

Montcalm County, Michigan

FINANCIAL STATEMENTS

September 30, 2014

Montcalm County, Michigan

September 30, 2014

BOARD OF COMMISSIONERS

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

ADMINISTRATION AND OTHER ELECTED OFFICIALS

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

Montcalm County, Michigan

TABLE OF CONTENTS

September 30, 2014

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i-iii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iv-xii
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Proprietary Funds	
Statement of Net Position	7-8
Statement of Revenues, Expenses, and Changes in Net Position	9-10
Statement of Cash Flows	11-14
Fiduciary Funds	
Statement of Net Position	15
Statement of Changes in Fiduciary Net Position	16
Component Units	
Combining Statement of Net Position	17-18
Combining Statement of Activities	19
Notes to Financial Statements	20-56
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule (Non-GAAP Basis)	57-60
Schedule of Funding Progress	61
Schedule of Employer Contributions	62
Notes to Required Supplementary Information	63-64
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	65-70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71-76
Nonmajor Enterprise Funds	
Combining Statement of Net Position	77
Combining Statement of Revenues, Expenses, and Changes in Net Position	78
Combining Statement of Cash Flows	79
Internal Service Funds	
Combining Statement of Net Position	80
Combining Statement of Revenues, Expenses, and Changes in Net Position	81
Combining Statement of Cash Flows	82

Montcalm County, Michigan

TABLE OF CONTENTS - CONTINUED

September 30, 2014

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION - CONTINUED	
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	83
COMPONENT UNIT FUNDS	
DRAINAGE DISTRICTS	
Combining Balance Sheet/Statement of Net Position	84-85
Reconciliation of the Combining Balance Sheet to the Statement of Net Position	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types	87-88
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	89
Combining Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	90
Combining Statement of Cash Flows - Proprietary Funds	91
CENTRAL DISPATCH AUTHORITY	
Balance Sheet	92
Reconciliation of the Balance Sheet to the Statement of Net Position	93
Statement of Revenues, Expenditures, and Changes in Fund Balance	94
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	95

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Montcalm County
Stanton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montcalm County, Michigan (the County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Montcalm County Road Commission, which represents 71 percent, 80 percent, and 79 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montcalm County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montcalm County, Michigan, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note R to the financial statements, the County implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement requires a state or local guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The statement also requires: (1) a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required, (2) an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released, and (3) a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 10, 2015

Management's Discussion and Analysis

This section of Montcalm County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on September 30, 2014. Please read it in conjunction with the County's financial statements, which follow this section. For discussion and analysis of the financial statements of the Road Commission for Montcalm County please see their separately issued financial statements.

Financial Highlights

- Governmental Activities Net Position decreased during the 2014 fiscal year. Net Position decreased \$727,439 to \$182,271, a 399% decrease. Unrestricted net position decreased from (\$1,090,043) to (\$2,043,758), an 87% decrease.
- Business-Type Activities Net Position increased \$122,734 to \$13,553,949, a 0.91% increase. Unrestricted Net Position increased from \$13,431,215 to \$13,553,949.
- Governmental Activities expenses totaled \$20,036,092. \$7,578,532 of those expenses was financed by service charges, contributions, or grants. Tax revenue, revenue sharing, transfers from Business-Type Activities, and other general revenues financed expenses of \$11,274,505.
- The Ambulance Fund expenses totaled \$3,580,328. Service charges and grants financed \$3,267,315 of that amount. The remaining amount was financed by tax revenue, revenue sharing, and other general revenue.
- The Delinquent Tax Funds generated service charge revenue of \$1,383,747. The revenues exceeded expenses by \$1,142,706 before considering interest earnings and other revenue generated by the funds.
- The depreciated cost of the governmental capital assets at September 30, 2014, was \$8,462,561.
- The Ambulance Fund generated a negative cash flow of \$1,509,330 during fiscal year 2014.
- Pension Trust Fund net position increased from \$19,170,602 to \$21,671,237. This was primarily due to the increase in market value.

Overview of the Financial Statements

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

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

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

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

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The County has three kinds of funds:

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

Financial Analysis of the County as a Whole

Net position. The County's combined net position decreased 4.44% to \$13,736,220 at September 30, 2014. (See Table A-1)

Table A-1
Montcalm County Net Assets

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2014
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 3,651,211	\$ 3,837,234	\$ 12,858,593	\$ 12,782,220	\$ 16,509,804	\$ 16,619,454	-0.7%
Capital assets	8,462,561	8,972,174	842,884	875,338	9,305,445	9,847,512	-5.5%
Total assets	12,113,772	12,809,408	13,701,477	13,657,558	25,815,249	26,466,966	-2.5%
Deferred outflows of resources	358,898	393,344	-	-	358,898	393,344	100.0%
Current liabilities	2,155,774	2,044,760	137,093	193,237	2,292,867	2,237,997	2.5%
Noncurrent liabilities	10,134,625	10,248,282	10,435	33,106	10,145,060	10,281,388	-1.3%
Total liabilities	12,290,399	12,293,042	147,528	226,343	12,437,927	12,519,385	-0.7%
Net Position							
Net investment in capital assets	-	-	811,579	823,163	811,579	823,163	-1.4%
Restricted	2,226,029	1,999,753	-	-	2,226,029	1,999,753	11.3%
Unrestricted	(2,043,758)	(1,090,043)	12,742,370	12,608,052	10,698,612	11,518,009	-7.1%
Total net position	\$ 182,271	\$ 909,710	\$ 13,553,949	\$ 13,431,215	\$ 13,736,220	\$ 14,340,925	3%

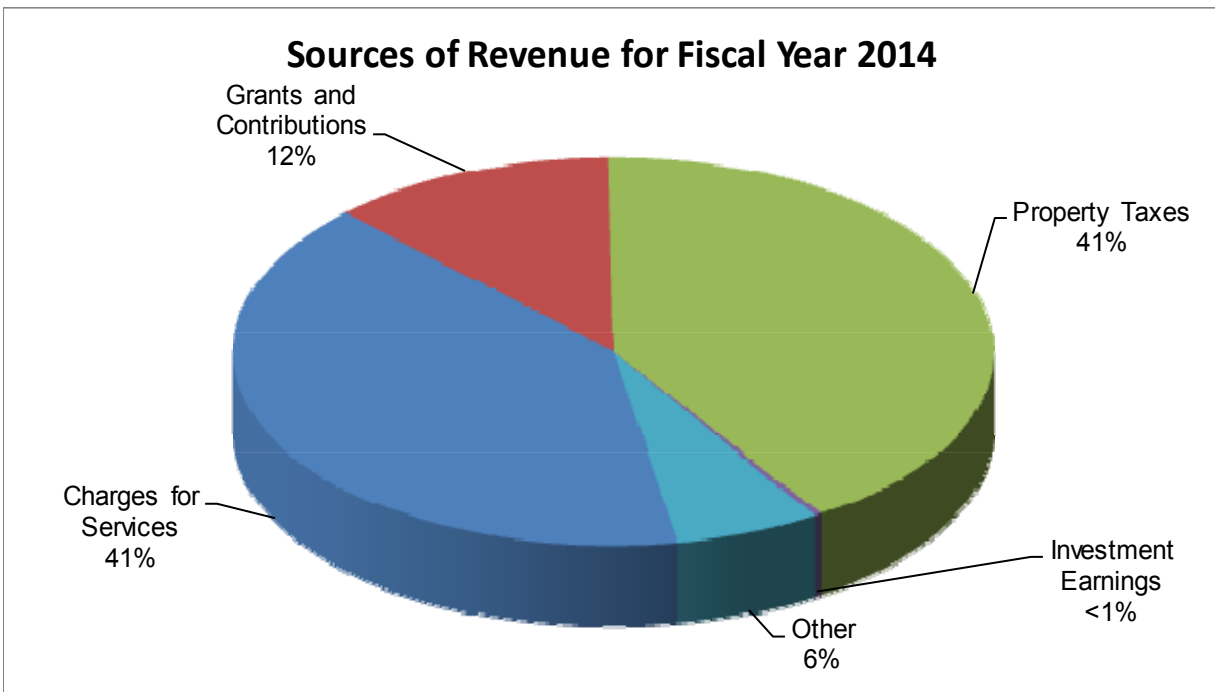
Of the total Current and Other Assets figure of \$16,509,804, \$9,498,341 is cash, cash equivalents, and investments. That represents 61% of the total Current and Other Assets. Of the total cash, cash equivalents, and investments amount, \$6,536,557 was in the Delinquent Tax Revolving Fund. The fund's primary purpose is to administer collection and distribution of delinquent real property taxes. Any surplus in the fund is currently pledged to the payment of debt service on new construction indebtedness that began in 2000 and to increased operating costs of a county jail that was expanded and began full operation in 2002. Receivables of \$6,606,617 represent another 40% of the Current and Other Assets.

The total depreciated cost of capital assets reported in the governmental activities statement of net position is \$8,462,561, compared to \$8,972,174 in the previous year. The gross cost of those assets is \$25,105,877, compared to \$25,256,067 at the end of the previous year. The accumulated depreciation on those assets is \$16,647,763, compared to \$16,283,893 at the end of the previous year.

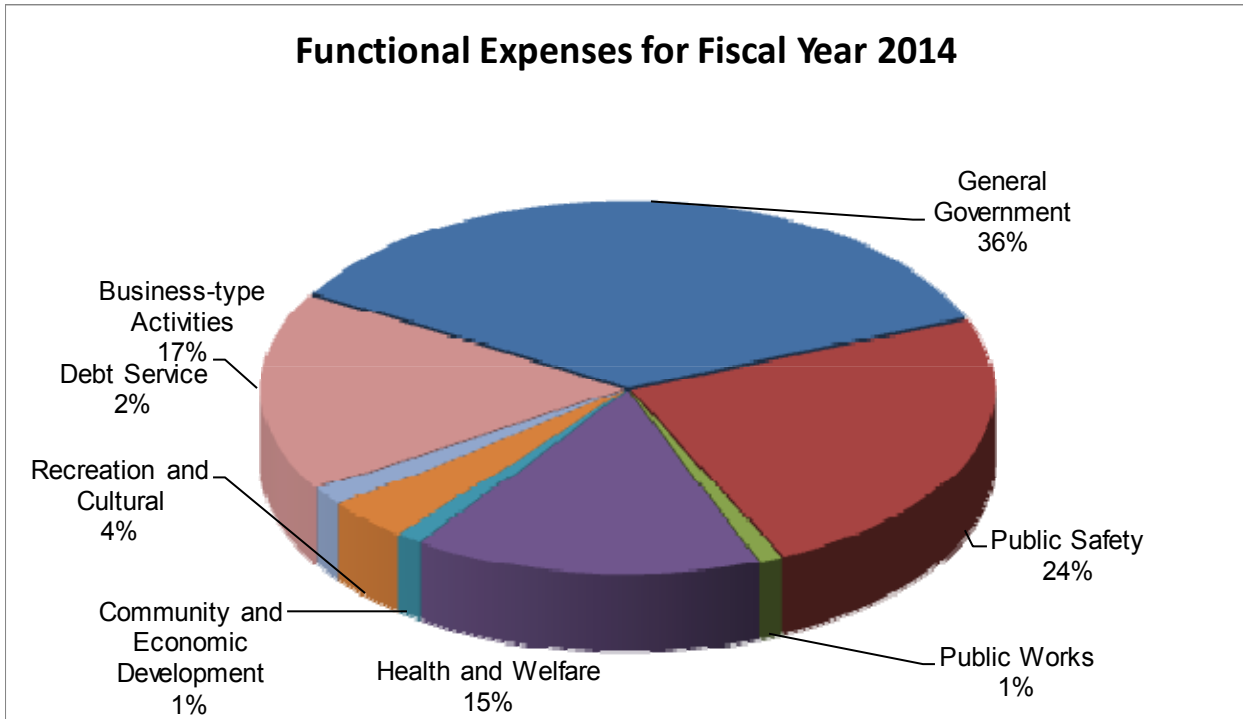
Changes in net position. The County's net position decreased by \$610,321 (See Table A-2). Governmental activities net position decreased \$733,055. Business-type activities net position increased by \$122,734.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2014
	2014	2013	2014	2013	2014	2013	
Revenues							
Program Revenues							
Charges for Services	\$ 4,599,535	\$ 5,066,064	\$ 4,921,378	\$ 4,671,833	\$ 9,520,913	\$ 9,737,897	-2%
Operating Grants and Contributions	2,871,319	2,532,868	22,642	27,468	2,893,961	2,560,336	13%
Capital Grants and Contributions	107,678	128,354	-	-	107,678	128,354	100%
General Revenues							
Property Taxes	8,616,998	8,451,045	1,036,735	1,025,753	9,653,733	9,476,798	2%
State Shared Revenue	961,105	948,164	-	-	961,105	948,164	100%
Investment earnings	9,698	18,990	67,776	16,929	77,474	35,919	116%
Other	299,414	275,174	92,551	100,348	391,965	375,522	4%
Total Revenues	17,465,747	17,420,659	6,141,082	5,842,331	23,606,829	23,262,990	1%
Expenses							
General Government	8,649,757	8,647,572	-	-	8,649,757	8,647,572	0%
Public Safety	5,809,168	5,834,747	-	-	5,809,168	5,834,747	0%
Public Works	248,846	183,330	-	-	248,846	183,330	36%
Health and Welfare	3,759,141	3,621,630	-	-	3,759,141	3,621,630	4%
Community and Economic Develop.	267,771	186,164	-	-	267,771	186,164	44%
Recreation and Cultural	900,461	829,615	-	-	900,461	829,615	9%
Debt Service	400,948	429,100	-	-	400,948	429,100	-7%
Delinquent Tax	-	-	241,041	331,892	241,041	331,892	-27%
Jail Commissary	-	-	100,247	122,388	100,247	122,388	-18%
Building Official	-	-	259,442	262,882	259,442	262,882	-1%
Ambulance	-	-	3,580,328	3,521,938	3,580,328	3,521,938	2%
Total Expenses	20,036,092	19,732,158	4,181,058	4,239,100	24,217,150	23,971,258	1%
Excess (deficiency) before transfers	(2,570,345)	(2,311,499)	1,960,024	1,603,231	(610,321)	(708,268)	-14%
Transfers	1,837,290	1,016,093	(1,837,290)	(1,016,093)	-	-	
Increase (decrease) in net assets	\$ (733,055)	\$ (1,295,406)	\$ 122,734	\$ 587,138	\$ (610,321)	\$ (708,268)	-14%

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



Functional Expenses for Fiscal Year 2014



Financial Analysis of the County's Funds

Governmental Funds

Governmental Funds include the General Fund, Special Revenue Funds (Friend of the Court, Register of Deeds Automation, Commission on Aging, etc.), Debt Service Funds, and Capital Project Funds. For the fiscal year ended September 30, 2014, the County's governmental funds reported a total Fund Balance of \$2,489,013. Of that amount, \$566,227 was nonspendable, \$1,775,386 was restricted, \$133,509 was assigned, and \$13,891 was unassigned.

