$76,500.

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2019 for governmental and business-type activities were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 76,657	\$ 1	\$ -	\$ 76,658
Construction in Progress	-	136,270	-	136,270
	<u>76,657</u>	<u>136,271</u>	<u>-</u>	<u>212,928</u>
Capital Assets, being Depreciated				
Land Improvements	5,665	34,370	-	40,035
Buildings and Additions	22,704,572	51,544	(41,358)	22,714,758
Equipment and Furniture	1,269,499	40,201	(34,553)	1,275,147
Vehicles	819,960	18,363	(11,790)	826,533
	<u>24,799,696</u>	<u>144,478</u>	<u>(87,701)</u>	<u>24,856,473</u>
Less Accumulated Depreciation For:				
Land Improvements	5,665	286	-	5,951
Buildings and Additions	17,245,376	619,099	(41,358)	17,823,117
Equipment and Furniture	895,210	89,102	(34,553)	949,759
Vehicles	695,875	64,850	(11,790)	748,935
	<u>18,842,126</u>	<u>773,337</u>	<u>(87,701)</u>	<u>19,527,762</u>
Total Capital Assets being Depreciated, Net	<u>5,957,570</u>	<u>(628,859)</u>	<u>-</u>	<u>5,328,711</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 6,034,227</u>	<u>\$ (492,588)</u>	<u>\$ -</u>	<u>\$ 5,541,639</u>

Montcalm County
Notes to the Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
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	865,051	127,135	(11,402)	980,784
Vehicles	2,000,632	467,247	(256,842)	2,211,037
	<u>3,309,591</u>	<u>594,382</u>	<u>(268,244)</u>	<u>3,635,729</u>
Less Accumulated Depreciation For:				
Buildings and Additions	295,608	22,652	-	318,260
Equipment and Furniture	595,388	92,923	(11,402)	676,909
Vehicles	1,304,623	294,123	(209,869)	1,388,877
	<u>2,195,619</u>	<u>409,698</u>	<u>(221,271)</u>	<u>2,384,046</u>
Total Capital Assets being Depreciated, Net	<u>1,113,972</u>	<u>184,684</u>	<u>(46,973)</u>	<u>1,251,683</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 1,113,972</u>	<u>\$ 251,223</u>	<u>\$ (46,973)</u>	<u>\$ 1,318,222</u>

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

**Depreciation of Governmental
Activities By Function**

General Government	\$ 355,013
Public Safety	382,416
Health and Welfare	31,797
Recreation and Culture	<u>4,111</u>

**Total Depreciation Expense -
Governmental Activities**

\$ 773,337

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

Ambulance	\$ 406,355
Building Official	<u>3,343</u>

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

\$ 409,698

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, 2019 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
Less Accumulated Depreciation For:				
Drain Infrastructure	3,491,467	317,869	-	3,809,336
Total Capital Assets being Depreciated, Net	10,125,640	(317,869)	-	9,807,771
Drain Commission				
Capital Assets, Net	<u>\$ 10,201,290</u>	<u>\$ (317,869)</u>	<u>\$ -</u>	<u>\$ 9,883,421</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2019 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Delinquent Tax Revolving	\$ 10,062

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

<u>Advance Receivable</u>	<u>Advance Payable</u>	<u>Amount</u>
Delinquent Tax Revolving	Drain Commission	\$ 140,086

The advance from the delinquent tax revolving fund to the drain commission was made to finance construction activity and it is expected to be repaid within the next year.

Montcalm County
Notes to the Financial Statements

For the year ended September 30, 2019, interfund transfers consisted of the following:

Transfer In	Transfer Out	Amount
Fuel Station	Ambulance	\$ 179,820
General	General	450,000
Office Equipment	General	60,000
Nonmajor Governmental Funds	General	635,962
General	Nonmajor Governmental Funds	80,348
Nonmajor Governmental Funds	Nonmajor Governmental Funds	23,777
General	Nonmajor Enterprise Funds	1,352

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.

Note 6 - Long-term Debt

Long-term debt activity for the year ended September 30, 2019 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	\$ 5,820,000	\$ -	\$ (780,000)	\$ 5,040,000	\$ 795,000
2017 Purchase Agreement	17,536	-	(9,956)	7,580	7,580
Total Installment Debt	5,837,536	-	(789,956)	5,047,580	802,580
Compensated Absences	474,890	446,182	(474,890)	446,182	446,182
	<u>\$ 6,312,426</u>	<u>\$ 446,182</u>	<u>\$ (1,264,846)</u>	<u>\$ 5,493,762</u>	<u>\$ 1,248,762</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type Activities					
2017 GOLT Note	\$ 160,000	\$ -	\$ (160,000)	\$ -	\$ -
2018 GOLT Note	2,220,000	-	(2,220,000)	-	-
2019 GOLT Note	-	3,000,000	(1,765,000)	1,235,000	-
Total Installment Debt	2,380,000	3,000,000	(4,145,000)	1,235,000	-
Compensated Absences	27,470	38,696	(27,470)	38,696	28,019
	<u>\$ 2,407,470</u>	<u>\$ 3,038,696</u>	<u>\$ (4,172,470)</u>	<u>\$ 1,273,696</u>	<u>\$ 28,019</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Drain Commission Component Unit					
General Obligation Bonds	\$ 4,646,309	\$ -	\$ (282,056)	\$ 4,364,253	\$ 208,556

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	\$ 5,040,000
2017 purchase agreement with an initial balance of \$29,789.	<u>7,580</u>
	<u>\$ 5,047,580</u>

Business-type Activities

\$3,000,000 2019 General Obligation Limited Tax Notes, payable in full, with variable interest starting from 3.329% annually through April 1, 2021.	<u>\$ 1,235,000</u>
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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	\$ 453,000
\$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	203,137
\$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	55,716
\$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	850,600
\$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	95,000
\$3,262,000 2010 Sidney Township Sewage Disposal Bonds due in annual installments ranging from \$87,000 to \$97,000 plus interest at 3.00% payable semi-annually through June 1, 2050	<u>2,706,800</u>
Total	<u>\$ 4,364,253</u>

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

Year Ending Sept. 30,	Governmental Activities			Drain Commission Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 802,580	\$ 113,618	\$ 916,198	\$ 208,556	\$ 77,510	\$ 286,066
2021	805,000	99,255	904,255	208,856	72,249	281,105
2022	830,000	83,115	913,115	210,859	66,866	277,725
2023	850,000	65,310	915,310	196,982	61,569	258,551
2024	870,000	45,335	915,335	148,700	56,318	205,018
2025-2029	890,000	23,585	913,585	829,500	225,807	1,055,307
2030-2034	-	-	-	917,000	117,980	1,034,980
2035-2039	-	-	-	640,200	28,655	668,855
2040-2044	-	-	-	468,500	9,944	478,444
2045-2049	-	-	-	448,500	7,600	456,100
2050	-	-	-	86,600	1,500	88,100
	<u>\$ 5,047,580</u>	<u>\$ 430,218</u>	<u>\$ 5,477,798</u>	<u>\$ 4,364,253</u>	<u>\$ 725,998</u>	<u>\$ 5,090,251</u>

Montcalm County

Notes to the Financial Statements

The \$1,235,000 General Obligation Limited Tax Notes within the Business-type Activities are due in more than 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	\$ 108,517	\$ 3,625	\$ 112,142
Corpus of Permanent Fund	-	70,483	70,483
	<u>108,517</u>	<u>74,108</u>	<u>182,625</u>
Restricted			
Register of Deeds Automation	-	180,594	180,594
Law Enforcement	-	163,718	163,718
Libraries	-	149,329	149,329
Housing Rehabilitation Programs	-	58,034	58,034
Soldiers, Sailors, and Veterans Assistance	-	59,658	59,658
Animal Shelter	-	15,659	15,659
Capital Improvements (Unexpended Bond Proceeds)	-	53,966	53,966
Other Purposes	-	613,856	613,856
	<u>-</u>	<u>1,294,814</u>	<u>1,294,814</u>
Committed			
Parks	11,705	162,487	174,192
Child Care	196,914	-	196,914
Solid Waste Planning	-	332,401	332,401
Capital Improvements	-	74,737	74,737
	<u>208,619</u>	<u>569,625</u>	<u>778,244</u>
Assigned			
Capital Improvements	1,560,000	-	1,560,000
Unassigned	<u>8,675,723</u>	<u>-</u>	<u>8,675,723</u>
Total Fund Balance - Governmental Funds	<u>\$ 10,552,859</u>	<u>\$ 1,938,547</u>	<u>\$ 12,491,406</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, 2019 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Restricted			
Register of Deeds Automation	\$ 180,594	\$ -	\$ -
Nonexpendable Cemetery	70,483	-	-
Law Enforcement	163,718	-	37,301
Libraries	149,329	-	-
Housing Rehabilitation Programs	58,034	-	-
Housing Assistance Payments	-	-	4,536
Soldiers, Sailors, and Veterans Assistance	59,658	-	-
Repair, Replacement, and Improvement	-	-	76,500
Drain Maintenance and Construction	-	-	2,958,411
Other Purposes	687,106	-	-
	<u>\$ 1,368,922</u>	<u>\$ -</u>	<u>\$ 3,076,748</u>

Net Investment in Capital Assets

The composition of the County's net investment in capital assets as of September 30, 2019, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital Assets:			
Capital Assets not being Depreciated	\$ 212,928	\$ 66,539	\$ 5,416,562
Capital Assets being Depreciated, Net	5,328,711	1,251,683	51,839,741
Total Capital Assets	<u>5,541,639</u>	<u>1,318,222</u>	<u>57,256,303</u>
Related Debt:			
Bonds and Notes Payable	(5,047,580)	-	(7,675,609)
Deferred Charge on Bond Refunding	193,337	-	-
Unexpended Bond Proceeds	53,966	-	-
Total Related Debt:	<u>(4,800,277)</u>	<u>-</u>	<u>(7,675,609)</u>
Net Investment in Capital Assets	<u>\$ 741,362</u>	<u>\$ 1,318,222</u>	<u>\$ 49,580,694</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. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

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

Rate of Return. For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

Contributions. The contribution requirements of Plan members are established and may be amended by the County Board of Commissioners in accordance with County policies, union contracts, and Plan provisions. The Board of Commissioners establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County's actuarially determined employer contribution for the plan for the year ended September 30, 2019 was \$683,104. Employees are required to contribute to the Plan at rates ranging from 3.50% to 11.45% depending on bargaining unit and hire date.

Montcalm County

Notes to the Financial Statements

Employees Covered by Benefit Terms. At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	18
Active employees	63
Total membership	178

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

Montcalm County
Notes to the Financial Statements

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	55.50%	8.65%	4.80%	2.50%	3.42%
Global fixed income	18.50%	3.76%	0.70%	2.50%	0.23%
Real assets	13.50%	9.72%	1.31%	2.50%	0.97%
Diversifying strategies	12.50%	7.50%	0.94%	2.50%	0.63%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.25%</u>

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	<u>\$ 27,554,239</u>	<u>\$ 22,769,795</u>	<u>\$ 4,784,444</u>
Changes for the year:			
Service cost	505,165	-	505,165
Interest	2,162,800	-	2,162,800
Differences between expected and actual experience	317,913	-	317,913
Employer contributions	-	746,121	(746,121)
Employee contributions	-	580,032	(580,032)
Net investment loss	-	(893,309)	893,309
Benefit payments, including refunds of employee contributions	(1,543,633)	(1,543,633)	-
Administrative expense	-	(44,206)	44,206
Other changes/net transfers	2	132,238	(132,236)
Net changes	<u>1,442,247</u>	<u>(1,022,757)</u>	<u>2,465,004</u>
Balances at December 31, 2018	<u>\$ 28,996,486</u>	<u>\$ 21,747,038</u>	<u>\$ 7,249,448</u>

Montcalm County
Notes to the Financial Statements

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

Governmental Activities	\$ 6,017,042
Business-type Activities	1,232,406
Total net pension liability	\$ 7,249,448

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension liability	<u>\$ 10,248,983</u>	<u>\$ 7,249,448</u>	<u>\$ 4,714,566</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the plan year ended December 31, 2018, the County recognized pension expense (income) of \$(2,650,731).

At September 30, 2019 the County reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 238,435	\$ (76,812)
Changes in assumptions	902,587	(6,968,901)
Net difference between projected and actual earnings on pension plan investments	<u>1,771,019</u>	<u>-</u>
	2,912,041	(7,045,713)
Contributions subsequent to measurement date	<u>513,248</u>	<u>-</u>
Totals	\$ 3,425,289	\$ (7,045,713)

Montcalm County
Notes to the Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
This amount is reported in the statement of net position as follows:		
Governmental Activities	\$ 2,840,591	\$ (5,847,942)
Business-type Activities	584,698	(1,197,771)
Totals	\$ 3,425,289	\$ (7,045,713)

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, 2019. 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
2020	\$ (2,408,435)
2021	(2,686,322)
2022	420,198
2023	540,887
Total	\$ (4,133,672)

Payable to the Pension Plan. At September 30, 2019, the County had no amount payable to the pension plan for contributions for the year ended September 30, 2019.

Note 11 - Defined Contribution Retirement Plan

The County administers a defined contribution plan for all non-union and AFSCME employees hired after December 31, 2003 (and those employees that elected to transfer to the plan in 2004). The County contributes 5.0% of covered payroll to the Plan and employees contribute 3.5%. County contributions for the fiscal year ended September 30, 2019 were \$246,795.

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

Montcalm County
Notes to the Financial Statements

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, 2019):

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

Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019 and a measurement date of September 30, 2019 and the following actuarial assumptions, applied to all periods included in the measurement:

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. 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 3.00% - the bond rate in effect at that time.

Montcalm County
Notes to the Financial Statements

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

Changes in OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	OPEB Liability
Balance at September 30, 2018	\$ 1,341,628	\$ -	\$ 1,341,628
Service cost	56,758	-	56,758
Interest	41,793	-	41,793
Differences between expected and actual experience	(50,243)	-	(50,243)
Changes in actuarial assumptions	(62,675)	-	(62,675)
Contributions - employer	-	10,480	(10,480)
Benefit payments, including refunds	(10,480)	(10,480)	-
Net changes	(24,847)	-	(24,847)
Balance at September 30, 2019	\$ 1,316,781	\$ -	\$ 1,316,781

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

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.58 percent, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate:

	Current Discount		
	1% Decrease, 2.58%	Rate, 3.58%	1% Increase, 4.58%
Net OPEB Liability	\$ 1,474,234	\$ 1,316,781	\$ 1,174,128

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

	Current Trend		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 927,056	\$ 1,316,781	\$ 1,771,845

Montcalm County

Notes to the Financial Statements

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

For the year ended September 30, 2019, the County recognized OPEB expense of \$73,263. At September 30, 2019, 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
Changes in assumptions	\$ 78,419	\$ 55,819
Difference between expected and actual experience	-	234,339
Total	<u>\$ 78,419</u>	<u>\$ 290,158</u>

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

Years Ending September 30,	Amount
2020	\$ (25,296)
2021	(25,296)
2022	(25,296)
2023	(25,296)
2024	(25,296)
Thereafter	(85,259)

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.

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

Montcalm County
Notes to the Financial Statements

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 \$120,110 in reduced County tax revenues for 2019.

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 \$419,369 in reduced County tax revenues for 2019.