General Fund. The total General Fund Balance decreased by \$631,612 to \$450,000 at September 30, 2014. The decrease is allocated to the following categories of Fund Balance:

Nonspendable	\$ 6,043
Assigned	123,364
Unassigned	<u>(311,019)</u>
	<u><u>\$ (181,612)</u></u>

The nonspendable fund balance increased as the result of payments for workers compensation insurance being paid before the end of the fiscal year. Expenditures for these items, which were paid during the 2014 fiscal year but benefit periods after the end of the fiscal year, are recorded as prepaid expenditures.

The unassigned fund balance decreased \$311,019 to \$13,891 at September 30, 2014. The year-end unassigned fund balance figure represents (0.09%) of 2014 General Fund expenditures. The decrease was due to the loss of property tax revenue and the decrease in court costs and inmate revenue. The Board of Commissioners also adopted a budget that was conservative in nature so as to protect itself from final results not meeting expectations.

General Fund revenue was less than the final amended budget by \$534,022. General Fund revenue for 2014 totaled \$12,719,243 vs. \$12,971,403 in 2013, a \$252,160 decrease. The following items were the reason for the revenue decrease:

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

General Fund expenditures were less than the final amended budget by \$143,833. General Fund expenditures totaled \$13,644,106 in 2014 vs. \$13,301,560 in 2013, a \$342,546 increase.

Special Revenue Funds. The Special Revenue Funds in total ended the 2014 fiscal year with a fund balance of \$1,267,673. All of these funds meet the criteria for nonmajor funds for financial reporting purposes. The fund balances for each of the individual funds at September 30, 2014, as compared to September 30, 2013, are as follows:

Fund	2014 Fund Balance	2013 Fund Balance	Change
Victim Support Team	\$ 1,713	\$ 1,712	\$ 1
Law Enforcement Trust	34,477	33,914	563
Friend of the Court	398	1,391	(993)
Solid Waste Planning	238,464	204,890	33,574
Homeland Security Grant	48,615	48,615	-
Community Information Systems	18,729	18,842	(113)
Homestead Property Tax	466,865	393,090	73,775
Register of Deeds Automation	252,660	280,140	(27,480)
Local CO Training	26,351	17,999	8,352
Drug Law Enforcement	7,898	7,898	-
Law Enforcement Trust	464	463	1
Law Library	5,070	6,448	(1,378)
County Libraries	12,049	29,558	(17,509)
Animal Shelter Donation	13,867	14,697	(830)
CDBG Housing	51,759	37,634	14,125
Commission on Aging	220	-	220
Soldiers and Sailors Relief	84,987	72,343	12,644
Veterans Trust	1,787	1,988	(201)
Social Welfare	1,000	1,000	-
Total	<u>\$ 1,267,373</u>	<u>\$ 1,172,622</u>	<u>\$ 94,751</u>

Proprietary Funds

Proprietary Funds include Enterprise Funds (Ambulance Fund, Delinquent Tax Funds, Inmate Commissary Fund, and Building Official Fund) and Internal Service Funds (Office Equipment Fund and Retiree Health Benefits Fund). The Enterprise Funds had total net position at September 30, 2014, of \$13,553,949. Of that amount, \$811,579 was invested in capital assets, net of related debt. Internal Service Funds had net position of \$169,040 at September 30, 2014, with \$4,447 of that amount invested in capital assets, net of related debt.

Enterprise Funds. The Ambulance Fund had net position of \$2,838,274 at September 30, 2014. Of that amount, \$810,474 was invested in capital assets, net of related debt. The net position increased by \$724,847 during the 2014 fiscal year. The Ambulance Fund financial results compared to the prior fiscal year are as follows:

	<u>Sept. 30, 2014</u>	<u>Sept. 30, 2013</u>
Operating Revenues	\$ 3,268,193	\$ 2,621,763
Operating Expenses	<u>3,576,951</u>	<u>3,521,938</u>
Operating Income (Loss)	(308,758)	(900,175)
Nonoperating Revenues	<u>1,033,605</u>	<u>1,025,794</u>
Income (Loss) Before Transfers	724,847	125,619
Transfers In (Out)	<u>-</u>	<u>(93)</u>
Change in Net Assets	<u>\$ 724,847</u>	<u>\$ 125,526</u>

The Delinquent Tax Revolving Fund had net position of \$10,566,864 at the end of the 2014 fiscal year. The net position decreased \$628,671 during the fiscal year. The fund generated a net income before transfers of \$1,142,706 during the fiscal year.

General Fund Budgetary Highlights

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

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

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

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Change</u>	<u>% Change</u>
Revenue				
Taxes	\$ 7,227,107	\$ 7,227,107	\$ -	0.00%
Licenses and Permits	143,400	143,400	-	0.00%
Intergovernmental	2,418,999	2,507,999	89,000	3.68%
Charges for Services	2,985,700	2,985,700	-	0.00%
Fines or Forfeits	85,400	85,400	-	0.00%
Interest and Rents	8,210	8,210	-	0.00%
Other	295,449	295,449	-	0.00%
Other Financing Sources	<u>1,190,057</u>	<u>1,490,057</u>	<u>300,000</u>	<u>25.21%</u>
Total Revenue and Other Financing Sources	<u>\$ 14,354,322</u>	<u>\$ 14,743,322</u>	<u>\$ 389,000</u>	<u>2.71%</u>
Expenditures				
General Government	\$ 6,827,427	\$ 6,881,777	\$ 54,350	0.80%
Public Safety	5,231,620	5,209,120	(22,500)	-0.43%
Public Works	70,867	70,867	-	0.00%
Health and Welfare	914,031	971,681	57,650	6.31%
Community and Economic Development	117,428	165,328	47,900	40.79%
Other	260,500	201,500	(59,000)	-22.65%
Other Financing Uses	<u>942,594</u>	<u>1,094,994</u>	<u>152,400</u>	<u>16.17%</u>
Total Expenditures and Other Financing Uses	<u>\$ 14,364,467</u>	<u>\$ 14,595,267</u>	<u>\$ 230,800</u>	<u>1.61%</u>

Description of Significant Capital Asset and Long-Term Debt Activity

As of the 2014 fiscal year, the County had invested over \$25 million in a broad range of capital assets, including police equipment, buildings, park facilities, and computer equipment. (See Table A-4)

Table A-4
Montcalm County's Capital Assets

<u>Category</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land and Land Improvements	\$ 86,822	\$ -
Buildings and Additions	22,642,422	437,476
Equipment and Furniture	1,557,504	700,468
Vehicles	873,903	1,597,821
Total at Historical Cost	<u>\$ 25,160,651</u>	<u>\$ 2,735,765</u>

The depreciated value of the assets in total as of September 30, 2014, for Governmental Activities and Business-type Activities was \$8,462,561 and \$842,884, respectively. Capital Asset additions totaled \$403,496 for the Governmental Activities and \$312,464 for the Business-type Activities. Please refer to Note F to the financial statements for additional information on capital assets.

As of September 30, 2014, the County, excluding its component units, had \$8,760,139 in long-term debt outstanding. Of the approximate \$8.7 million in debt remaining, \$8.530 million remains outstanding from the 2005 Building Authority Bonds. Debt related to compensated absences (vacation and sick leave) totaled another \$362,690. Please refer to Note G to the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The County considered these factors in preparing the budget for 2015. The following factors will also affect the County's financial position and operations into the future:

- The State of Michigan's budget problems continue to affect the County's finances. The County has also seen a slight decrease in inmate lodging from other municipalities. Also the County will be conservative in their approach the revenue areas until the economy approves. The County is reviewing different measures on revenue enhancement by working the local Economic Development agency to help in job creation and retention.

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

Montcalm County, Michigan
STATEMENT OF NET POSITION

September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,358,159	\$ 3,224,433	\$ 5,582,592	\$ 2,025,608
Investments	360,793	3,554,956	3,915,749	876,760
Receivables	2,010,947	648,271	2,659,218	1,276,689
Delinquent taxes receivable, net	-	3,210,051	3,210,051	-
Internal balances	(2,015,279)	2,015,279	-0-	-
Due from other governmental units	467,777	269,571	737,348	2,545,947
Inventories	-	-	-0-	674,978
Prepays	117,480	-	117,480	-
Total current assets	3,299,877	12,922,561	16,222,438	7,399,982
Noncurrent assets				
Internal balances	164,318	(164,318)	-0-	-
Advances to other governmental units	187,016	100,350	287,366	-
Capital assets not being depreciated	81,157	-	81,157	5,373,623
Capital assets, net of accumulated depreciation	8,381,404	842,884	9,224,288	40,465,545
Total noncurrent assets	8,813,895	778,916	9,592,811	45,839,168
TOTAL ASSETS	12,113,772	13,701,477	25,815,249	53,239,150
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	358,898	-	358,898	-
LIABILITIES				
Current liabilities				
Accounts payable	382,448	40,629	423,077	942,898
Accrued liabilities	207,712	61,050	268,762	121,272
Due to other governmental units	-	3,611	3,611	5,791
Due to others	407,445	-	407,445	-
Accrued interest payable	145,123	-	145,123	71,346
Unearned revenue	-	-	-0-	16,981
Current portion of compensated absences	351,757	10,933	362,690	33,697
Current portion of long-term debt	661,289	20,870	682,159	503,624
Total current liabilities	2,155,774	137,093	2,292,867	1,695,609
Noncurrent liabilities				
Advances from other governmental units	-	-	-0-	609,550
Noncurrent portion of compensated absences	-	-	-0-	95,008
Noncurrent portion of long-term debt	8,063,753	10,435	8,074,188	6,333,223
Net other post-employment benefits obligation	10,679	-	10,679	98,844
Net pension liability	2,060,193	-	2,060,193	-
Total noncurrent liabilities	10,134,625	10,435	10,145,060	7,136,625
TOTAL LIABILITIES	12,290,399	147,528	12,437,927	8,832,234
NET POSITION				
Net investment in capital assets	-	811,579	811,579	39,002,321
Restricted	2,226,029	-	2,226,029	5,404,595
Unrestricted	(2,043,758)	12,742,370	10,698,612	-
TOTAL NET POSITION	\$ 182,271	\$ 13,553,949	\$ 13,736,220	\$ 44,406,916

See accompanying notes to financial statements.

Montcalm County, Michigan
STATEMENT OF ACTIVITIES
Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 8,649,757	\$ 3,133,552	\$ 1,233,126	\$ -	\$ (4,283,079)	\$ -	\$ (4,283,079)	\$ -
Public safety	5,809,168	936,879	785,856	-	(4,086,433)	-	(4,086,433)	-
Public works	248,846	186,124	-	-	(62,722)	-	(62,722)	-
Health and welfare	3,759,141	321,340	743,270	-	(2,694,531)	-	(2,694,531)	-
Community and economic development	267,771	740	109,067	107,678	(50,286)	-	(50,286)	-
Recreation and culture	900,461	20,900	-	-	(879,561)	-	(879,561)	-
Interest on long-term debt	400,948	-	-	-	(400,948)	-	(400,948)	-
Total governmental activities	20,036,092	4,599,535	2,871,319	107,678	(12,457,560)	-0-	(12,457,560)	-0-
Business-type activities								
Delinquent tax	241,041	1,292,074	-	-	-	1,051,033	1,051,033	-
Inmate Commissary	100,247	108,452	-	-	-	8,205	8,205	-
Building Official	259,442	276,179	-	-	-	16,737	16,737	-
Ambulance	3,580,328	3,244,673	22,642	-	-	(313,013)	(313,013)	-
Total business-type activities	4,181,058	4,921,378	22,642	-0-	-0-	762,962	762,962	-0-
Total primary government	<u>\$ 24,217,150</u>	<u>\$ 9,520,913</u>	<u>\$ 2,893,961</u>	<u>\$ 107,678</u>	(12,457,560)	762,962	(11,694,598)	-0-
Component units								
Drainage Districts	\$ 1,799,696	\$ 467,165	\$ -	\$ 1,036,185	-	-	-0-	(296,346)
Central Dispatch Authority	1,445,319	1,546,754	-	-	-	-	-0-	101,435
Road Commission	11,882,265	1,478,403	5,630,100	4,639,259	-	-	-0-	(134,503)
Total component units	<u>\$ 15,127,280</u>	<u>\$ 3,492,322</u>	<u>\$ 5,630,100</u>	<u>\$ 5,675,444</u>	-0-	-0-	-0-	(329,414)
General revenues								
Taxes					8,616,998	1,036,735	9,653,733	-
State shared revenue					961,105	-	961,105	-
Investment earnings					9,698	67,776	77,474	6,163
Other					299,414	92,551	391,965	292,812
Transfers					1,837,290	(1,837,290)	-0-	-
Total general revenues and transfers					11,724,505	(640,228)	11,084,277	298,975
Change in net position					(733,055)	122,734	(610,321)	(30,439)
Restated net position, beginning of the year					915,326	13,431,215	14,346,541	44,437,355
Net position, end of the year					<u>\$ 182,271</u>	<u>\$ 13,553,949</u>	<u>\$ 13,736,220</u>	<u>\$ 44,406,916</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

Governmental Funds

BALANCE SHEET

September 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 681,135	\$ 1,522,798	\$ 2,203,933
Investments	3	277,838	277,841
Accounts receivable	87,220	51,122	138,342
Taxes receivable	1,872,605	-	1,872,605
Due from other funds	1,786,404	160,171	1,946,575
Due from other governmental units - Federal/State	327,085	140,692	467,777
Advances to other funds	-	164,318	164,318
Advances to other governmental units	187,016	-	187,016
Prepays	115,584	-	115,584
	<u>5,057,052</u>	<u>2,316,939</u>	<u>7,373,991</u>
TOTAL ASSETS	\$ 5,057,052	\$ 2,316,939	\$ 7,373,991
LIABILITIES			
Accounts payable	\$ 318,620	\$ 63,828	\$ 382,448
Accrued wages	176,646	31,066	207,712
Due to other funds	3,704,341	183,032	3,887,373
Due to others	407,445	-	407,445
	<u>4,607,052</u>	<u>277,926</u>	<u>4,884,978</u>
TOTAL LIABILITIES	4,607,052	277,926	4,884,978
FUND BALANCES			
Nonspendable	302,600	263,627	566,227
Restricted	-	1,775,386	1,775,386
Assigned	133,509	-	133,509
Unassigned	13,891	-	13,891
	<u>450,000</u>	<u>2,039,013</u>	<u>2,489,013</u>
TOTAL FUND BALANCES	450,000	2,039,013	2,489,013
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,057,052	\$ 2,316,939	\$ 7,373,991

See accompanying notes to financial statements.