Note 15 – Prior Period Restatement

In the prior year, the County did not forward the cash collected for drain special assessments that was deposited into the County's Trust and Agency fund to the Drain Commission, a discretely presented component unit. This resulted in an understatement of cash, by \$1,022,161, within the Drain Commission, for the prior year. The resulting correction increased cash and net position within the Drain Commission by \$1,022,161, as shown below:

	Drain Commission	Component Units
Net Position at September 30, 2018, as previously reported	\$ 10,314,369	\$ 48,676,496
Correction of understated cash collection	1,022,161	1,022,161
Net Position at September 30, 2018, restated	<u>\$ 11,336,530</u>	<u>\$ 49,698,657</u>

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, 2019

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 7,278,100	\$ 7,723,527	\$ 8,244,701	\$ 521,174
Licenses and Permits	106,000	106,000	151,709	45,709
Intergovernmental	2,976,035	2,985,164	3,256,208	271,044
Charges for Services	2,995,644	2,995,644	3,186,737	191,093
Fines and Forfeitures	6,500	6,500	27,288	20,788
Interest and Rents	12,000	12,000	127,334	115,334
Local Contributions	--	--	100	100
Other Revenue	189,780	189,780	810,352	620,572
Total Revenues	13,564,059	14,018,615	15,804,429	1,785,814
Other Financing Sources				
Proceeds from Sale of Capital Assets	3,000	3,000	200	(2,800)
Transfers In	718,597	718,597	531,700	(186,897)
Total Revenues and Other Financing Sources	14,285,656	14,740,212	16,336,329	1,596,117
Expenditures				
General Government				
Board of Commissioners	101,967	296,967	294,260	2,707
Circuit Court	220,266	270,266	299,607	(29,341)
District Court	670,805	670,805	660,314	10,491
Probate/Juvenile Court	779,466	779,466	778,588	878
Witness Cost	10,000	10,000	6,448	3,552
Controller	425,258	425,258	416,748	8,510
Clerk	279,841	279,841	286,976	(7,135)
Audit	24,000	24,000	24,000	--
Information Systems	173,963	173,963	140,017	33,946
Central Services and Purchasing	20,000	29,000	34,496	(5,496)
Survey/Remonumentation	54,300	89,300	90,350	(1,050)
Treasurer	318,767	318,767	307,189	11,578
Equalization	243,644	243,644	241,334	2,310
Elections	89,900	89,900	103,465	(13,565)
Buildings and Grounds	820,819	795,819	815,798	(19,979)
Prosecuting Attorney	580,776	639,332	652,929	(13,597)
Building Rent	906,155	906,155	906,155	--
Other	256,300	263,800	175,389	88,411
Total General Government	5,976,227	6,306,283	6,234,063	72,220

Montcalm County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Expenditures				
Public Safety				
Sheriff	\$ 1,377,982	\$ 1,377,982	\$ 1,341,297	\$ 36,685
Contracted Police Service	774,591	774,591	674,257	100,334
Justice Training	4,900	4,900	3,985	915
Marine Safety	41,740	41,740	29,474	12,266
Jail	2,356,247	2,356,247	2,473,305	(117,058)
Community Corrections	95,522	95,822	91,089	4,733
Animal Control	29,000	29,000	33,509	(4,509)
Traffic and Safety Program	82,320	82,320	83,895	(1,575)
Total Public Safety	4,762,302	4,762,602	4,730,811	31,791
Public Works				
Drain Commissioners	166,677	166,677	148,696	17,981
Drains at Large	105,000	141,000	140,909	91
Total Public Works	271,677	307,677	289,605	18,072
Health and Welfare				
Contagious Disease	1,000	1,000	--	1,000
Substance Abuse Commission	100,762	100,762	100,119	643
Medical Examiner	117,000	167,000	178,895	(11,895)
Veterans Burials	6,000	6,000	3,600	2,400
District Health	391,355	391,355	391,355	--
Health Services	19,000	19,000	8,000	11,000
Mental Health	188,053	188,053	188,053	--
Child Care	1,112,806	1,112,806	1,038,492	74,314
Total Health and Welfare	1,935,976	1,985,976	1,908,514	77,462
Community and Economic Development				
Register of Deeds	215,631	215,631	207,367	8,264
West Michigan Regional Planning	4,500	4,500	4,117	383
Planning Commission	1,100	1,100	610	490
Economic Development	10,000	10,000	10,000	--
Total Community and Economic Development	231,231	231,231	222,094	9,137
Recreation and Culture				
Parks	12,110	12,110	12,077	33
Total Expenditures	13,189,523	13,605,879	13,397,164	208,715
Other Financing Uses				
Transfers Out	1,067,512	1,360,012	1,145,962	214,050
Total Expenditures and Other Financing Uses	14,257,035	14,965,891	14,543,126	422,765
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	28,621	(225,679)	1,793,203	2,018,882
Net Change in Fund Balance	28,621	(225,679)	1,793,203	2,018,882
<i>Fund Balance at Beginning of Period</i>	<i>8,759,656</i>	<i>8,759,656</i>	<i>8,759,656</i>	<i>--</i>
Fund Balance at End of Period	\$ 8,788,277	\$ 8,533,977	\$ 10,552,859	\$ 2,018,882

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

	2019	2018*	2017	2016	2015
Total Pension Liability					
Service cost	\$ 505,165	\$ 510,243	\$ 1,285,924	\$ 1,006,943	\$ 1,006,943
Interest	2,162,800	3,005,024	1,753,666	1,900,616	1,779,050
Differences between expected and actual experience	317,913	-	-	(530,426)	-
Other changes	2	-	-	-	-
Changes of assumptions	-	(12,590,050)	(3,675,223)	6,232,817	-
Benefit payments, including refunds of employee contributions	(1,543,633)	(1,357,304)	(1,590,719)	(1,508,500)	(1,365,511)
Net change in total pension liability	<u>1,442,247</u>	<u>(10,432,087)</u>	<u>(2,226,352)</u>	<u>7,101,450</u>	<u>1,420,482</u>
Total pension liability, beginning of year	<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>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	746,121	485,179	851,050	513,450	536,125
Employee contributions	580,032	13,936	350,774	377,299	400,487
Net investment income (loss)	(893,309)	2,646,653	1,640,751	(5,877)	1,078,217
Benefit payments, including refunds of employee contributions	(1,543,633)	(1,357,304)	(1,590,719)	(1,508,500)	(1,368,958)
Administrative expenses	(44,206)	(41,205)	(109,915)	(21,590)	(7,524)
Other changes/net transfers	132,238	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>(1,022,757)</u>	<u>1,747,259</u>	<u>1,141,941</u>	<u>(645,218)</u>	<u>638,347</u>
Plan Fiduciary Net Position - Beginning	<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>21,747,038</u>	<u>22,769,795</u>	<u>22,806,307</u>	<u>21,664,366</u>	<u>22,309,584</u>
County's net pension liability	<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	75.0%	82.6%	55%	50%	61.0%
Covered payroll	\$ 3,621,321	\$ 3,690,642	N/A	\$ 5,031,428	\$ 5,344,449
County's net pension liability as a percentage of covered payroll	200.2%	129.6%	N/A	438%	267.0%

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

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

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

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 683,104	\$ 499,115	\$ 826,402	\$ 704,880	\$ 699,970
Contributions in Relation to the Actuarially Determined Contribution	683,104	499,115	536,125	-	520,257
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,277</u>	<u>\$ 704,880</u>	<u>\$ 179,713</u>
Covered Employee Payroll	\$ 3,563,091	\$ 3,690,642	N/A	\$ 5,031,428	\$ 5,202,565
Contributions as a Percentage of Covered Employee Payroll	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	23 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the RP-2014 Mortality Table

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

	2019	2018
Total OPEB Liability		
Service Cost	\$ 56,758	\$ 52,399
Interest	41,793	43,194
Differences Between Expected and Actual Experience	(50,243)	(233,733)
Changes in Assumptions	(62,675)	96,674
Benefit Payments, Including Refunds	(10,480)	(8,660)
Net Change in total OPEB Liability	(24,847)	(50,126)
<i>Total OPEB Liability - Beginning</i>	1,341,628	1,391,754
Total OPEB Liability - Ending (a)	\$ 1,316,781	\$ 1,341,628
Plan Fiduciary Net Position		
Contributions/benefit payments made from general operating funds	\$ 10,480	\$ 8,660
Benefit Payments, Including Refunds	(10,480)	(8,660)
Net Change in Plan Fiduciary Net Position	-	-
<i>Plan Fiduciary Net Position - Beginning</i>	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 1,316,781	\$ 1,341,628
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%
Covered Payroll	\$ 2,648,267	\$ 2,531,289
Net OPEB Liability as a Percentage of Covered Payroll	49.7%	53.0%

* Built prospectively upon implementation of GASB 75

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

	2019	2018
Actuarially Determined Contribution	\$ 160,094	\$ 161,065
Contributions in Relation to the Actuarially Determined Contribution	10,480	8,660
Contribution Deficiency (Excess)	<u>\$ 149,614</u>	<u>\$ 152,405</u>
Covered Payroll	\$ 2,648,267	\$ 2,531,289
Contributions as a Percentage of Covered Payroll	0%	0%

Notes

Valuation Date: September 30, 2018

Methods and assumptions used to determine contribution rates

Actuarial cost method	Projected Unit Credit (level dollar)
Amortization method	Average Future Service
Remaining amortization period	12 years
Asset valuation method	Equal to market value of assets
Inflation	Implicit in expected payroll increases
Salary increases	3.50%
Investment rate of return	N/A; plan is not prefunded
Retirement Age	Varies depending on plan adoption
Mortality	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, 2019

	<u>General</u>	<u>Parks</u>	<u>Child Care</u>	<u>Total General Funds</u>
ASSETS				
Cash and Investments	\$ 8,631,783	\$ 11,898	\$ 243,539	\$ 8,887,220
Receivables, Net	117,670	--	--	117,670
Taxes Receivable	1,685,417	--	--	1,685,417
Due from Other Governments	344,949	--	77,487	422,436
Prepays	108,517	--	--	108,517
Due from Other Funds	10,062	--	--	10,062
Total Assets	\$ 10,898,398	\$ 11,898	\$ 321,026	\$ 11,231,322
LIABILITIES				
Accounts Payable	\$ 333,045	\$ 193	\$ 124,112	\$ 457,350
Accrued Liabilities	221,113	--	--	221,113
Total Liabilities	554,158	193	124,112	678,463
FUND BALANCE				
Nonspendable	108,517	--	--	108,517
Committed	--	11,705	196,914	208,619
Assigned	1,560,000	--	--	1,560,000
Unassigned	8,675,723	--	--	8,675,723
Total Fund Balance	10,344,240	11,705	196,914	10,552,859
Total Liabilities and Fund Balance	\$ 10,898,398	\$ 11,898	\$ 321,026	\$ 11,231,322

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, 2019

	General	Parks	Child Care	Total General Funds
Revenues				
Property Taxes	\$ 8,244,701	\$ --	\$ --	\$ 8,244,701
Licenses and Permits	151,709	--	--	151,709
Intergovernmental	2,713,028	--	543,180	3,256,208
Charges for Services	3,115,234	12,790	58,713	3,186,737
Fines and Forfeitures	27,288	--	--	27,288
Interest and Rents	126,113	79	1,142	127,334
Local Contributions	100	--	--	100
Other Revenues	810,352	--	--	810,352
Total Revenues	15,188,525	12,869	603,035	15,804,429
Expenditures				
General Government	6,234,063	--	--	6,234,063
Public Safety	4,730,811	--	--	4,730,811
Public Works	289,605	--	--	289,605
Health and Welfare	870,022	--	1,038,492	1,908,514
Community and Economic Development	222,094	--	--	222,094
Recreation and Culture	--	12,077	--	12,077
Total Expenditures	12,346,595	12,077	1,038,492	13,397,164
Excess of Revenues Over (Under) Expenditures	2,841,930	792	(435,457)	2,407,265
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	200	--	--	200
Transfers In	81,700	--	450,000	531,700
Transfers Out	(1,145,962)	--	--	(1,145,962)
Net Other Financing Sources (Uses)	(1,064,062)	--	450,000	(614,062)
Net Change in Fund Balance	1,777,868	792	14,543	1,793,203
<i>Fund Balance at Beginning of Period</i>	8,566,372	10,913	182,371	8,759,656
Fund Balance at End of Period	\$ 10,344,240	\$ 11,705	\$ 196,914	\$ 10,552,859

**Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019**

	Special Revenue						
	Register of Deeds Automation	Concealed Pistol License	Local Correction Training	Drug Law Enforcement	Law Enforcement	Law Library	County Libraries
ASSETS							
Cash and Investments	\$ 180,784	\$ 52,351	\$ 26,703	\$ 8,021	\$ 472	\$ 20,352	\$ 162,189
Receivables, Net	--	--	--	--	--	--	--
Due from Other Governments	--	--	--	--	--	--	--
Prepays	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 180,784</u>	<u>\$ 52,351</u>	<u>\$ 26,703</u>	<u>\$ 8,021</u>	<u>\$ 472</u>	<u>\$ 20,352</u>	<u>\$ 162,189</u>
LIABILITIES							
Accounts Payable	\$ 190	\$ 413	\$ 836	\$ --	\$ --	\$ --	\$ --
Accrued Liabilities	--	--	--	--	--	--	--
Due to Other Governments	--	--	--	--	--	--	33,212
<i>Total Liabilities</i>	<u>190</u>	<u>413</u>	<u>836</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,212</u>
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	180,594	51,938	25,867	8,021	472	20,352	128,977
Committed	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>180,594</u>	<u>51,938</u>	<u>25,867</u>	<u>8,021</u>	<u>472</u>	<u>20,352</u>	<u>128,977</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 180,784</u>	<u>\$ 52,351</u>	<u>\$ 26,703</u>	<u>\$ 8,021</u>	<u>\$ 472</u>	<u>\$ 20,352</u>	<u>\$ 162,189</u>

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue						
	Animal Shelter Donation	CDBG Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Victim Support	Law Enforcement Trust
ASSETS							
Cash and Investments	\$ 15,659	\$ 58,034	\$ 211,196	\$ 38,777	\$ 20,881	\$ 2,550	\$ 23,621
Receivables, Net	--	--	61,921	--	--	--	--
Due from Other Governments	--	--	3,437	--	--	--	--
Prepays	--	--	--	--	--	--	--
<i>Total Assets</i>	\$ 15,659	\$ 58,034	\$ 276,554	\$ 38,777	\$ 20,881	\$ 2,550	\$ 23,621
LIABILITIES							
Accounts Payable	\$ --	\$ --	\$ 43,224	\$ --	\$ --	\$ --	\$ --
Accrued Liabilities	--	--	23,584	--	--	--	--
Due to Other Governments	--	--	--	--	--	--	--
<i>Total Liabilities</i>	--	--	66,808	--	--	--	--
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	15,659	58,034	209,746	38,777	20,881	2,550	23,621
Committed	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	15,659	58,034	209,746	38,777	20,881	2,550	23,621
<i>Total Liabilities and Fund Balance</i>	\$ 15,659	\$ 58,034	\$ 276,554	\$ 38,777	\$ 20,881	\$ 2,550	\$ 23,621

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue							
	Friend of the Court	Solid Waste Planning	Homeland Security Grant	Social Welfare - County	Montcalm Conservation District	MSU Cooperative Extension	Indigent Defense	Drug Court
ASSETS								
Cash and Investments	\$ 10,883	\$ 286,800	\$ 53,799	\$ 1,016	\$ --	\$ 7,796	\$ 168,459	\$ 22,780
Receivables, Net	--	58,761	--	--	--	--	--	--
Due from Other Governments	167,675	--	--	--	--	--	--	--
Prepays	3,625	--	--	--	--	--	--	--
<i>Total Assets</i>	\$ 182,183	\$ 345,561	\$ 53,799	\$ 1,016	\$ --	\$ 7,796	\$ 168,459	\$ 22,780
LIABILITIES								
Accounts Payable	\$ 4,473	\$ 13,160	\$ --	\$ --	\$ --	\$ --	\$ 143,794	\$ 847
Accrued Liabilities	20,216	--	--	--	--	--	4,648	--
Due to Other Governments	--	--	--	--	--	--	--	--
<i>Total Liabilities</i>	24,689	13,160	--	--	--	--	148,442	847
FUND BALANCE								
Nonspendable	3,625	--	--	--	--	--	--	--
Restricted	153,869	--	53,799	1,016	--	7,796	20,017	21,933
Committed	--	332,401	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	157,494	332,401	53,799	1,016	--	7,796	20,017	21,933
<i>Total Liabilities and Fund Balance</i>	\$ 182,183	\$ 345,561	\$ 53,799	\$ 1,016	\$ --	\$ 7,796	\$ 168,459	\$ 22,780