Montcalm County, Michigan

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

September 30, 2014

Total fund balance - governmental funds \$ 2,489,013

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 25,105,877	
Accumulated depreciation is	<u>(16,647,763)</u>	
Capital assets, net		8,458,114

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

Net position of governmental activities accounted for in Internal Service Funds		169,040
--	--	---------

Governmental funds report the difference between the carrying amount of defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position. These amounts consist of:

Unamortized defeased debt		358,898
---------------------------	--	---------

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

Direct County obligations	(8,530,000)	
Capital lease	(195,042)	
Accrued interest payable	(145,123)	
Compensated absences	(351,757)	
Net other post-employment benefits obligation	(10,679)	
Net pension liability	<u>(2,060,193)</u>	
		<u>(11,292,794)</u>

Net position of governmental activities \$ 182,271

Montcalm County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 6,998,592	\$ 1,618,407	\$ 8,616,999
Licenses and permits	128,695	6,855	135,550
Intergovernmental	2,669,016	1,181,744	3,850,760
Charges for services	2,775,412	478,837	3,254,249
Fines and forfeits	110,753	6,500	117,253
Interest and rents	3,620	975,388	979,008
Other	348,367	86,661	435,028
TOTAL REVENUES	13,034,455	4,354,392	17,388,847
EXPENDITURES			
Current			
General government	7,014,681	885,066	7,899,747
Public safety	5,197,889	10,707	5,208,596
Public works	87,031	154,146	241,177
Health and welfare	2,033,070	1,423,981	3,457,051
Community and economic development	163,824	95,694	259,518
Recreation and culture	18,110	846,181	864,291
Other	209,522	-	209,522
Capital outlay	-	371,065	371,065
Debt service	-	968,935	968,935
TOTAL EXPENDITURES	14,724,127	4,755,775	19,479,902
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,689,672)	(401,383)	(2,091,055)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	199,613	199,613
Transfers in	1,872,679	327,305	2,199,984
Transfers out	(364,619)	(86,275)	(450,894)
TOTAL OTHER FINANCING SOURCES (USES)	1,508,060	440,643	1,948,703
NET CHANGE IN FUND BALANCES	(181,612)	39,260	(142,352)
Fund balances, beginning of year	631,612	1,999,753	2,631,365
Fund balances, end of year	<u>\$ 450,000</u>	<u>\$ 2,039,013</u>	<u>\$ 2,489,013</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

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

Year Ended September 30, 2014

Net change in fund balances - total governmental funds \$ (142,352)

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

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

Capital outlay	\$ 403,496	
Depreciation expense	<u>(910,885)</u>	
Excess of depreciation expense over capital outlay		(507,389)

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

Change in net position from governmental activities accounted for in Internal Service Funds		(15,465)
--	--	----------

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

Change in unavailable revenue	(53,100)	
Related party operating lease	<u>130,000</u>	
		76,900

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

Amortization of deferred amounts on debt refunding	(34,446)	
Debt principal retirement	590,000	
Proceeds from capital lease	(199,613)	
Capital lease payments	<u>4,571</u>	
		360,512

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

Decrease in accrued interest payable	12,433	
(Increase) in accrued compensated absences	(29,488)	
Decrease in other post-employment benefits obligation	2,437	
(Increase) in net pension liability	(360,643)	
(Increase) in related party operating lease	<u>(130,000)</u>	
		<u>(505,261)</u>

Change in net position of governmental activities \$ (733,055)

See accompanying notes to financial statements.

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF NET POSITION

September 30, 2014

	Business-type	
	Delinquent Tax Revolving	Ambulance
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,993,725	\$ 70,910
Investments	3,542,832	8,151
Accounts receivable, net	159,691	488,580
Delinquent taxes receivable, net	3,210,051	-
Due from other governmental units - local	269,571	-
Due from other funds	2,077,048	1,724,635
Prepays	-	-
Total current assets	12,252,918	2,292,276
Noncurrent assets		
Advances to other governmental units	100,350	-
Capital assets, net of accumulated depreciation	-	841,779
Total noncurrent assets	100,350	841,779
TOTAL ASSETS	12,353,268	3,134,055
LIABILITIES		
Current liabilities		
Accounts payable	-	30,209
Accrued wages	-	55,405
Due to other governmental units	-	3,611
Due to other funds	1,786,404	-
Current portion of compensated absences	-	10,933
Current portion of long-term debt	-	20,870
Total current liabilities	1,786,404	121,028
Noncurrent liabilities		
Advances from other funds	-	164,318
Noncurrent portion of long-term debt	-	10,435
Total noncurrent liabilities	-0-	174,753
TOTAL LIABILITIES	1,786,404	295,781
NET POSITION		
Net investment in capital assets	-	810,474
Unrestricted	10,566,864	2,027,800
TOTAL NET POSITION	\$ 10,566,864	\$ 2,838,274

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 159,798	\$ 3,224,433	\$ 154,226
3,973	3,554,956	82,952
-	648,271	-
-	3,210,051	-
-	269,571	-
-	3,801,683	-
-	-0-	1,896
163,771	14,708,965	239,074
-	100,350	-
1,105	842,884	4,447
1,105	943,234	4,447
164,876	15,652,199	243,521
10,420	40,629	-
5,645	61,050	-
-	3,611	-
-	1,786,404	74,481
-	10,933	-
-	20,870	-
16,065	1,923,497	74,481
-	164,318	-
-	10,435	-
-0-	174,753	-0-
16,065	2,098,250	74,481
1,105	811,579	4,447
147,706	12,742,370	164,593
\$ 148,811	\$ 13,553,949	\$ 169,040

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2014

	Business-type	
	Delinquent Tax	
	Revolving	Ambulance
OPERATING REVENUES		
Charges for services	\$ 756,424	\$ 3,244,673
Sales	-	-
Intergovernmental - Federal/State	-	22,642
Penalties and interest on delinquent taxes	535,650	-
Other	91,673	878
TOTAL OPERATING REVENUES	1,383,747	3,268,193
OPERATING EXPENSES		
Personal services	-	1,839,660
Fringe benefits	-	653,918
Operating supplies	49,112	339,488
Contractual services	147,695	58,303
Repairs and maintenance	-	149,717
Insurance	-	28,266
Vehicle expense	-	1,069
Communications	-	9,433
Utilities	-	12,030
Training	-	5,495
Indirect operating	44,234	128,117
Other	-	12,782
Depreciation	-	338,673
TOTAL OPERATING EXPENSES	241,041	3,576,951
OPERATING INCOME (LOSS)	1,142,706	(308,758)
NONOPERATING REVENUES (EXPENSES)		
Tax revenue	-	1,036,735
Interest revenue	67,527	247
Loss on sale of capital assets	-	(3,377)
TOTAL NONOPERATING REVENUES	67,527	1,033,605
INCOME (LOSS) BEFORE TRANSFERS	1,210,233	724,847
TRANSFERS		
Transfers in	-	-
Transfers out	(1,838,904)	-
TOTAL TRANSFERS	(1,838,904)	-0-
CHANGE IN NET POSITION	(628,671)	724,847
Net position, beginning of year	11,195,535	2,113,427
Net position, end of year	<u>\$ 10,566,864</u>	<u>\$ 2,838,274</u>

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 276,179	\$ 4,277,276	\$ -
108,452	108,452	-
-	22,642	-
-	535,650	-
-	92,551	19,592
<u>384,631</u>	<u>5,036,571</u>	<u>19,592</u>
168,195	2,007,855	-
51,349	705,267	-
87,703	476,303	2,997
2,892	208,890	92,323
-	149,717	-
2,384	30,650	-
-	1,069	-
118	9,551	-
-	12,030	-
-	5,495	-
-	172,351	-
46,329	59,111	25,770
719	339,392	2,224
<u>359,689</u>	<u>4,177,681</u>	<u>123,314</u>
24,942	858,890	(103,722)
-	1,036,735	-
2	67,776	57
-	(3,377)	-
<u>2</u>	<u>1,101,134</u>	<u>57</u>
24,944	1,960,024	(103,665)
1,614	1,614	88,200
-	(1,838,904)	-
<u>1,614</u>	<u>(1,837,290)</u>	<u>88,200</u>
26,558	122,734	(15,465)
<u>122,253</u>	<u>13,431,215</u>	<u>184,505</u>
<u>\$ 148,811</u>	<u>\$ 13,553,949</u>	<u>\$ 169,040</u>

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2014

	Business-type	
	Delinquent Tax Revolving	Ambulance
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,193,075	\$ 2,753,406
Cash receipts from federal operating grants	-	22,642
Cash receipts from other governmental units	78,116	-
Cash paid to suppliers	(241,041)	(812,950)
Cash paid for fringe benefits	-	(653,918)
Cash paid to employees	-	(1,831,424)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,030,150	(522,244)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment (receipt) of interfund balances	1,129,520	(1,724,635)
Transfers to other funds	(1,838,904)	-
Tax revenue	-	1,036,735
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(709,384)	(687,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from other funds	-	-
Capital acquisitions	-	(310,315)
Payments on borrowings	-	(20,870)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	(331,185)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(58,254)	(8,151)
Maturity of investments	-	39,903
Interest received	67,527	247
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,273	31,999
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	330,039	(1,509,330)
Cash and cash equivalents, beginning of year	2,663,686	1,580,240
Cash and cash equivalents, end of year	<u>\$ 2,993,725</u>	<u>\$ 70,910</u>

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 384,631	\$ 4,331,112	\$ 19,592
-	22,642	-
-	78,116	-
(132,980)	(1,186,971)	(94,674)
(51,349)	(705,267)	(25,770)
<u>(168,195)</u>	<u>(1,999,619)</u>	<u>-</u>
32,107	540,013	(100,852)
-	(595,115)	74,481
-	(1,838,904)	-
-	<u>1,036,735</u>	<u>-</u>
-0-	(1,397,284)	74,481
1,614	1,614	88,200
-	(310,315)	-
-	<u>(20,870)</u>	<u>-</u>
1,614	(329,571)	88,200
(3,973)	(70,378)	(57)
3,971	43,874	-
<u>2</u>	<u>67,776</u>	<u>57</u>
-0-	<u>41,272</u>	<u>-0-</u>
33,721	(1,145,570)	61,829
<u>126,077</u>	<u>4,370,003</u>	<u>92,397</u>
<u>\$ 159,798</u>	<u>\$ 3,224,433</u>	<u>\$ 154,226</u>

Montcalm County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended September 30, 2014

	Business-type	
	Delinquent Tax Revolving	Ambulance
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,142,706	\$ (308,758)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	-	338,673
(Increase) decrease in:		
Accounts receivable	(154,719)	(488,580)
Taxes receivable	(35,953)	-
Due from other governmental units	78,116	-
Prepays	-	812
Increase (decrease) in:		
Accounts payable	-	(69,062)
Accrued liabilities	-	9,311
Unearned revenue	-	(3,565)
Compensated absences	-	(1,075)
	<u>\$ 1,030,150</u>	<u>\$ (522,244)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,030,150</u>	<u>\$ (522,244)</u>

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 24,942	\$ 858,890	\$ (103,722)
719	339,392	2,224
-	(643,299)	-
-	(35,953)	-
-	78,116	-
-	812	646
5,516	(63,546)	-
930	10,241	-
-	(3,565)	-
-	(1,075)	-
<u>\$ 32,107</u>	<u>\$ 540,013</u>	<u>\$ (100,852)</u>

Montcalm County, Michigan

Fiduciary Funds

STATEMENT OF NET POSITION

September 30, 2014

	<u>Agency Funds</u>	<u>Pension Fund (Dec. 31, 2013)</u>
ASSETS		
Cash and cash equivalents	\$ 5,464,754	\$ 8,048
Investments	-	21,120,762
Due from other governmental units	706,469	-
Due from others	-	542,427
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 6,171,223</u>	21,671,237
LIABILITIES		
Due to other governmental units		
Federal/State	\$ 4,238,859	-
Local	1,805,101	-
Due to individuals and agencies	127,263	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 6,171,223</u>	<u>-0-</u>
NET POSITION		
Held in trust for benefits and other purposes		<u>\$ 21,671,237</u>

See accompanying notes to financial statements.