Montcalm County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Debt Service		Capital Projects					Permanent	Total Nonmajor Governmental Funds
	Building Authority	Equipment Purchase and Replacement	Jail Improvement	General Projects	Park Improvements	Building Authority Improvements	Public Improvement	Cemetery	
ASSETS									
Cash and Investments	\$ 7,288	\$ 5,767	\$ 9,757	\$ 203,165	\$ 162,487	\$ 53,966	\$ 59,213	\$ 70,483	\$ 1,945,249
Receivables, Net	--	--	--	--	--	--	--	--	120,682
Due from Other Governments	--	--	--	--	--	--	--	--	171,112
Prepays	--	--	--	--	--	--	--	--	3,625
Total Assets	\$ 7,288	\$ 5,767	\$ 9,757	\$ 203,165	\$ 162,487	\$ 53,966	\$ 59,213	\$ 70,483	\$ 2,240,668
LIABILITIES									
Accounts Payable	\$ --	\$ --	\$ --	\$ 13,524	\$ --	\$ --	\$ --	\$ --	\$ 220,461
Accrued Liabilities	--	--	--	--	--	--	--	--	48,448
Due to Other Governments	--	--	--	--	--	--	--	--	33,212
Total Liabilities	--	--	--	13,524	--	--	--	--	302,121
FUND BALANCE									
Nonspendable	--	--	--	--	--	--	--	70,483	74,108
Restricted	7,288	--	--	189,641	--	53,966	--	--	1,294,814
Committed	--	5,767	9,757	--	162,487	--	59,213	--	569,625
Unassigned	--	--	--	--	--	--	--	--	--
Total Fund Balance	7,288	5,767	9,757	189,641	162,487	53,966	59,213	70,483	1,938,547
Total Liabilities and Fund Balance	\$ 7,288	\$ 5,767	\$ 9,757	\$ 203,165	\$ 162,487	\$ 53,966	\$ 59,213	\$ 70,483	\$ 2,240,668

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue						
	Register of Deeds Automation	Concealed Pistol License	Local Correction Training	Drug Law Enforcement	Law Enforcement	Law Library	County Libraries
Revenues							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 901,970
Licenses and Permits	--	33,810	--	--	--	--	--
Intergovernmental	--	--	--	--	--	--	--
Charges for Services	56,314	--	14,056	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	6,500	--
Interest and Rents	4,185	235	166	61	3	112	3,132
Local Contributions	--	--	2,625	--	--	--	--
Total Revenues	<u>60,499</u>	<u>34,045</u>	<u>16,847</u>	<u>61</u>	<u>3</u>	<u>6,612</u>	<u>905,102</u>
Expenditures							
General Government	64,134	3,620	--	--	--	--	--
Public Safety	--	--	9,843	--	--	--	--
Public Works	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Community and Economic Development	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	903,450
Capital Outlay	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--
Total Expenditures	<u>64,134</u>	<u>3,620</u>	<u>9,843</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>903,450</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,635)</u>	<u>30,425</u>	<u>7,004</u>	<u>61</u>	<u>3</u>	<u>6,612</u>	<u>1,652</u>
Other Financing Sources (Uses)							
Transfers In	--	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>(3,635)</u>	<u>30,425</u>	<u>7,004</u>	<u>61</u>	<u>3</u>	<u>6,612</u>	<u>1,652</u>
Fund Balance at Beginning of Period	<u>184,229</u>	<u>21,513</u>	<u>18,863</u>	<u>7,960</u>	<u>469</u>	<u>13,740</u>	<u>127,325</u>
Fund Balance at End of Period	<u>\$ 180,594</u>	<u>\$ 51,938</u>	<u>\$ 25,867</u>	<u>\$ 8,021</u>	<u>\$ 472</u>	<u>\$ 20,352</u>	<u>\$ 128,977</u>

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue						
	Animal Shelter Donation	CDBG Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Victim Support	Law Enforcement Trust
Revenues							
Property Taxes	\$ --	\$ --	\$ 808,843	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Intergovernmental	--	47,900	476,947	--	--	--	--
Charges for Services	--	180	115,546	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	--	--
Interest and Rents	124	158	2,082	356	157	26	89
Local Contributions	225	--	12,794	4,424	25	1,500	225
Total Revenues	<u>349</u>	<u>48,238</u>	<u>1,416,212</u>	<u>4,780</u>	<u>182</u>	<u>1,526</u>	<u>314</u>
Expenditures							
General Government	--	--	--	--	--	--	--
Public Safety	--	--	--	--	--	1,540	--
Public Works	--	--	--	--	--	--	--
Health and Welfare	1,531	--	1,320,059	30,455	1,943	--	--
Community and Economic Development	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--
Total Expenditures	<u>1,531</u>	<u>--</u>	<u>1,320,059</u>	<u>30,455</u>	<u>1,943</u>	<u>1,540</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,182)</u>	<u>48,238</u>	<u>96,153</u>	<u>(25,675)</u>	<u>(1,761)</u>	<u>(14)</u>	<u>314</u>
Other Financing Sources (Uses)							
Transfers In	--	--	--	--	--	--	--
Transfers Out	--	--	(20,168)	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(20,168)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>(1,182)</u>	<u>48,238</u>	<u>75,985</u>	<u>(25,675)</u>	<u>(1,761)</u>	<u>(14)</u>	<u>314</u>
Fund Balance at Beginning of Period	<u>16,841</u>	<u>9,796</u>	<u>133,761</u>	<u>64,452</u>	<u>22,642</u>	<u>2,564</u>	<u>23,307</u>
Fund Balance at End of Period	<u>\$ 15,659</u>	<u>\$ 58,034</u>	<u>\$ 209,746</u>	<u>\$ 38,777</u>	<u>\$ 20,881</u>	<u>\$ 2,550</u>	<u>\$ 23,621</u>

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue							
	Friend of the Court	Solid Waste Planning	Homeland Security Grant	Social Welfare - County	Montcalm Conservation District	MSU Cooperative Extension	Indigent Defense	Drug Court
Revenues								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 119,134	\$ 241,705	\$ --	\$ --
Licenses and Permits	6,675	--	--	--	--	--	--	--
Intergovernmental	689,028	--	--	--	--	--	345,641	--
Charges for Services	133,812	236,349	--	--	--	--	--	17,977
Fines and Forfeitures	--	--	--	--	--	--	--	--
Interest and Rents	--	2,242	405	8	--	--	290	53
Local Contributions	--	--	--	--	--	--	6,624	--
Total Revenues	829,515	238,591	405	8	119,134	241,705	352,555	18,030
Expenditures								
General Government	810,433	--	--	--	119,134	--	552,871	7,210
Public Safety	--	--	--	--	--	--	--	--
Public Works	--	211,660	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--	--
Community and Economic Development	--	--	--	--	--	233,909	--	--
Recreation and Culture	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--
Total Expenditures	810,433	211,660	--	--	119,134	233,909	552,871	7,210
Excess of Revenues Over (Under) Expenditures	19,082	26,931	405	8	--	7,796	(200,316)	10,820
Other Financing Sources (Uses)								
Transfers In	69,412	--	--	--	--	--	220,333	11,113
Transfers Out	(3,609)	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	65,803	--	--	--	--	--	220,333	11,113
Net Change in Fund Balance	84,885	26,931	405	8	--	7,796	20,017	21,933
<i>Fund Balance at Beginning of Period</i>	<i>72,609</i>	<i>305,470</i>	<i>53,394</i>	<i>1,008</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>
Fund Balance at End of Period	\$ 157,494	\$ 332,401	\$ 53,799	\$ 1,016	\$ --	\$ 7,796	\$ 20,017	\$ 21,933