Montcalm County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2013

	<u>Pension Fund</u>
ADDITIONS	
Investment income	
Net increase in fair value of investments	\$ 2,600,871
Interest and dividends	414,457
Less: investment expense	<u>(79,178)</u>
Net investment income	2,936,150
Contributions	
Employer	554,145
Plan Members	<u>391,443</u>
Total contributions	<u>945,588</u>
TOTAL ADDITIONS	3,881,738
DEDUCTIONS	
Benefits	1,360,584
Administrative	<u>20,519</u>
TOTAL DEDUCTIONS	<u>1,381,103</u>
CHANGE IN NET POSITION	2,500,635
Restated net position, beginning of year	<u>19,170,602</u>
Net position, end of year	<u><u>\$ 21,671,237</u></u>

Montcalm County, Michigan

Component Units

COMBINING STATEMENT OF NET POSITION

September 30, 2014

	Drainage Districts	Central Dispatch Authority
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,797,228	\$ 98,509
Investments	566,992	40,104
Receivables	957,962	318,727
Due from other governmental units	-	-
Inventories	-	-
	3,322,182	457,340
Noncurrent assets		
Capital assets not being depreciated	75,650	-
Capital assets, net of accumulated depreciation	11,241,805	78,592
	11,317,455	78,592
TOTAL ASSETS	14,639,637	535,932
LIABILITIES		
Current liabilities		
Accounts payable	70,462	-
Accrued liabilities	1,399	21,557
Due to other governmental units	-	-
Accrued interest payable	71,346	-
Unearned revenue	-	-
Current portion of compensated absences	-	33,697
Current portion of long-term debt	261,022	-
	404,229	55,254
Noncurrent liabilities		
Advances from other governmental units	287,366	-
Advance from State	-	-
Noncurrent portion of compensated absences	-	-
Noncurrent portion of long-term debt	5,551,276	-
Other post-employment benefits obligation	-	5,571
	5,838,642	5,571
TOTAL LIABILITIES	6,242,871	60,825
NET POSITION		
Net investment in capital assets	5,505,157	78,592
Restricted	2,891,609	396,515
	\$ 8,396,766	\$ 475,107

See accompanying notes to financial statements.

<u>Road Commission</u>	<u>Total</u>
\$ 129,871	\$ 2,025,608
269,664	876,760
-	1,276,689
2,545,947	2,545,947
<u>674,978</u>	<u>674,978</u>
3,620,460	7,399,982
5,297,973	5,373,623
<u>29,145,148</u>	<u>40,465,545</u>
<u>34,443,121</u>	<u>45,839,168</u>
38,063,581	53,239,150
872,436	942,898
98,316	121,272
5,791	5,791
-	71,346
16,981	16,981
-	33,697
<u>242,602</u>	<u>503,624</u>
1,236,126	1,695,609
-	287,366
322,184	322,184
95,008	95,008
781,947	6,333,223
<u>93,273</u>	<u>98,844</u>
<u>1,292,412</u>	<u>7,136,625</u>
<u>2,528,538</u>	<u>8,832,234</u>
33,418,572	39,002,321
<u>2,116,471</u>	<u>5,404,595</u>
<u>\$ 35,535,043</u>	<u>\$ 44,406,916</u>

Montcalm County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Drainage Districts	\$ 1,179,508	\$ 13,412	\$ -	\$ 1,036,185	\$ (129,911)	\$ -	\$ (129,911)
Central Dispatch Authority	1,445,319	1,546,754	-	-	101,435	-	101,435
Road Commission	11,882,265	1,478,403	5,630,100	4,639,259	(134,503)	-	(134,503)
Total governmental activities	14,507,092	3,038,569	5,630,100	5,675,444	(162,979)	-0-	(162,979)
Business-type activities							
Drainage Districts	620,188	453,753	-	-	-	(166,435)	(166,435)
Total component units	<u>\$ 15,127,280</u>	<u>\$ 3,492,322</u>	<u>\$ 5,630,100</u>	<u>\$ 5,675,444</u>	(162,979)	(166,435)	(329,414)
General revenues							
Investment earnings					490	5,673	6,163
Other					244,254	48,558	292,812
Total general revenues					244,744	54,231	298,975
Change in net position					81,765	(112,204)	(30,439)
Restated net position, beginning of the year					40,031,424	4,405,931	44,437,355
Net position, end of the year					<u>\$ 40,113,189</u>	<u>\$ 4,293,727</u>	<u>\$ 44,406,916</u>

See accompanying notes to financial statements.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

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

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

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance, part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

2. Blended Component Units

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

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

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

3. Discretely Presented Component Units

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

3. Discretely Presented Component Units - continued

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

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

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

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

4. Joint Venture

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

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

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

The County is responsible to fund 40% of the required local contribution to cover operational costs. For the year ended September 30, 2014, the County contributed \$462,557 to cover its share of operational costs. Some of the treasury functions for the Mid-Michigan Health Department rest with the Montcalm County Treasurer, but for the most part it is simply a fiduciary signer on their bank accounts and the County Treasurer does some investing at the direction of the health department. As a result, in accordance with GASB Statement No. 61, the pooled cash and cash equivalents of the department that is part of the County's pooled accounts at year-end is reflected in a fiduciary fund in the primary government statements.

The financial activities of the Mid-Michigan District Health Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended September 30, 2014, are available at the Department's administrative offices. As of September 30, 2014, the Department had net position of \$1,536,775.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

5. Related Organizations

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

Montcalm Center for Behavioral Health - Mental Health Authority - The County appoints all of the twelve (12) Board members. The County does not have an ongoing day-to-day financial interest or responsibility for the Board.

The Authority is legally separate and fiscally independent, for the Authority's financial information to be presented within the County's notes to the financial statements only, instead of in the body of the financial statements. The following financial information was obtained from the most recent audited financial statements available of the Board for their year ended September 30, 2014. A copy of the financial statements is available at the Board's administrative offices. As of September 30, 2014, the Board had total assets of \$4,020,283; total liabilities of \$2,249,336; and total net position of \$1,770,947. For year ended September 30, 2014, the Board had total revenues of \$11,394,353; total expenses of \$11,416,214; and a net decrease in net position of \$21,861.

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

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

6. Jointly Governed Organizations

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

West Michigan Regional Planning Commission - Montcalm County, in conjunction with 10 other Counties, has entered into an agreement which created the West Michigan Regional Planning Commission. This organization's Board is composed of 20 members, of which two (2) are appointed by Montcalm County. The County's financial responsibility is to contribute a pro rata share of "local match" funds based on the proportion of State equalized valuation. For the year ended September 30, 2014, the County's contribution to the Commission was \$3,670.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

7. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

FUND FINANCIAL STATEMENTS

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

The major governmental funds of the County are:

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

The major enterprise funds of the County are:

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

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

The Pension Fund accounts for the activities of the County's pension plan, which accumulates resources for pension benefit payments to qualified former County employees. The Pension Fund is reported as of December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

7. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

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

8. Measurement Focus

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

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

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

9. Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

10. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit with an original maturity of ninety (90) days or less, and mutual funds.

11. Investments

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

12. Receivables

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

13. Prepays

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

14. Inventories

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

15. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNIT - DRAINAGE DISTRICTS

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

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

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

15. Capital Assets - continued

COMPONENT UNIT - ROAD COMMISSION

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

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

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

16. Unearned Revenue

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

17. Long-Term Obligations

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

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

18. Treatment Rights

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

19. Advances to Other Funds/Governmental Units

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

20. Accrued Compensated Absences

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

Vested vacation and sick leave earned as of September 30, 2014, including related payroll taxes, is recorded in the government-wide financial statements.

Vested vacation and sick leave earned as of September 30, 2014, for the Road Commission (component unit) is recorded in the respective component unit government-wide financial statements.

21. Interfund Transactions

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

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

22. Deferred Outflows/Inflows of Resources

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

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

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

The County does not have any items that meet the recognition criteria for classification as deferred inflows of resources.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

23. Budgets and Budgetary Accounting

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

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

24. Federal Programs

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

25. Comparative Data

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

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

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

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

Deposits

As of September 30, 2014, the carrying amounts and bank balance for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings	\$ 5,692,007	\$ 5,312,248
Certificates of deposit	1,022,136	1,022,136
	<hr/>	<hr/>
TOTAL PRIMARY GOVERNMENT	6,714,143	6,334,384
FIDUCIARY FUNDS		
Checking	1,916,016	1,539,767
Certificates of deposit	6,044	6,044
	<hr/>	<hr/>
TOTAL FIDUCIARY FUNDS	1,922,060	1,545,811
COMPONENT UNITS		
Checking	2,295,090	2,774,278
Certificates of deposit	4,912	4,912
	<hr/>	<hr/>
TOTAL COMPONENT UNITS	2,300,002	2,779,190
	<hr/>	<hr/>
TOTAL REPORTING ENTITY	<u>\$ 10,936,205</u>	<u>\$ 10,659,385</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of September 30, 2014, the primary government and component unit accounts were insured by the FDIC for \$778,477 and the amount of \$9,880,908 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the current period, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at September 30, 2014.

As of September 30, 2014, the market values, which are the carrying values for each investment, are as follows:

Investments

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>S&P Rating</u>	<u>Weighted Average Maturity</u>
PRIMARY GOVERNMENT				
U.S. Government Securities	\$ 992,919	\$ 992,919	AA+	3.90 years
Corporate Notes	501,985	501,985	A-1	0.03 years
Uncategorized pooled investment funds	268,602	268,602	AAAm	51 days
Uncategorized pooled investment funds	<u>1,018,507</u>	<u>1,018,507</u>	N/A	N/A
Total primary government	2,782,013	2,782,013		
FIDUCIARY FUNDS				
U.S. Government Securities	980,970	980,970	AAAm	1.73 years
Corporate Bonds and Notes	4,308,518	4,308,518	A-3	4.11 years
Common Stock	7,374,101	7,374,101	N/A	N/A
Uncategorized pooled investment funds	3,550,742	3,550,742	AAAm	51 days
Uncategorized pooled investment funds	2,546,423	2,546,423	N/A	N/A
Uncategorized pooled investment funds	<u>5,910,750</u>	<u>5,910,750</u>	N/A	N/A
Total Fiduciary Funds	24,671,504	24,671,504		
COMPONENT UNITS				
Uncategorized pooled investment funds	<u>602,166</u>	<u>602,166</u>	AAAm	51 days
Total reporting entity	<u>\$ 28,055,683</u>	<u>\$ 28,055,683</u>		

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

The County has investments purchased for the County employee's Pension Trust Fund through two (2) banks. Michigan Compiled Law, Section 38.1121, authorizes the County to invest pension assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. As of December 31, 2013, the market value, which is the carrying amount of the pension trust plan assets were \$21,120,762.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of September 30, 2014, rating information on the County's investments is presented above.

Interest rate risk

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

Concentration of credit risk

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

Custodial credit risk

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

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

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of September 30, 2014:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 5,582,592	\$ 5,472,802	\$ 2,025,608	\$ 13,081,002
Investments	3,915,749	21,120,762	876,760	25,913,271
	<u>\$ 9,498,341</u>	<u>\$ 26,593,564</u>	<u>\$ 2,902,368</u>	<u>\$ 38,994,273</u>

The primary government cash and cash equivalents captions on the financial statements include \$2,185 in imprest cash. The component unit cash and cash equivalents captions on the financial statements includes \$200 in imprest cash.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE C: ACCOUNTS RECEIVABLE

The following is an analysis of accounts receivable for the Delinquent Tax Fund and Ambulance Fund as of December 31, 2014:

	Delinquent Tax Revolving	Ambulance
Receivable, gross	\$ 3,454,323	\$ 1,130,724
Less: allowance for doubtful accounts	<u>(84,581)</u>	<u>(642,144)</u>
Accounts receivable, net	<u>\$ 3,369,742</u>	<u>\$ 488,580</u>

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables related to the primary government at September 30, 2014:

Due to General Fund from:	
Delinquent Tax Revolving Fund	<u>\$ 1,786,404</u>
Due to Delinquent Tax Revolving Fund from:	
General Fund	<u>\$ 2,077,048</u>
Due to Ambulance Fund from:	
General Fund	\$ 1,555,838
Nonmajor governmental funds	<u>168,797</u>
	<u>\$ 1,724,635</u>
Due to nonmajor governmental funds from:	
General Fund	\$ 71,455
Nonmajor governmental funds	14,235
Internal service funds	<u>74,481</u>
	<u>\$ 160,171</u>

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at September 30, 2014:

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

The advances were made to finance capital acquisitions.

NOTE F: INTERFUND TRANSFERS

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

Transfer to General Fund from:	
Nonmajor governmental funds	\$ 86,275
Delinquent Tax Revolving Fund	<u>1,786,404</u>
	<u>\$ 1,872,679</u>
Transfer to nonmajor governmental funds from:	
General Fund	\$ 274,805
Delinquent Tax Revolving Fund	<u>52,500</u>
	<u>\$ 327,305</u>
Transfer to nonmajor enterprise funds from:	
General Fund	<u>\$ 1,614</u>
Transfer to Internal service funds from:	
General Fund	<u>\$ 88,200</u>

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE G: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

PRIMARY GOVERNMENT

	Balance Oct. 1, 2013	Additions	Deletions	Balance Sept. 30, 2014
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 81,157	\$ -	\$ -	\$ 81,157
Capital assets being depreciated				
Land improvements	5,665	-	-	5,665
Buildings and additions	22,642,422	-	-	22,642,422
Equipment and furniture	1,720,697	335,719	(498,912)	1,557,504
Vehicles	806,126	67,777	-	873,903
Subtotal	25,174,910	403,496	(498,912)	25,079,494
Less accumulated depreciation for:				
Land improvements	(5,099)	(566)	-	(5,665)
Buildings and additions	(13,945,332)	(657,192)	-	(14,602,524)
Equipment and furniture	(1,640,258)	(189,570)	497,907	(1,331,921)
Vehicles	(693,204)	(64,776)	-	(757,980)
Subtotal	(16,283,893)	(912,104)	497,907	(16,698,090)
Net capital assets being depreciated	8,891,017	(508,608)	(1,005)	8,381,404
Total Net Capital Assets	<u>\$ 8,972,174</u>	<u>\$ (508,608)</u>	<u>\$ (1,005)</u>	<u>\$ 8,462,561</u>

Depreciation expense was charged to the following governmental activities:

Governmental activities:	
General government	\$ 407,318
Public safety	434,945
Health and welfare	62,160
Recreation and culture	8,686
	<u>\$ 913,109</u>

The current period depreciation expense of \$508,608 has been adjusted by \$1,005 for the loss on disposal of capital assets during the period, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE G: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

	Balance Oct. 1, 2013	Additions	Deletions	Balance Sept. 30, 2014
Business-type Activities				
Capital assets being depreciated				
Buildings and improvements	\$ 437,476	\$ -	\$ -	\$ 437,476
Equipment and furniture	892,190	58,739	(250,461)	700,468
Vehicles	2,102,992	253,725	(758,896)	1,597,821
Subtotal	3,432,658	312,464	(1,009,357)	2,735,765
Less accumulated depreciation for:				
Buildings and improvements	(185,031)	(22,129)	-	(207,160)
Equipment and furniture	(762,097)	(73,830)	244,935	(590,992)
Vehicles	(1,610,192)	(243,433)	758,896	(1,094,729)
Subtotal	(2,557,320)	(339,392)	1,003,831	(1,892,881)
Total Net Capital Assets	<u>\$ 875,338</u>	<u>\$ (26,928)</u>	<u>\$ (5,526)</u>	<u>\$ 842,884</u>

COMPONENT UNITS

Drainage Districts				
Capital assets not being depreciated				
Land	\$ 75,650	\$ -	\$ -	\$ 75,650
Capital assets being depreciated				
Drains	13,464,229	-	-	13,464,229
Less accumulated depreciation for:				
Drains	(1,909,349)	(313,075)	-	(2,222,424)
Net capital assets being depreciated	11,554,880	(313,075)	-0-	11,241,805
Total Net Capital Assets	<u>\$ 11,630,530</u>	<u>\$ (313,075)</u>	<u>\$ -0-</u>	<u>\$ 11,317,455</u>

Central Dispatch Authority				
Capital assets being depreciated				
Equipment and furniture	\$ 691,050	\$ 92,799	\$ -	\$ 783,849
Vehicles	16,490	-	-	16,490
Subtotal	707,540	92,799	-0-	800,339
Less accumulated depreciation for:				
Equipment and furniture	(690,877)	(14,380)	-	(705,257)
Vehicles	(16,490)	-	-	(16,490)
Subtotal	(707,367)	(14,380)	-0-	(721,747)
Total Net Capital Assets	<u>\$ 173</u>	<u>\$ 78,419</u>	<u>\$ -0-</u>	<u>\$ 78,592</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE G: CAPITAL ASSETS - CONTINUED

COMPONENT UNITS - CONTINUED

	Balance Oct. 1, 2013	Additions	Deletions	Balance Sept. 30, 2014
Road Commission				
Capital assets not being depreciated				
Land	\$ 45,227	\$ -	\$ -	\$ 45,227
Infrastructure - land improvements	5,227,035	-	-	5,227,035
Construction in progress	-	25,711	-	25,711
Subtotal	5,272,262	25,711	-0-	5,297,973
Capital assets being depreciated				
Buildings	2,593,058	2,450	-	2,595,508
Road equipment	8,544,889	715,405	(863,544)	8,396,750
Shop equipment	92,995	2,930	(2,000)	93,925
Office equipment	141,361	13,751	-	155,112
Engineer's equipment	42,736	28,900	-	71,636
Yard and storage	366,508	-	-	366,508
Infrastructure - bridges	12,034,470	397,916	-	12,432,386
Infrastructure - roads	36,966,216	2,065,401	(1,281,017)	37,750,600
Subtotal	60,782,233	3,226,753	(2,146,561)	61,862,425
Less accumulated depreciation for:				
Buildings	(918,286)	(53,852)	-	(972,138)
Road equipment	(6,892,895)	(648,728)	782,905	(6,758,718)
Shop equipment	(71,391)	(1,792)	2,000	(71,183)
Office equipment	(134,705)	(4,521)	-	(139,226)
Engineer's equipment	(40,156)	(2,056)	-	(42,212)
Yard and storage	(359,683)	-	-	(359,683)
Infrastructure - bridges	(4,634,165)	(252,727)	-	(4,886,892)
Infrastructure - roads	(18,750,264)	(2,017,978)	1,281,017	(19,487,225)
Subtotal	(31,801,545)	(2,981,654)	2,065,922	(32,717,277)
Net capital assets being depreciated	28,980,688	245,099	(80,639)	29,145,148
Total Net Capital Assets	<u>\$ 34,252,950</u>	<u>\$ 270,810</u>	<u>\$ (80,639)</u>	<u>\$ 34,443,121</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE G: CAPITAL ASSETS - CONTINUED

COMPONENT UNITS - CONTINUED

Depreciation expense was charged to the following activities:

Net equipment expense		
Direct equipment	\$	648,728
Indirect equipment		
Buildings		53,852
Shop equipment		1,792
Distributive expense - overhead		2,056
Net administrative expense		
Office equipment and furniture		4,521
Infrastructure		2,270,705
		<u>2,270,705</u>
	\$	<u>2,981,654</u>

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the County for the year ended September 30, 2014:

	Balance Oct. 1, 2013	Additions	Deletions	Balance Sept. 30, 2014	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct County obligations	\$ 9,120,000	\$ -	\$ (590,000)	\$ 8,530,000	\$ 615,000
Capital lease	-	199,613	(4,571)	195,042	46,289
Compensated absences	322,269	410,193	(380,705)	351,757	351,757
	<u>9,442,269</u>	<u>609,806</u>	<u>(975,276)</u>	<u>9,076,799</u>	<u>1,013,046</u>
Less: deferred amounts on refunding	<u>(393,344)</u>	<u>-</u>	<u>34,446</u>	<u>(358,898)</u>	<u>(34,446)</u>
Total governmental activities	9,048,925	609,806	(940,830)	8,717,901	978,600
Business-type Activities					
Installment purchase agreement	52,175	-	(20,870)	31,305	20,870
Compensated absences	12,008	32,339	(33,414)	10,933	10,933
Total business-type activities	<u>64,183</u>	<u>32,339</u>	<u>(54,284)</u>	<u>42,238</u>	<u>31,803</u>
TOTAL PRIMARY GOVERNMENT	9,113,108	642,145	(995,114)	8,760,139	1,010,403

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE H: LONG-TERM DEBT - CONTINUED

	Balance Oct. 1, 2013	Additions	Deletions	Balance Sept. 30, 2014	Amounts Due Within One Year
COMPONENT UNITS					
Central Dispatch					
Compensated absences	\$ 28,406	\$ 77,656	\$ (72,365)	\$ 33,697	\$ 33,697
Drainage Districts					
Governmental Activities					
Drain bonds	1,593,868	-	(246,570)	1,347,298	147,022
Business-type Activities					
Little Whitefish Lake Drain bonds	1,122,000	-	(26,000)	1,096,000	27,000
Sidney Township Sewer bond	3,456,000	-	(87,000)	3,369,000	87,000
Road Commission					
Installment purchase agreements	1,095,765	145,928	(217,144)	1,024,549	242,602
Compensated absences	80,718	14,290	-	95,008	-
	<u>7,376,757</u>	<u>237,874</u>	<u>(649,079)</u>	<u>6,965,552</u>	<u>537,321</u>
TOTAL COMPONENT UNITS					
	<u>\$ 16,489,865</u>	<u>\$ 880,019</u>	<u>\$ (1,644,193)</u>	<u>\$ 15,725,691</u>	<u>\$ 1,547,724</u>
TOTAL REPORTING ENTITY					

Direct County Obligations

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

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

Bonds and loans payable at September 30, 2014, are as follows:

\$9,320,000 Building Authority Refunding Bonds dated October 4, 2005, due in annual installments ranging from \$615,000 to \$945,000 through May 1, 2025, with interest ranging from 4.00 percent to 5.00 percent, payable semi-annually. \$ 8,530,000

Capital Lease

\$199,613 Capital lease dated January 31, 2014, due in monthly installments of \$4,571 through April 1, 2018. \$ 195,042

Installment Purchase Agreement

\$104,349 Installment Purchase Agreement, dated March 31, 2011, due in monthly installments of \$1,739 through May 2, 2016. \$ 31,305

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE H: LONG-TERM DEBT - CONTINUED

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$244,835 and \$117,855 for vacation and sick, respectively, at September 30, 2014. All of the total liability of \$351,757 and \$10,933 for Governmental and Business-type activities, respectively, has been reported as a current liability.

COMPONENT UNIT - CENTRAL DISPATCH

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$33,697 for vacation at September 30, 2014. All of the total liability of \$33,697 has been reported as a current liability.

COMPONENT UNIT - DRAINAGE DISTRICTS

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

Drain Bonds

Bonds payable at September 30, 2014, per respective Drain projects serviced from the Component Unit Debt Service Funds are as follows:

\$1,151,000 Duck Lake Drain District Bonds, Series A, dated March 17, 2004, due in annual installments ranging from \$22,000 to \$45,000 through March 1, 2034, with interest of 4.50 percent, payable semi-annually.	\$ 629,000
\$761,772 Greenville West Drain District Bonds, Series 2008, dated February 7, 2008, due in annual installments of \$50,785, through June 1, 2023, with interest of 3.84 percent, payable semi-annually.	457,062
\$288,657 Number Five Drain District Bonds, Series 2008, dated July 30, 2008, due in annual installments of \$41,236 through June 1, 2015, with interest of 3.69 percent, payable semi-annually.	41,236
\$385,000 Perry Drain Bonds, Series 2010, dated October 1, 2010, due in annual installments of \$55,000 through June 1, 2018, with interest of 6.00 percent, payable annually.	<u>220,000</u>
	<u>\$ 1,347,298</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED

Drain Bonds - continued

Bonds payable at September 30, 2014, per respective Drain projects serviced from the Component Unit proprietary funds are as follows:

\$1,262,000 Little Whitefish Lake Sanitary Sewer System G.O. Bonds dated March 18, 1997 due in annual installments ranging from \$25,000 to \$55,000 through November 1, 2036, with interest of 5.0 percent, payable semi-annually.	\$ 991,000
\$121,500 Little Whitefish Lake Sanitary Sewer System G.O. Bonds dated January 24, 2003 due in annual installments ranging from \$2,000 to \$8,000 through May 1, 2043, with interest of 4.625 percent, payable semi-annually.	105,000
\$3,632,000 Sidney Township Sewage Disposal Bond dated December 20, 2010, due in annual installments ranging from \$87,000 to \$97,000 through June 1, 2050, with interest of 3.00 percent, payable annually.	<u>3,369,000</u>
	<u>\$ 4,465,000</u>

COMPONENT UNIT - ROAD COMMISSION

Installment Purchase Agreements

On April 29, 2013, the Road Commission borrowed \$620,296 from Chemical bank at an annual interest rate of 1.99% for five (5) years with an annual payment of \$131,563. The installment purchase agreement is for the purchase of two (2) 2014 Model 367 Peterbilt Trucks and three (3) 2014 Model Peterbilt Trucks with PACCAR MX 13L from Peterbilt.	\$ 501,078
On April 29, 2013, the Road Commission borrowed \$475,469 from Chemical bank at an annual interest rate of 1.99% for five (5) years with an annual payment of \$100,845. The installment purchase agreement is for the purchase of two (2) 2014 Single-axle units 2/7-ft RH Jr. Paraglide Wings, two (2) Tandem-axle units with single wings, and one (1) Tandem-axle unit with wings on both sides from Truck & Trailer Specialties, Inc.	384,085
On July 15, 2014, the Road Commission entered into an installment purchase agreement with Caterpillar Financial in the amount of \$132,177 at an annual interest rate of 2.19% for five years with monthly payments of \$2,328. The installment purchase agreement is for the purchase of a 2014 Cat 930k Loader.	125,906
On September 18, 2014, the Road Commission entered into an installment purchase agreement with Capital Advantage Leasing, who later assigned the agreement to The Bank of Holland, for the purchase, delivery, and installation of telecommunications equipment from Millennia Telecom in the amount of \$13,751 at an annual interest rate of 6.785% for five years with monthly payments of \$271.	<u>13,480</u>
	<u>\$ 1,024,549</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Compensated Absences

In accordance with Commission personnel policies and/or contracts negotiated with various employee groups of the Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounts to \$95,008 at September 30, 2014.