Montcalm County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Debt Service		Capital Projects					Permanent	Total Nonmajor Governmental Funds
	Building Authority	Equipment Purchase and Replacement	Jail Improvement	General Projects	Park Improvements	Building Authority Improvements	Public Improvement	Cemetery	
Revenues									
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,071,652
Licenses and Permits	--	--	--	--	--	--	--	--	40,485
Intergovernmental	--	--	--	--	--	--	--	--	1,559,516
Charges for Services	--	--	--	--	--	--	--	--	574,234
Fines and Forfeitures	--	--	--	--	--	--	--	--	6,500
Interest and Rents	906,155	10	73	705	1,237	420	4,167	518	927,169
Local Contributions	--	--	--	--	--	--	--	--	28,442
Total Revenues	<u>906,155</u>	<u>10</u>	<u>73</u>	<u>705</u>	<u>1,237</u>	<u>420</u>	<u>4,167</u>	<u>518</u>	<u>5,207,998</u>
Expenditures									
General Government	--	38,334	--	--	--	--	--	--	1,595,736
Public Safety	--	--	--	--	--	--	--	--	11,383
Public Works	--	--	--	--	--	--	--	--	211,660
Health and Welfare	--	1,805	--	--	--	--	--	--	1,355,793
Community and Economic Development	--	--	--	--	--	--	--	--	233,909
Recreation and Culture	--	--	--	--	1,800	--	--	--	905,250
Capital Outlay	--	58,564	--	61,064	--	--	--	--	119,628
Debt Service - Interest	126,155	221	--	--	--	--	--	--	126,376
Debt Service - Principal	780,000	9,956	--	--	--	--	--	--	789,956
Total Expenditures	<u>906,155</u>	<u>108,880</u>	<u>--</u>	<u>61,064</u>	<u>1,800</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,349,691</u>
Excess of Revenues Over (Under) Expenditures	<u>--</u>	<u>(108,870)</u>	<u>73</u>	<u>(60,359)</u>	<u>(563)</u>	<u>420</u>	<u>4,167</u>	<u>518</u>	<u>(141,693)</u>
Other Financing Sources (Uses)									
Transfers In	--	108,881	--	250,000	--	--	--	--	659,739
Transfers Out	--	--	--	(80,348)	--	--	--	--	(104,125)
Net Other Financing Sources (Uses)	<u>--</u>	<u>108,881</u>	<u>--</u>	<u>169,652</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>555,614</u>
Net Change in Fund Balance	<u>--</u>	<u>11</u>	<u>73</u>	<u>109,293</u>	<u>(563)</u>	<u>420</u>	<u>4,167</u>	<u>518</u>	<u>413,921</u>
<i>Fund Balance at Beginning of Period</i>	7,288	5,756	9,684	80,348	163,050	53,546	55,046	69,965	1,524,626
<i>Fund Balance at End of Period</i>	<u>\$ 7,288</u>	<u>\$ 5,767</u>	<u>\$ 9,757</u>	<u>\$ 189,641</u>	<u>\$ 162,487</u>	<u>\$ 53,966</u>	<u>\$ 59,213</u>	<u>\$ 70,483</u>	<u>\$ 1,938,547</u>

Montcalm County
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2019

	Enterprise			
	Inmate Commissary	Building Official	PRE Audit	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 204,737	\$ 504,055	\$ 48,846	\$ 757,638
Total Current Assets	204,737	504,055	48,846	757,638
<i>Noncurrent Assets</i>				
Capital Assets being Depreciated	--	66,754	--	66,754
Total Assets	204,737	570,809	48,846	824,392
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	1,868	7,354	17,194	26,416
Accrued Liabilities	--	13,763	--	13,763
Current Portion of Compensated Absences	--	7,464	--	7,464
Total Current Liabilities	1,868	28,581	17,194	47,643
<i>Noncurrent Liabilities</i>				
Compensated Absences	--	400	--	400
Total Liabilities	1,868	28,981	17,194	48,043
NET POSITION				
Net Investment in Capital Assets	--	66,754	--	66,754
<i>Unrestricted</i>	202,869	475,074	31,652	709,595
Total Net Position	\$ 202,869	\$ 541,828	\$ 31,652	\$ 776,349

Montcalm County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	Enterprise			
	Inmate Commissary	Building Official	PRE Audit	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$ 64,938	\$ 593,465	\$ --	\$ 658,403
Penalties and Interest on Delinquent Taxes	--	--	40,113	40,113
Total Operating Revenues	64,938	593,465	40,113	698,516
Operating Expenses				
Personnel Services	--	357,832	--	357,832
Purchases of Goods and Services	35,817	51,732	51,786	139,335
Depreciation	--	3,343	--	3,343
Total Operating Expenses	35,817	412,907	51,786	500,510
Operating Income (Loss)	29,121	180,558	(11,673)	198,006
Non-Operating Revenues (Expenses)				
Interest Income	1,428	3,001	1,345	5,774
Net Non-Operating Revenues (Expenses)	1,428	3,001	1,345	5,774
Transfers	30,549	183,559	(10,328)	203,780
Transfers Out	(1,352)	--	--	(1,352)
Change In Net Position	29,197	183,559	(10,328)	202,428
<i>Net Position at Beginning of Period</i>	<i>173,672</i>	<i>358,269</i>	<i>41,980</i>	<i>573,921</i>
Net Position at End of Period	\$ 202,869	\$ 541,828	\$ 31,652	\$ 776,349

Montcalm County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	Enterprise			
	Inmate Commissary	Building Official	PRE Audit	Total Enterprise Funds
Cash Flows from Operating Activities				
Cash Received from Customers and Users	\$ 64,938	\$ 593,465	\$ --	\$ 658,403
Cash Payments for Goods and Services	(36,279)	(44,697)	(34,592)	(115,568)
Cash Received to Purchase Delinquent Taxes	--	--	40,113	40,113
Cash Payments to Employees	--	(357,286)	--	(357,286)
Net Cash Provided by Operating Activities	28,659	191,482	5,521	225,662
Cash Flows from Capital and Related Financing Activities				
Change in Capital Assets	--	(64,940)	--	(64,940)
Net Cash Used in Capital and Related Financing Activities	--	(64,940)	--	(64,940)
Cash Flows from Noncapital and Related Financing Activities				
Transfers Out	(1,352)	--	--	(1,352)
Net Cash Used in Noncapital and Related Financing Activities	(1,352)	--	--	(1,352)
Cash Flows from Investing Activities				
Interest Income	1,428	3,001	1,345	5,774
Net Cash Provided by Investing Activities	1,428	3,001	1,345	5,774
Net Increase in Cash and Investments	28,735	129,543	6,866	165,144
<i>Cash and Investments - Beginning of Year</i>	<i>176,002</i>	<i>374,512</i>	<i>41,980</i>	<i>592,494</i>
<i>Cash and Investments - End of Year</i>	<i>\$ 204,737</i>	<i>\$ 504,055</i>	<i>\$ 48,846</i>	<i>\$ 757,638</i>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	29,121	180,558	(11,673)	198,006
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used in) Operating Activities				
Depreciation Expense	--	3,343	--	3,343
Changes in Liabilities				
Accounts Payable	(462)	6,087	17,194	22,819
Accrued Liabilities	--	948	--	948
Compensated Absences	--	546	--	546
Net Cash Provided by Operating Activities	\$ 28,659	\$ 191,482	\$ 5,521	\$ 225,662

Montcalm County
Combining Statement of Net Position
Internal Service Funds
September 30, 2019

	Internal Service				
	Office Equipment	OPEB	Pension Employee Benefits	Fuel Station	Total Internal Service Funds
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 15,179	\$ 167,808	\$ 102,375	\$ 179,865	\$ 465,227
Total Current Assets	15,179	167,808	102,375	179,865	465,227
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	--	--	136,270	136,270
Total Assets	15,179	167,808	102,375	316,135	601,497
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	6,213	--	--	68,135	74,348
Total Liabilities	6,213	--	--	68,135	74,348
NET POSITION					
Net Investment in Capital Assets	--	--	--	136,270	136,270
<i>Unrestricted</i>	8,966	167,808	102,375	111,730	390,879
Total Net Position	\$ 8,966	\$ 167,808	\$ 102,375	\$ 248,000	\$ 527,149

Montcalm County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2019

	Internal Service				
	Office Equipment	OPEB	Pension Employee Benefits	Fuel Station	Total Internal Service Funds
Operating Revenues					
Charges for Services	\$ --	\$ 68,935	\$ --	\$ --	\$ 68,935
Employer Contributions	--	--	740,929	--	740,929
Total Operating Revenues	--	68,935	740,929	--	809,864
Operating Expenses					
Personnel Services	--	40,742	--	--	40,742
Purchases of Goods and Services	51,586	--	--	--	51,586
Participant Benefits	--	--	758,398	--	758,398
Administrative Expense	--	--	4,100	--	4,100
Total Operating Expenses	51,586	40,742	762,498	--	854,826
Operating Income (Loss)	(51,586)	28,193	(21,569)	--	(44,962)
Non-Operating Revenues (Expenses)					
Interest Income	61	1,232	439	45	1,777
Other Revenue	--	--	--	68,135	68,135
Net Non-Operating Revenues (Expenses)	61	1,232	439	68,180	69,912
Transfers	(51,525)	29,425	(21,130)	68,180	24,950
Transfers In	60,000	--	--	179,820	239,820
Change In Net Position	8,475	29,425	(21,130)	248,000	264,770
Net Position at Beginning of Period	491	138,383	123,505	--	262,379
Net Position at End of Period	\$ 8,966	\$ 167,808	\$ 102,375	\$ 248,000	\$ 527,149

Montcalm County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2019

	Internal Service				
	Office Equipment	OPEB	Pension Employee Benefits	Fuel Station	Total Internal Service Funds
Cash Flows from Operating Activities					
Cash Received from Interfund Services	\$ --	\$ 68,935	\$ 740,929	\$ --	\$ 809,864
Cash Payments for Goods and Services	(54,613)	--	--	68,135	13,522
Cash Payments to Employees	--	(40,742)	(762,498)	--	(803,240)
Net Cash Provided by (Used in) Operating Activities	(54,613)	28,193	(21,569)	68,135	20,146
Cash Flows from Capital and Related Financing Activities					
Change in Capital Assets	--	--	--	(136,270)	(136,270)
Net Cash Provided by (Used in) Capital and Related Financing Activities	--	--	--	(136,270)	(136,270)
Cash Flows from Noncapital and Related Financing Activities					
Other Revenue	--	--	--	68,135	68,135
Transfers In	60,000	--	--	179,820	239,820
Net Cash Provided by Noncapital and Related Financing Activities	60,000	--	--	247,955	307,955
Cash Flows from Investing Activities					
Interest Income	61	1,232	439	45	1,777
Net Cash Provided by Investing Activities	61	1,232	439	45	1,777
Net Increase (Decrease) in Cash and Investments	5,448	29,425	(21,130)	179,865	193,608
<i>Cash and Investments - Beginning of Year</i>	<i>9,731</i>	<i>138,383</i>	<i>123,505</i>	<i>--</i>	<i>271,619</i>
<i>Cash and Investments - End of Year</i>	<i>\$ 15,179</i>	<i>\$ 167,808</i>	<i>\$ 102,375</i>	<i>\$ 179,865</i>	<i>\$ 465,227</i>
Reconciliation of Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	(51,586)	28,193	(21,569)	--	(44,962)
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided by (Used in) Operating Activities					
Changes in Liabilities					
Accounts Payable	(3,027)	--	--	68,135	65,108
Net Cash Provided by (Used in) Operating Activities	(54,613)	28,193	(21,569)	68,135	20,146

Montcalm County Drains
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 2,381,988	\$ 715,403	\$ 3,097,391
Accounts Receivable	--	26,701	26,701
Special Assessments Receivable	759,853	2,424,873	3,184,726
Total Current Assets	3,141,841	3,166,977	6,308,818
<i>Noncurrent Assets</i>			
Restricted Cash	--	76,500	76,500
Capital Assets not being Depreciated	--	75,650	75,650
Capital Assets being Depreciated, Net	2,992,689	6,815,082	9,807,771
Total Assets	6,134,530	10,134,209	16,268,739
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	161,797	20,903	182,700
Accrued Liabilities	1,652	--	1,652
Accrued Interest	4,810	47,577	52,387
Current Portion of Long-term Debt	92,356	116,200	208,556
Total Current Liabilities	260,615	184,680	445,295
<i>Noncurrent Liabilities</i>			
Long-term Debt	619,497	3,536,200	4,155,697
Advances from Primary Government	--	140,086	140,086
Total Liabilities	880,112	3,860,966	4,741,078
NET POSITION			
Net Investment in Capital Assets	2,280,836	3,238,332	5,519,168
<i>Restricted for:</i>			
Restricted	--	3,034,911	3,034,911
<i>Unrestricted</i>	2,973,582	--	2,973,582
Total Net Position	\$ 5,254,418	\$ 6,273,243	\$ 11,527,661

**Montcalm County Drains
Statement of Activities
For the Year Ended September 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for	Operating	Capital Grants	Governmental	Business-type	Total
		Services	Grants and	and	Activities	Activities	
			Contributions	Contributions			
Primary Government							
Governmental Activities:							
Public Works	\$ 1,203,328	\$ 688,765	\$ 887,998	\$ --	\$ 373,435	\$ --	\$ 373,435
Interest on Long-term Debt	31,330	--	--	--	(31,330)	--	(31,330)
Total Governmental Activities	1,234,658	688,765	887,998	--	342,105	--	342,105
Business-type Activities:							
Big Whitefish Lake	75,087	89,243	--	--	--	14,156	14,156
Little Whitefish Lake	135,304	149,670	3,389	--	--	17,755	17,755
Sidney Sewer Project	338,018	141,399	--	--	--	(196,619)	(196,619)
Total Business-type Activities	548,409	380,312	3,389	--	--	(164,708)	(164,708)
Total Primary Government	\$ 1,783,067	\$ 1,069,077	\$ 891,387	\$ --	\$ 342,105	\$ (164,708)	\$ 177,397
General Purpose Revenues:							
Interest Income					7,323	6,411	13,734
Total General Revenues					7,323	6,411	13,734
Change in Net Position					349,428	(158,297)	191,131
Net Position at Beginning of Period (Restated, Note 15)					4,904,990	6,431,540	11,336,530
Net Position at End of Period					\$ 5,254,418	\$ 6,273,243	\$ 11,527,661

**Montcalm County Drains
Balance Sheet
Governmental Funds
September 30, 2019**

	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	
ASSETS							
Cash and Cash Equivalents	\$ --	\$ 421	\$ 894,365	\$ 20,731	\$ 253,645	\$ 1,212,826	\$ 2,379,703
Special Assessments Receivable	759,853	--	--	--	--	--	759,853
<i>Total Assets</i>	\$ 759,853	\$ 421	\$ 894,365	\$ 20,731	\$ 253,645	\$ 1,212,826	\$ 3,141,841
LIABILITIES							
Accounts Payable	\$ --	\$ 375	\$ 72,661	\$ 1,650	\$ --	\$ 87,111	\$ 161,797
Accrued Liabilities	--	--	--	--	--	1,652	1,652
<i>Total Liabilities</i>	81,196	375	72,661	1,650	--	88,763	163,449
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Special Assessments	759,853	--	--	--	--	--	759,853
<i>Total Liabilities and Deferred Inflows of Resources</i>	841,049	375	72,661	1,650	--	88,763	1,004,498
FUND BALANCE							
Unassigned	--	46	821,704	19,081	253,645	1,124,063	2,218,539
<i>Total Fund Balance</i>	--	46	821,704	19,081	253,645	1,124,063	2,218,539
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 759,853	\$ 421	\$ 894,365	\$ 20,731	\$ 253,645	\$ 1,212,826	\$ 3,141,841

Montcalm County Drains
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2019

Total Fund Balance - Governmental Funds	\$ 2,218,539
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, the interest expenditure is reported when due.	(4,810)
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.	2,992,689
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(711,853)
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	\$ <u>5,254,418</u>

Montcalm County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2019

	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	
Revenues							
Special Assessments	\$ --	\$ --	\$ 491,595	\$ --	\$ 250,806	\$ 682,052	\$ 1,424,453
Licenses and Permits	--	--	--	4,915	--	--	4,915
Other Revenue	145,597	--	--	138	--	1,660	147,395
Interest Income	--	--	6,414	34	875	--	7,323
Total Revenues	145,597	--	498,009	5,087	251,681	683,712	1,584,086
Expenditures							
Public Works	--	--	470,747	380	--	552,086	1,026,287
Debt Service - Principal	113,356	--	--	--	--	--	113,356
Debt Service - Interest	32,241	--	--	--	--	--	32,241
Total Expenditures	145,597	--	470,747	380	--	552,086	1,168,810
Excess of Revenues Over (Under) Expenditures	--	--	27,262	4,707	251,681	131,626	415,276
Net Change in Fund Balance	--	--	27,262	4,707	251,681	131,626	415,276
<i>Fund Balance at Beginning of Period (Restated, Note 15)</i>	--	46	794,442	14,374	1,964	992,437	1,803,263
Fund Balance at End of Period	\$ --	\$ 46	\$ 821,704	\$ 19,081	\$ 253,645	\$ 1,124,063	\$ 2,218,539

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, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ 415,276
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(80,346)
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.	911
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.	(104,769)
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.	118,356
Changes in Net Position - Governmental Activities	\$ <u>349,428</u>

Montcalm County Drains
Statement of Net Position
Proprietary Funds
September 30, 2019