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

Year Ending September 30,	Primary Government					
	Direct County Obligations		Installment Purchase Agreement		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 615,000	\$ 348,295	\$ 20,870	\$ -	\$ 46,289	\$ 8,565
2016	655,000	317,545	10,435	-	48,619	6,234
2017	675,000	291,345	-	-	51,067	3,787
2018	705,000	264,345	-	-	49,067	1,216
2019	740,000	236,145	-	-	-	-
2020-2024	4,195,000	711,325	-	-	-	-
2025	945,000	38,745	-	-	-	-
	<u>\$ 8,530,000</u>	<u>\$ 2,207,745</u>	<u>\$ 31,305</u>	<u>\$ -0-</u>	<u>\$ 195,042</u>	<u>\$ 19,802</u>

Year Ending September 30,	Component Units			
	Drain Bonds		Road Commission Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
2015	\$ 261,022	\$ 212,032	\$ 242,602	\$ 20,990
2016	243,786	200,290	247,612	15,980
2017	245,785	189,950	252,732	10,860
2018	248,785	179,490	257,965	5,627
2019	195,785	168,910	23,638	292
2020-2024	974,135	730,725	-	-
2025-2029	890,000	554,068	-	-
2030-2034	990,500	374,500	-	-
2035-2039	675,500	224,354	-	-
2040-2044	505,000	132,893	-	-
2045-2049	485,000	58,200	-	-
2050	97,000	2,910	-	-
	<u>\$ 5,812,298</u>	<u>\$ 3,028,322</u>	<u>\$ 1,024,549</u>	<u>\$ 53,749</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I: EMPLOYEE RETIREMENT SYSTEMS

COUNTY GENERAL

Defined Benefit Plan

Montcalm County is in a combined County single employer defined-benefit pension plan covering substantially all of its employees. The plan is administered by the Montcalm County Controller/Administrator and the County Pension Trust Committee. The plan is funded through the purchase of various investment vehicles as described in Note B. To be eligible for the plan, an employee must be a regular full-time employee who is not employed on a contract or fee basis with the County, provided such employee is not eligible for coverage, by reason of compensation received from the County, under any pension plan or retirement system other than that provided by the Social Security Act. The County's contributions for the year ended September 30, 2014, and 2013, were based on the payroll for employees covered by the plan for the year ending December 31, 2013 and 2012. The covered payroll for 2014 and 2013 was \$5,396,534 and \$5,431,603, respectively. The total payroll for the year ended September 30, 2014, and 2013, for the County General employees was \$9,580,707 and \$9,433,427, respectively.

The plan provides retirement benefits, as well as death and disability benefits in accordance with benefit provisions as adopted by the Montcalm County Board of Commissioners Retirement benefits are based on service and compensation and vested after five (5) years of service. At December 31, 2013, membership consisted of 98 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 112 current active employees. The plan is recorded as a Pension Trust Fund in the County financial statements and is accounted for on the accrual basis of accounting.

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

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

The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings. The actuarially determined combined employer and employee contributions for the plan year ended December 31, 2013, were \$980,435 and actual contributions for the fiscal year ended September 30, 2014, were \$953,729. The actual employer contribution for the year ended September 30, 2014, was \$554,154. Employee contributions for the year ended September 30, 2014, were \$399,575.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

COUNTY GENERAL - CONTINUED

Defined Benefit Plan - continued

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll
12/31/2013	\$ 21,689,850	\$ 30,918,143	\$ (9,228,293)	70.15%	\$ 5,396,534	171.00%
12/31/2012	19,159,302	30,152,446	(10,993,144)	63.54%	5,431,603	202.39%
12/31/2011	17,685,373	28,466,814	(10,781,441)	62.13%	5,625,182	191.66%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year Ended December 31,	Annual Required Contribution	Actual Contributions	Percentage Contributed
2013	\$ 914,788	\$ 554,145	60.58%
2012	871,863	380,575	43.65%
2011	623,840	393,165	63.02%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2013, the latest actuarial valuation follows:

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

* Information not provided in actuarial valuation report.

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

Defined Contribution Plan

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

COUNTY GENERAL - CONTINUED

Defined Contribution Plan - continued

During the year ended September 30, 2014, the contributions to the plan by employer and employee were \$207,646 and \$145,351, respectively.

COMPONENT UNIT - ROAD COMMISSION

Description of Plan and Plan Assets

The Road Commission for Montcalm County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: Normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death allowance, duty-connected death allowance, post-retirement adjustments, and death-after-retirement surviving spouse benefit. The service requirement for general employees is under the B-2 provision of the retirement contract. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0% of the final average compensation (FAC). The service requirement for salaried employees and commissioners is under the B-4 provision of the retirement contract. This requirement is computed using the same criteria as the B-2 provisions except a sum of 2.5% of the FAC is used. The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2013.

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

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining units and requires a 2.5% contribution from general employees hired before January 1, 2013 and 3.5% from those hired after that date. There is a 4.5% required contribution from salaried employees and commissioners hired or elected before September 2011 and a 5% contribution from those hired after that date. The Road Commission is required to contribute at an actuarially determined rate; the flat monthly rate is \$20,085 for general employee and a flat monthly rate of \$16,138 for salaried employees and commissioners hired prior to October 1, 2011 for the year ended September 30, 2014. For employees hired after October 1, 2011 the general employee rate is 5.72% and 5.04% for the salaried employees and commissioners for the fiscal year ending September 30, 2014.

Annual Pension Cost

For the fiscal year ended September 30, 2014, the Road Commission's contributed \$479,222 (which included an additional contribution of \$21,238) and the employees contributed \$80,278 in accordance with the annual required contribution rate determined as part of the actuarial valuation at December 31, 2012. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over twenty-five (25) years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefits. Significant actuarial assumptions used include a long-term investment yield of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

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

	Year Ended December 31,		
	2011	2012	2013
Annual pension cost	\$ 403,695	\$ 388,386	\$ 431,960
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

Required Supplementary Information for GASB Statement No. 27

	Year Ended December 31,		
	2011	2012	2013
Actuarial value of assets	\$ 9,680,009	\$ 9,593,332	\$ 9,647,796
Actuarial value of liability (AAL) (entry age)	14,800,660	15,313,442	16,098,240
Unfunded AAL (UAAL)	5,120,651	5,720,110	6,450,444
Funded ratio	65%	63%	60%
Covered payroll	\$ 1,867,957	\$ 1,866,341	\$ 2,020,513
UAAL as a Percent of covered payroll	274%	306%	319%

NOTE J: OTHER POST-EMPLOYMENT BENEFITS

COUNTY GENERAL AND CENTRAL DISPATCH AUTHORITY

Plan Description

Montcalm County provides certain retiree health care benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The following are the Governmental Accounting Standards Board (GASB) Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the Commission. In accordance with the union agreement and personnel policy, the County provides a monthly credit of \$8 multiplied by the number of years of service for the employee (capped at 25 years) toward the premium cost of the County's health insurance plan with the retiree paying any difference. The credit is not available for a retiree's spouse, but may be purchased by the retiree at cost. OPEB is available to County employees retiring with 25 years of service or age 60 and 10 years of plan participation. OPEB expires for all retirees who become eligible for Medicare or who have comparable coverage through another employer or spouse's employer. For the year ended September 30, 2014, County expended \$25,769 for 77 participants currently eligible to receive benefits. The County's policy is to finance these benefits on a pay-as-you-go basis.

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COUNTY GENERAL AND CENTRAL DISPATCH AUTHORITY - CONTINUED

Funding Policy

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

Funding Progress

For the year ended September 30, 2014, the County has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of September 30, 2011. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed thirty (30) years.

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

	<u>County</u>	<u>Central Dispatch</u>	<u>Total</u>
Annual required contribution	\$ 21,486	\$ 2,551	\$ 24,037
Interest on net OPEB obligation	787	337	1,124
Adjustment to ARC	<u>(1,675)</u>	<u>(199)</u>	<u>(1,874)</u>
Annual OPEB cost	20,598	2,689	23,287
Amounts contributed:			
Payments of current premiums (gross of employee reimbursement)	<u>23,035</u>	<u>2,734</u>	<u>25,769</u>
Decrease in net OPEB obligation	(2,437)	(45)	(2,482)
Net OPEB obligation - Beginning of year	<u>13,116</u>	<u>5,616</u>	<u>18,732</u>
Net OPEB obligation - End of year	<u>\$ 10,679</u>	<u>\$ 5,571</u>	<u>\$ 16,250</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual OPEB costs	\$ 21,964	\$ 22,193	\$ 23,287
Percentage contributed	155.5%	143.4%	110.7%
Net OPEB obligation	\$ 28,368	\$ 18,732	\$ 16,250

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COUNTY GENERAL AND CENTRAL DISPATCH AUTHORITY - CONTINUED

Funding Progress - continued

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

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

Actuarial Methods and Assumptions

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

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

In the September 30, 2011, actuarial valuation, the projected unit credit service cost method was used. The actuarial assumptions include a 6.0 percent per year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets. A discount rate of 6.0 percent was also used. There was also an inflationary rate assumption factored into the calculation.

COMPONENT UNIT - ROAD COMMISSION

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Under the labor contract, if an employee must retire early (prior to normal retirement age of 60) due to a proven disability, the Commission agrees to pay one-half of the monthly health insurance premium, under the Commission's health insurance plan, for the retiree and spouse until the retiree and/or spouse becomes eligible for Medicare. The amount paid by the Commission is capped at \$350 per month for single coverage and \$700 per month for two person coverage. For retirees from the age of 60 to Medicare-eligible age, the Road Commission will pay eighty percent (80%) of the health insurance premium for the retiree and/or spouse. Retired employees and spouses who are required to contribute to the cost of premiums shall make their payments to the Road Commission on the 1st of each month. Failure to make the payment on time will result in the termination of insurance coverage. Retiree benefits, to the extent possible, will be the same as for active employees. In no event will retiree benefits be greater than that of active employees. Retirees shall be construed to mean those employees eligible to receive benefits through the Road Commission's retirement plan. Benefits for eligible retired employees will be continued for the spouse of any retiree who dies after he/she retires until Medicare-eligible age under the same conditions as described above, provided the spouse was married to the employee at the time he/she retired. Should any spouse of a deceased retiree remarry, all health insurance coverage shall terminate at the end of the month in which the marriage occurs.

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

Currently, 10 retirees/spouses meet those eligibility requirements.

Effective retroactive to October 1, 2007, the Road Commission adopted, by resolution on December 19, 2007, for establishment of a Retiree Health Insurance Section 115 Trust, to administer funds set aside for the payment of health, vision and prescription drugs. The Road Commission started contributing to the trust during the 2008 fiscal year. The trust is part of a single-employer retiree healthcare savings plan that is administered by the Road Commission as trustee of the trust. The plan covers substantially all retirees and future retirees of the Road Commission. The Road Commission may partially or fully fund the liability of the trust by periodically making contributions to the trust. The Road Commission's funding policy is to pay all premiums as they come due from the Road Fund and set aside funding in the trust at an annual rate of \$10,000. The amount set aside in the trust may be adjusted by the board from time to time as it deems appropriate. Employees are not required to contribute to the plan.

At September 30, 2012, the date of the latest actuarial valuation, plan participation consisted of:

OPEB plan participants	46
Retirees and beneficiaries receiving benefits	<u>13</u>
Total plan members	<u><u>59</u></u>

Funding Policy

The Road Commission has the authority to establish and amend funding policy. Expenditures for post-employment health care benefits are recognized when health care costs are paid. The net retiree health care costs paid by the Road Commission for the fiscal year ending September 30, 2014, totaled \$254,689. The expenditures are recognized on a pay-as-you-go basis. It is the Road Commission's intent to base future Trust contributions on the ARC in subsequent annual actuarial reports; however, no Trust contributions are legally or contractually required. The Road Commission paid \$10,000 during the fiscal year ended September 30, 2014, to the Retiree Health Insurance Section 115 Trust.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Annual OPEB Cost and Net OPEB Liability

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

The following table shows the components of the Road Commission's annual OPEB Plan cost for the year, the amount actually contributed, and the changes in the net OPEB Plan obligation.

Annual required contribution	\$ 213,885
Interest on net OPEB obligation	<u>3,782</u>
Annual OPEB cost	217,667
Amounts contributed	<u>178,421</u>
Increase in net OPEB obligation	39,246
Net OPEB obligation - Beginning of year	<u>54,027</u>
Net OPEB obligation - End of year	<u><u>\$ 93,273</u></u>

Three (3) year trend information

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual OPEB costs	\$ 213,885	\$ 215,129	\$ 217,667
Percentage contributed	91.7%	105.8%	82.0%
Net OPEB obligation	\$ 66,518	\$ 54,027	\$ 93,273

Funding Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
9/30/2012	\$ 193,100	\$ 1,923,237	\$ 1,730,137	10.04%	\$ 1,691,628	102.28%
9/30/2009	120,000	2,748,334	2,628,334	4.37%	1,882,239	139.64%

The Road Commission has estimated the cost of providing retiree healthcare benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes an annual required contribution. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plans assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An actuarial is performed once every three years as permitted by GASB 45.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE J: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Actuarial Methods and Assumptions

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

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

The actuarial methods and assumptions are:

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

NOTE K: FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the fiscal year ended September 30, 2014, the Federal aid received and expended by the Road Commission was \$1,024,820 for contracted projects and \$225,611 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are projects that are performed by the Road Commission employees or private contractors paid for and administered by the Road Commission and are subject to single audit requirements, if the amount expended is \$500,000 or more. A single audit was not performed for the Road Commission during for the fiscal year ended September 30, 2014.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE L: RISK MANAGEMENT

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

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

Road Commission (Component Unit)

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

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

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

NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE

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

The County's Winter 2013 and Summer 2014 ad valorem taxes were levied and collectible on December 1, 2013, and July 1, 2014, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Winter 2013 and Summer 2014 tax levies have been recognized as revenue in the current fiscal year. The 2014 taxable value of Montcalm County amounted to \$1,641,697,068 on which ad valorem taxes levied for County general operating purposes consisted of 4.4082 mills for Summer 2014. For the year ended September 30, 2014, the County levied 0.4500 mills for the Commission on Aging, 0.6500 mills for Ambulance Services, 0.5000 mills for the library, and 0.0200 mills for Veterans on December 1, 2013, using the 2013 taxable value of \$1,635,536,429.