Business-type Activities - Enterprise Funds

	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 480,495	\$ 201,901	\$ 33,007	\$ 715,403
Accounts Receivable	--	13,801	12,900	26,701
Special Assessments Receivable	--	67,596	2,357,277	2,424,873
Total Current Assets	480,495	283,298	2,403,184	3,166,977
<i>Noncurrent Assets</i>				
Restricted Cash	--	--	76,500	76,500
Capital Assets not being Depreciated	75,650	--	--	75,650
Capital Assets being Depreciated, Net	392,118	1,546,243	4,876,721	6,815,082
Total Assets	948,263	1,829,541	7,356,405	10,134,209
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	7,261	5,732	7,910	20,903
Accrued Interest	--	19,196	28,381	47,577
Current Portion of Long-term Debt	--	34,900	81,300	116,200
Total Current Liabilities	7,261	59,828	117,591	184,680
<i>Noncurrent Liabilities</i>				
Long-term Debt	--	910,700	2,625,500	3,536,200
Advances from Primary Government	140,086	--	--	140,086
Total Liabilities	147,347	970,528	2,743,091	3,860,966
NET POSITION				
Net Investment in Capital Assets	467,768	600,643	2,169,921	3,238,332
<i>Restricted for:</i>				
Restricted	333,148	258,370	2,443,393	3,034,911
<i>Unrestricted</i>	--	--	--	--
Total Net Position	\$ 800,916	\$ 859,013	\$ 4,613,314	\$ 6,273,243

Montcalm County Drains
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	Total Enterprise Funds
Operating Revenues				
Special Assessments	\$ --	\$ 3,389	\$ 44,541	\$ 47,930
Charges for Services	88,972	149,502	96,858	335,332
Total Operating Revenues	88,972	152,891	141,399	383,262
Operating Expenses				
Public Works	56,549	36,710	86,625	179,884
Depreciation	18,538	52,023	166,962	237,523
Total Operating Expenses	75,087	88,733	253,587	417,407
Operating Income (Loss)	13,885	64,158	(112,188)	(34,145)
Non-Operating Revenues (Expenses)				
Other Revenue	271	168	--	439
Interest Income	3,520	1,504	1,387	6,411
Interest Expense	--	(46,571)	(84,431)	(131,002)
Net Non-Operating Revenues (Expenses)	3,791	(44,899)	(83,044)	(124,152)
Change In Net Position	17,676	19,259	(195,232)	(158,297)
<i>Net Position at Beginning of Period</i>	<i>783,240</i>	<i>839,754</i>	<i>4,808,546</i>	<i>6,431,540</i>
Net Position at End of Period	\$ 800,916	\$ 859,013	\$ 4,613,314	\$ 6,273,243

**Montcalm County Drains
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019**

	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	\$ 92,410	\$ 159,696	\$ 259,430	\$ 511,536
Cash Payments to Suppliers for Goods and Services	(55,452)	(34,460)	(84,721)	(174,633)
Net Cash Provided by Operating Activities	36,958	125,236	174,709	336,903
Cash Flows from Capital and Related Financing Activities				
Principal Paid on Long-term Debt	--	(32,400)	(131,300)	(163,700)
Interest Paid on Long-term Debt	--	(47,276)	(84,431)	(131,707)
Net Cash Used in Capital and Related Financing Activities	--	(79,676)	(215,731)	(295,407)
Cash Flows from Noncapital and Related Financing Activities				
Other Revenue	271	168	--	439
Net Cash Provided by Noncapital and Related Financing Activities	271	168	--	439
Cash Flows from Investing Activities				
Interest Income Received	3,520	1,504	1,387	6,411
Net Cash Provided by Investing Activities	3,520	1,504	1,387	6,411
Change in Cash and Cash Investments	40,749	47,232	(39,635)	48,346
<i>Cash and Cash Investments, Beginning of Year</i>	439,746	154,669	149,142	743,557
<i>Cash and Cash Investments, End of Year</i>	\$ 480,495	\$ 201,901	\$ 109,507	\$ 791,903
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 13,885	\$ 64,158	\$ (112,188)	\$ (34,145)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation Expense	18,538	52,023	166,962	237,523
Change in Operating Assets and Liabilities				
Accounts Receivable	--	(570)	(4,541)	(5,111)
Special Assessments Receivable	--	7,375	122,572	129,947
Accounts Payable	1,097	2,250	1,904	5,251
Advances from Primary Government	3,438	--	--	3,438
Net Cash Provided by Operating Activities	\$ 36,958	\$ 125,236	\$ 174,709	\$ 336,903



**MONTCALM COUNTY
STANTON, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED SEPTEMBER 30, 2019**

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Montcalm County

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montcalm County, Michigan (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 25, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Gabridge & Company, PLC
Grand Rapids, MI
March 25, 2020

Montcalm County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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-	\$ 4,318	\$ 4,318
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	4,171
U.S. Department of Justice					
Residential Substance Abuse Treatment	16.593	Direct	-n/a-	74,412	75,066
U.S. Department of Health and Human Services					
Aging Cluster:					
Title IIIB - Homemaker	93.044	AAAWM	61.76	-	31,267
Title IIIB - Transportation	93.044	AAAWM	61.76	-	30,000
Title IIIC-1 - Congregate Meals	93.045	AAAWM	61.76	-	56,134
Title IIIC-2 - Home Delivered Meals	93.045	AAAWM	61.76	-	139,890
Nutrition Services Incentive Program:					
Congregate Meals	93.053	AAAWM	61.76	-	6,721
Home Delivered Meals	93.053	AAAWM	61.76	-	35,745
				-	299,757
Title IIIE - Adult Day Care	93.052	AAAWM	61.76	-	17,000
Title IIIE - Respite	93.052	AAAWM	61.76	-	41,733
				-	58,733
Child Support Enforcement:					
Title IV-D - Incentive Payments	93.563	MDHHS	-n/a-	-	136,332
Title IV-D - Friend of the Court	93.563	MDHHS	CSFOC-17-59001	-	356,096
Title IV-D - Prosecuting Attorney	93.563	MDHHS	CSPA-17-59002	-	79,207
				-	571,635
Total U.S. Department of Health and Human Services				-	930,125
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	-	16,436
Homeland Security Grant Program (non-cash)	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	2,564
Hazardous Materials Emergency Preparedness	20.703	MSP	HM-HMP-0558-16-01-00	-	1,739
Total U.S. Department of Homeland Security				-	42,539
U.S. Department of Transportation Highway Safety Funds					
Highway Safety Project	20.600	MOHSP	PT-19-25	-	3,563
Total Expenditures of Federal Awards				\$ 78,730	\$ 1,059,782

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, 2019. 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, 2019, as these entities were separately audited.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C - RECONCILIATION TO FINANCIAL STATEMENTS

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

Interlocal revenue reported in the financial statements	
Governmental funds	\$ 4,815,724
Subtract state and local sources:	<u>3,755,942</u>
Total expenditures of federal awards	<u>\$ 1,059,782</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

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 25, 2020. Our report includes a reference to other auditors who audited the financial statements of the Montcalm County Road Commission, the Montcalm County Housing Commission, and the Montcalm Central Dispatch Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink that reads "Gabridge & Company". The signature is written in a cursive, flowing style.

Gabridge & Company, PLC
Grand Rapids, MI
March 25, 2020

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, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Montcalm County Road Commission, the Montcalm County Housing Commission, and Montcalm County Central Dispatch Authority, discretely presented component units, which received certain federal awards which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2019. 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, 2019.

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.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in a dark ink and is positioned above the printed company name.

Gabridge & Company, PLC
Grand Rapids, MI
March 25, 2020

Montcalm County
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
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Internal controls over financial reporting

Material weaknesses identified?	No
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Significant deficiencies identified not considered to be material weaknesses?	No
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Noncompliance material to financial statements noted?	No
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Federal Awards

Internal control over major programs

Material weaknesses identified?	No
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Significant deficiencies identified not considered to be material weaknesses?	None reported
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Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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Child Support Enforcement	93.563
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Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
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Auditee qualified as a low-risk auditee?	No
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SECTION II - FINANCIAL STATEMENT FINDINGS
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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.

March 25, 2020

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, 2019. 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 23, 2020. 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, 2019. 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 March 25, 2020.

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,

A handwritten signature in dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being particularly stylized.

Gabridge & Company, PLC
Grand Rapids, MI