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE - CONTINUED

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the 2013 real property taxes receivable returned delinquent on March 1, 2014. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

NOTE N: CONTINGENT LIABILITIES

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

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

NOTE O: RESTRICTED NET POSITION

Restrictions on net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source preclude their use for unrestricted purposes. The following are the various net position restrictions as of September 30, 2014:

PRIMARY GOVERNMENT	
Governmental Activities	
Restricted	
Public safety	
Law enforcement trust	\$ 34,477
Homeland Security	48,615
Local correction officer training	26,351
Drug law enforcement	7,898
Law enforcement	464
	<u>\$ 117,805</u>
Public works	
Solid waste planning	<u>\$ 238,464</u>
Health and welfare	
Victim Support	\$ 1,713
Commission on Aging	220
Soldiers and Sailors Relief	84,987
Veterans' Trust	1,787
	<u>\$ 88,707</u>

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE O: RESTRICTED NET POSITION - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

Governmental Activities - continued

Restricted - continued

Other purposes

General purposes	\$ 187,016
Friend of the Court	398
Community Information Systems	18,729
Homestead Property Tax Exemption	466,865
Register of Deeds	252,660
Law library	5,070
County libraries	12,049
Animal Shelter	13,867
CDBG - Housing	51,759
Social Welfare	1,000
Debt service	1,049
Capital projects	669,559
Cemetery - expendable	1,723
Cemetery - nonexpendable	99,309

\$ 1,781,053

COMPONENT UNITS

Restricted

Other purposes

Drainage Districts	\$ 2,891,609
Central Dispatch Authority	396,515
County roads	2,116,471

\$ 5,404,595

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

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

Fund Balance Classification Policies and Procedures

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

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable			
Prepays	\$ 115,584	\$ -	\$ 115,584
Advances	187,016	164,318	351,334
Trust activities	-	99,309	99,309
	<u> </u>	<u> </u>	<u> </u>
Total nonspendable	302,600	263,627	566,227
Restricted			
Victim Support	-	1,713	1,713
Law enforcement trust	-	34,477	34,477
Friend of the Court	-	398	398
Solid waste planning	-	238,464	238,464
Homeland Security	-	48,615	48,615
Community Information Systems	-	18,729	18,729
Homestead Property Tax Exemption	-	466,865	466,865
Register of Deeds	-	252,660	252,660
Local correction officer training	-	26,351	26,351
Drug Law Enforcement	-	7,898	7,898
Law enforcement	-	464	464
Law library	-	5,070	5,070
County libraries	-	12,049	12,049
Animal Shelter donation	-	13,867	13,867
CDBG - Housing	-	51,759	51,759
Commission on Aging	-	220	220
Soldiers and Sailors Relief	-	84,987	84,987
Veterans' Trust	-	1,787	1,787

Montcalm County

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE P: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted - continued			
Social Welfare	\$ -	\$ 1,000	\$ 1,000
Debt service	-	1,049	1,049
Capital projects	-	505,241	505,241
Cemetery	-	1,723	1,723
Total restricted	-0-	1,775,386	1,775,386
Assigned			
Subsequent years' expenditures	133,509	-	133,509
Unassigned	13,891	-	13,891
TOTAL FUND BALANCE	<u>\$ 450,000</u>	<u>\$ 2,039,013</u>	<u>\$ 2,489,013</u>

NOTE Q: RESTATEMENT OF NET POSITION

Beginning net position of the governmental activities was increased from \$909,710 to \$915,326 due to an overstated net other post-employment benefit obligation.

Beginning net position of the component units was decreased from \$44,442,971 to \$44,437,355 due to an understated net other post-employment benefit obligation in the Central Dispatch component unit.

Beginning net position of the Pension Fund decreased from \$20,613,290 to \$19,170,602 due to the County changing the plan year-end from September 30 to December 31. The Pension Fund is shown as of December 31, 2013.

NOTE R: CHANGES IN ACCOUNTING PRINCIPLES

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

NOTE S: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The statement will establish accounting and financial reporting requirements related to defined benefit pension plans and specify the required approach to measuring the pension liability of employers. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The statement will be effective for the County's 2014-2015 fiscal year.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE S: UPCOMING ACCOUNTING PRONOUNCEMENTS - CONTINUED

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the County's 2014-2015 fiscal year.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The Statement addresses an issue regarding the application of the transition provisions of GASB Statement No. 68 and amends paragraph 137 of GASB Statement No. 68 and requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2014-2015 fiscal year.

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

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Montcalm County, Michigan

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

Year Ended September 30, 2014

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes	\$ 7,205,599	\$ 7,205,599	\$ 6,986,094	\$ (219,505)
Delinquent property taxes	12,000	12,000	6,933	(5,067)
Payments in lieu of taxes	5,000	5,000	1,484	(3,516)
Mobile home park taxes	4,200	4,200	3,733	(467)
Other taxes	308	308	348	40
Total taxes	7,227,107	7,227,107	6,998,592	(228,515)
Licenses and permits				
Dog licenses	111,100	111,100	95,151	(15,949)
Cremation permits	12,500	12,500	11,115	(1,385)
Marriage license fees	2,800	2,800	2,825	25
Gun permits	17,000	17,000	19,604	2,604
Total licenses and permits	143,400	143,400	128,695	(14,705)
Intergovernmental - Federal/State				
Cooperative reimbursement - Prosecutor	60,000	60,000	57,684	(2,316)
Title IV E - Prosecutor	63,071	63,071	10,901	(52,170)
Central Michigan Enforcement Team	16,520	16,520	17,584	1,064
Probate Judge's salary	103,441	103,441	102,835	(606)
Judicial salary standardization	137,397	137,397	137,172	(225)
Case flow assistance	18,300	18,300	13,733	(4,567)
Sheriff secondary road patrol	70,224	70,224	70,552	328
Marine safety	41,500	41,500	40,836	(664)
Victims Rights Act	50,300	50,300	49,572	(728)
Juvenile officer grant	32,317	32,317	29,477	(2,840)
State remonumentation	100,000	100,000	70,943	(29,057)
Convention and tourism tax	240,000	321,000	356,499	35,499
Cigarette tax	16,000	16,000	2,521	(13,479)
Liquor license fees	9,000	9,000	7,909	(1,091)
Michigan justice training	5,000	5,000	4,699	(301)
BVP grant	16,000	16,000	-	(16,000)
Community corrections grant	82,024	82,024	83,571	1,547
Court equity	290,000	290,000	267,457	(22,543)
State revenue sharing	967,905	967,905	961,105	(6,800)
Homeland security	-	-	24,975	24,975
Brownfield grant	100,000	108,000	107,678	(322)
Total intergovernmental - Federal/State	2,418,999	2,507,999	2,417,703	(90,296)

Montcalm County, Michigan

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

Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONTINUED				
Charges for services				
District Court	\$ 655,100	\$ 655,100	\$ 654,290	\$ (810)
Circuit Court	121,000	121,000	116,532	(4,468)
Probate Court	35,250	35,250	31,693	(3,557)
County Treasurer	22,100	22,100	6,868	(15,232)
County Clerk	137,000	137,000	138,110	1,110
Register of Deeds	524,400	524,400	461,477	(62,923)
Sheriff department	368,650	368,650	436,836	68,186
Care of prisoners	650,700	650,700	348,512	(302,188)
Animal shelter	10,000	10,000	15,017	5,017
Central services	450,000	450,000	484,848	34,848
Mapping services	2,000	2,000	3,031	1,031
Other	9,500	9,500	15,690	6,190
Total charges for services	2,985,700	2,985,700	2,712,904	(272,796)
Fines and forfeits				
Ordinance fines and costs	85,400	85,400	110,753	25,353
Interest and rents				
Interest revenue	6,710	6,710	3,245	(3,465)
Rental fees	1,500	1,500	375	(1,125)
Total interest and rents	8,210	8,210	3,620	(4,590)
Other				
Insurance dividends	20,000	20,000	-	(20,000)
Sale of capital assets	1,000	1,000	30,250	29,250
Reimbursement and refunds	250,449	250,449	274,640	24,191
Remonumentation contribution	20,000	20,000	27,200	7,200
Other	4,000	4,000	14,886	10,886
Total other	295,449	295,449	346,976	51,527
TOTAL REVENUES	13,164,265	13,253,265	12,719,243	(534,022)
OTHER FINANCING SOURCES				
Transfers in	1,190,057	1,490,057	1,872,679	382,622
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,354,322	14,743,322	14,591,922	(151,400)

Montcalm County, Michigan

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

Year Ended September 30, 2014

EXPENDITURES	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
Current				
General government				
Board of commissioners	\$ 131,562	\$ 122,062	\$ 119,605	\$ 2,457
Circuit Court	327,374	362,374	362,198	176
Circuit Court probation	3,050	3,550	3,536	14
District Court	752,370	742,370	738,792	3,578
District Court probation	131,027	127,627	127,368	259
Probate Court	994,212	964,212	961,750	2,462
Jury Board	4,750	4,750	4,269	481
Witness fees	9,800	3,500	3,057	443
Elections	87,208	81,058	134,819	(53,761)
Clerk	374,238	367,738	367,599	139
Professional consultants	67,500	75,500	75,304	196
Controller	411,263	414,263	414,182	81
Equalization	278,151	287,551	282,410	5,141
Prosecuting Attorney	573,894	570,794	569,822	972
Register of Deeds	249,012	251,612	251,586	26
Information Systems	22,000	22,000	15,620	6,380
Central services	14,100	14,100	13,334	766
Survey and remonumentation	110,000	112,000	111,683	317
Treasurer	309,408	304,508	304,282	226
Cooperative extension	108,402	107,402	106,619	783
Building and grounds	815,376	885,876	885,535	341
Building rent	865,308	865,308	968,935	(103,627)
Drain Commission	187,422	191,622	192,376	(754)
Total general government	6,827,427	6,881,777	7,014,681	(132,904)
Public safety				
Sheriff - general	2,082,660	2,129,660	2,099,289	30,371
Sheriff - road patrol	72,922	72,922	70,585	2,337
Contracted police service	322,243	322,243	352,740	(30,497)
Justice training	5,500	5,500	4,324	1,176
Building security	32,443	35,443	33,958	1,485
Marine safety	46,683	44,683	44,522	161
Jail	2,528,965	2,462,465	2,461,504	961
Emergency management relief	-	1,000	998	2
Animal control	140,204	135,204	129,969	5,235
Total public safety	5,231,620	5,209,120	5,197,889	11,231
Community and economic development				
West Michigan Planning	3,328	3,728	3,670	58
Planning commission	4,100	4,100	2,976	1,124
Brownfield	100,000	108,000	107,678	322
Economic development	10,000	49,500	49,500	-0-
Total community and economic development	117,428	165,328	163,824	1,504

Montcalm County, Michigan

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

Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Health and welfare				
Contagious diseases	\$ 6,500	\$ 3,150	\$ 3,126	\$ 24
Medical examiner	120,000	126,500	126,328	172
Veterans burials	7,700	5,100	5,135	(35)
Substance Abuse Commission	97,000	178,000	177,902	98
Health services	19,000	8,100	8,058	42
Mental Health	188,053	188,053	188,053	-0-
District Health Department	475,778	462,778	462,557	221
Total health and welfare	914,031	971,681	971,159	522
Public works				
Drains at large	70,867	70,867	87,031	(16,164)
Other				
Insurance	185,500	201,500	209,522	(8,022)
Miscellaneous	75,000	-	-	-0-
Total other	260,500	201,500	209,522	(8,022)
TOTAL EXPENDITURES	13,421,873	13,500,273	13,644,106	(143,833)
OTHER FINANCING USES				
Transfers to other funds				
Parks and Recreation Fund	-	-	208	(208)
Friend of the Court Fund	20,000	37,200	68,424	(31,224)
Law Library Fund	5,000	5,000	190	4,810
Child Care Fund	713,828	761,328	761,100	228
Register of Deeds Automation Fund	75,000	65,000	64,837	163
Equipment Purchase and Replacement Fund	110,916	148,616	142,553	6,063
Office Equipment Pool Fund	17,850	77,850	88,200	(10,350)
TOTAL OTHER FINANCING USES	942,594	1,094,994	1,125,512	(30,518)
TOTAL EXPENDITURES AND OTHER FINANCING USES	14,364,467	14,595,267	14,769,618	(174,351)
Net change in fund balance (prior to adjustments for GASB Statement No. 54)	\$ (10,145)	\$ 148,055	(177,696)	\$ (325,751)
Adjustments for GASB Statement No. 54			(3,916)	
Net change in fund balance, end of year			\$ (181,612)	

Montcalm County, Michigan

SCHEDULE OF FUNDING PROGRESS

Year Ended September 30, 2014

DEFINED BENEFIT PENSION PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll</u>
12/31/2013	\$ 21,689,850	\$ 30,918,143	\$ (9,228,293)	70.15%	\$ 5,396,534	171.00%
12/31/2012	19,159,302	30,152,446	(10,993,144)	63.54%	5,431,603	202.39%
12/31/2011	17,685,373	28,466,814	(10,781,441)	62.13%	5,625,182	191.66%
12/31/2010	17,584,920	26,888,623	(9,303,703)	65.40%	5,775,306	161.09%
12/31/2009	16,648,942	25,591,776	(8,942,834)	65.06%	5,766,232	155.09%
12/31/2008	14,784,334	24,617,318	(9,832,984)	60.06%	5,611,817	175.22%
12/31/2007	17,584,732	23,594,621	(6,009,889)	74.53%	5,692,579	105.57%

Montcalm County, Michigan

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30, 2014

DEFINED BENEFIT PENSION PLAN

<u>Plan Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 914,788	61%	\$ 2,060,193
2012	871,863	44%	1,699,550
2011	623,840	63%	1,208,262
2010	687,610	77%	977,587
2009	791,642	36%	818,292
2008	380,836	82%	314,709
2007	234,794	135%	245,929

Montcalm County, Michigan

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2014

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

During the year ended September 30, 2014, the County incurred expenditures in the General Fund and Special Revenue Funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Circuit court	\$ 362,374	\$ 362,198	\$ (176)
Elections	81,058	134,819	53,761
Building rent	865,308	968,935	103,627
Drain commission	191,622	192,376	754
Public Safety			
Contracted police service	322,243	352,740	30,497
Health and Welfare			
Veterans burials	5,100	5,135	35
Public Works			
Drains at large	70,867	87,031	16,164
Other			
Insurance	201,500	209,522	8,022
Other Financing Uses			
Parks and Recreation Fund	-	208	208
Friend of the Court Fund	37,200	68,424	31,224
Office Equipment Pool Fund	77,850	88,200	10,350
Homestead Property Tax Exemption Fund	600	999	399
Animal Shelter Donation Fund	3,000	3,141	141
Commission on Aging Fund	1,254,490	1,395,117	140,627

NOTE B: BUDGET/GAAP RECONCILIATION

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

Net change in fund balance (budgetary basis)	\$ (177,696)
To adjust for the change in fund balance pertaining to the Parks and Recreation Fund	<u>(3,916)</u>
Net change in fund balance (GAAP basis)	<u>\$ (181,612)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

Year Ended September 30, 2014

NOTE C: DEFINED BENEFIT PENSION PLAN

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

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

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

Defined Benefit Pension Plan

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

* Information not provided in actuarial valuation report.

OTHER SUPPLEMENTARY INFORMATION

Montcalm County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
 September 30, 2014

	Special		
	Victim Support Team	Law Enforcement Trust	Friend of the Court
ASSETS			
Cash and cash equivalents	\$ 1,493	\$ 34,477	\$ 29,100
Investments	-	-	11,971
Accounts receivable	-	-	1,577
Due from other funds	1,472	-	-
Due from other governmental units - Federal/State	-	-	82,262
Advances to other funds	-	-	-
TOTAL ASSETS	<u>\$ 2,965</u>	<u>\$ 34,477</u>	<u>\$ 124,910</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 3,291
Accrued wages	-	-	14,090
Due to other funds	1,252	-	107,131
TOTAL LIABILITIES	1,252	-0-	124,512
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,713	34,477	398
TOTAL FUND BALANCES	<u>1,713</u>	<u>34,477</u>	<u>398</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,965</u>	<u>\$ 34,477</u>	<u>\$ 124,910</u>

Revenue

Solid Waste Planning	Homeland Security Grant	Community Information Systems	Homestead Property Tax Exemption	Register of Deeds Automation	Local Correction Training Officer
\$ 199,359	\$ 52,977	\$ 13,825	\$ 390,671	\$ 250,660	\$ 26,351
-	-	4,953	-	-	-
49,545	-	-	-	-	-
-	-	-	76,194	2,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 248,904</u>	<u>\$ 52,977</u>	<u>\$ 18,778</u>	<u>\$ 466,865</u>	<u>\$ 252,660</u>	<u>\$ 26,351</u>
\$ 10,440	\$ 4,362	\$ 49	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
10,440	4,362	49	-0-	-0-	-0-
-	-	-	-	-	-
238,464	48,615	18,729	466,865	252,660	26,351
238,464	48,615	18,729	466,865	252,660	26,351
<u>\$ 248,904</u>	<u>\$ 52,977</u>	<u>\$ 18,778</u>	<u>\$ 466,865</u>	<u>\$ 252,660</u>	<u>\$ 26,351</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2014

	Special		
	Drug Law Enforcement	Law Enforcement	Law Library
ASSETS			
Cash and cash equivalents	\$ 7,898	\$ 8,908	\$ 6,449
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	2,164	-
Due from other governmental units - Federal/State	-	-	-
Advances to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 7,898</u>	<u>\$ 11,072</u>	<u>\$ 6,449</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,379
Accrued wages	-	-	-
Due to other funds	-	10,608	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	-0-	10,608	1,379
FUND BALANCES			
Nonspendable	-	-	-
Restricted	7,898	464	5,070
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>7,898</u>	<u>464</u>	<u>5,070</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,898</u>	<u>\$ 11,072</u>	<u>\$ 6,449</u>

Revenue

County Libraries	Animal Shelter Donation	CDBG - Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Social Welfare Fund
\$ 16,819	\$ 14,168	\$ 51,745	\$ -	\$ 84,987	\$ 1,787	\$ 1,000
-	-	-	432	-	-	-
-	-	-	-	-	-	-
1,380	-	14	52,500	-	-	-
-	-	-	58,430	-	-	-
-	-	-	-	-	-	-
<u>\$ 18,199</u>	<u>\$ 14,168</u>	<u>\$ 51,759</u>	<u>\$ 111,362</u>	<u>\$ 84,987</u>	<u>\$ 1,787</u>	<u>\$ 1,000</u>
\$ 6,150	\$ 301	\$ -	\$ 37,797	\$ -	\$ -	\$ -
-	-	-	16,976	-	-	-
-	-	-	56,369	-	-	-
6,150	301	-0-	111,142	-0-	-0-	-0-
-	-	-	-	-	-	-
12,049	13,867	51,759	220	84,987	1,787	1,000
12,049	13,867	51,759	220	84,987	1,787	1,000
<u>\$ 18,199</u>	<u>\$ 14,168</u>	<u>\$ 51,759</u>	<u>\$ 111,362</u>	<u>\$ 84,987</u>	<u>\$ 1,787</u>	<u>\$ 1,000</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2014

	Debt Service	Capital	
	Building Authority	Public Improvement	Equipment Purchase and Replacement
ASSETS			
Cash and cash equivalents	\$ 2,783	\$ 25,682	\$ (6,000)
Investments	641	13,948	1,096
Accounts receivable	-	-	-
Due from other funds	-	-	10,608
Due from other governmental units - Federal/State	-	-	-
Advances to other funds	-	-	-
TOTAL ASSETS	<u>\$ 3,424</u>	<u>\$ 39,630</u>	<u>\$ 5,704</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 59
Accrued wages	-	-	-
Due to other funds	2,375	-	5,297
TOTAL LIABILITIES	2,375	-0-	5,356
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,049	39,630	348
TOTAL FUND BALANCES	<u>1,049</u>	<u>39,630</u>	<u>348</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,424</u>	<u>\$ 39,630</u>	<u>\$ 5,704</u>

Projects				Permanent	
Jail Improvement	General Projects	Park Improvements	Building Authority	Cemetery	Total
\$ 12,303	\$ 104,786	\$ 161,368	\$ 27,479	\$ 1,723	\$ 1,522,798
-	130,569	3,188	11,731	99,309	277,838
-	-	-	-	-	51,122
-	-	-	13,839	-	160,171
-	-	-	-	-	140,692
-	164,318	-	-	-	164,318
<u>\$ 12,303</u>	<u>\$ 399,673</u>	<u>\$ 164,556</u>	<u>\$ 53,049</u>	<u>\$ 101,032</u>	<u>\$ 2,316,939</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,828
-	-	-	-	-	31,066
-	-	-	-	-	183,032
-0-	-0-	-0-	-0-	-0-	277,926
-	164,318	-	-	99,309	263,627
12,303	235,355	164,556	53,049	1,723	1,775,386
12,303	399,673	164,556	53,049	101,032	2,039,013
<u>\$ 12,303</u>	<u>\$ 399,673</u>	<u>\$ 164,556</u>	<u>\$ 53,049</u>	<u>\$ 101,032</u>	<u>\$ 2,316,939</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2014

	Special		
	Victim Support Team	Law Enforcement Trust	Friend of the Court
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	6,855
Intergovernmental	-	-	604,447
Charges for services	-	-	129,682
Fines and forfeits	-	-	-
Interest and rents	1	-	8
Other	-	563	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1	563	740,992
EXPENDITURES			
Current			
General government	-	-	808,795
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-0-	-0-	808,795
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1	563	(67,803)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	-	-
Transfers in	-	-	66,810
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	66,810
NET CHANGE IN FUND BALANCES	1	563	(993)
Fund balances, beginning of year	<hr/> 1,712	<hr/> 33,914	<hr/> 1,391
Fund balances, end of year	<hr/> <u>\$ 1,713</u>	<hr/> <u>\$ 34,477</u>	<hr/> <u>\$ 398</u>

Revenue

Solid Waste Planning	Homeland Security Grant	Community Information Systems	Homestead Property Tax Exemption	Register of Deeds Automation	Local Correction Training Officer
\$ -	\$ -	\$ -	\$ 68,994	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
186,124	-	-	-	-	19,059
-	-	-	-	-	-
-	-	3	5,780	430	-
1,596	-	-	-	-	-
187,720	-0-	3	74,774	430	19,059
-	-	116	999	63,915	-
-	-	-	-	-	10,707
154,146	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	28,832	-
-	-	-	-	-	-
154,146	-0-	116	999	92,747	10,707
33,574	-0-	(113)	73,775	(92,317)	8,352
-	-	-	-	-	-
-	-	-	-	64,837	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	64,837	-0-
33,574	-0-	(113)	73,775	(27,480)	8,352
204,890	48,615	18,842	393,090	280,140	17,999
<u>\$ 238,464</u>	<u>\$ 48,615</u>	<u>\$ 18,729</u>	<u>\$ 466,865</u>	<u>\$ 252,660</u>	<u>\$ 26,351</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2014

	Special		
	Drug Law Enforcement	Law Enforcement	Law Library
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	6,500
Interest and rents	-	1	-
Other	-	-	-
TOTAL REVENUES	-0-	1	6,500
EXPENDITURES			
Current			
General government	-	-	8,068
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	-0-	8,068
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	1	(1,568)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	-	-
Transfers in	-	-	190
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	190
NET CHANGE IN FUND BALANCES	-0-	1	(1,378)
Fund balances, beginning of year	7,898	463	6,448
Fund balances, end of year	<u>\$ 7,898</u>	<u>\$ 464</u>	<u>\$ 5,070</u>

Revenue						
County Libraries	Animal Shelter Donation	CDBG - Housing	Commission on Aging	Soldiers and Sailors Relief	Veterans' Trust	Social Welfare Fund
\$ 798,413	\$ -	\$ -	\$ 719,167	\$ 31,833	\$ -	\$ -
-	-	-	-	-	-	-
-	-	109,067	458,756	-	9,474	-
-	-	740	143,232	-	-	-
-	-	-	-	-	-	-
-	-	12	-	-	-	-
30,259	2,311	-	21,682	-	-	-
828,672	2,311	109,819	1,342,837	31,833	9,474	-0-
-	3,141	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,395,117	19,189	9,675	-
-	-	95,694	-	-	-	-
846,181	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
846,181	3,141	95,694	1,395,117	19,189	9,675	-0-
(17,509)	(830)	14,125	(52,280)	12,644	(201)	-0-
-	-	-	-	-	-	-
-	-	-	52,500	-	-	-
-	-	-	-	-	-	-
-0-	-0-	-0-	52,500	-0-	-0-	-0-
(17,509)	(830)	14,125	220	12,644	(201)	-0-
29,558	14,697	37,634	-	72,343	1,988	1,000
<u>\$ 12,049</u>	<u>\$ 13,867</u>	<u>\$ 51,759</u>	<u>\$ 220</u>	<u>\$ 84,987</u>	<u>\$ 1,787</u>	<u>\$ 1,000</u>

Montcalm County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2014

	Debt Service	Capital	
	Building Authority	Public Improvement	Equipment Purchase and Replacement
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	968,935	10	-
Other	-	-	-
	968,935	10	-0-
TOTAL REVENUES	968,935	10	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	342,233
Debt service	968,935	-	-
	968,935	-0-	342,233
TOTAL EXPENDITURES	968,935	-0-	342,233
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	10	(342,233)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	-	199,613
Transfers in	-	-	142,968
Transfers out	-	-	-
	-0-	-0-	342,581
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	342,581
NET CHANGE IN FUND BALANCES	-0-	10	348
Fund balances, beginning of year	1,049	39,620	-
Fund balances, end of year	\$ 1,049	\$ 39,630	\$ 348

Projects				Permanent	
Jail Improvement	General Projects	Park Improvements	Building Authority	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,618,407
-	-	-	-	-	6,855
-	-	-	-	-	1,181,744
-	-	-	-	-	478,837
-	-	-	-	-	6,500
5	66	2	36	99	975,388
-	-	30,250	-	-	86,661
5	66	30,252	36	99	4,354,392
-	-	-	-	32	885,066
-	-	-	-	-	10,707
-	-	-	-	-	154,146
-	-	-	-	-	1,423,981
-	-	-	-	-	95,694
-	-	-	-	-	846,181
-	-	-	-	-	371,065
-	-	-	-	-	968,935
-0-	-0-	-0-	-0-	32	4,755,775
5	66	30,252	36	67	(401,383)
-	-	-	-	-	199,613
-	-	-	-	-	327,305
-	(86,275)	-	-	-	(86,275)
-0-	(86,275)	-0-	-0-	-0-	440,643
5	(86,209)	30,252	36	67	39,260
12,298	485,882	134,304	53,013	100,965	1,999,753
\$ 12,303	\$ 399,673	\$ 164,556	\$ 53,049	\$ 101,032	\$ 2,039,013

Montcalm County
Nonmajor Enterprise Funds
COMBINING STATEMENT OF NET POSITION
September 30, 2014

	Inmate Commissary	Building Official	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 113,378	\$ 46,420	\$ 159,798
Investments	-	3,973	3,973
Total current assets	113,378	50,393	163,771
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	1,105	1,105
TOTAL ASSETS	113,378	51,498	164,876
LIABILITIES			
Current liabilities			
Accounts payable	9,560	860	10,420
Accrued wages	-	5,645	5,645
TOTAL LIABILITIES	9,560	6,505	16,065
NET POSITION			
Net investment in capital assets	-	1,105	1,105
Unrestricted	103,818	43,888	147,706
TOTAL NET POSITION	\$ 103,818	\$ 44,993	\$ 148,811

Montcalm County, Michigan

Nonmajor Enterprise Funds

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

Year Ended September 30, 2014

	Inmate Commissary	Building Official	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ 276,179	\$ 276,179
Sales	108,452	-	108,452
	<u>108,452</u>	<u>276,179</u>	<u>384,631</u>
TOTAL OPERATING REVENUES	108,452	276,179	384,631
OPERATING EXPENSES			
Personal services	-	168,195	168,195
Fringe benefits	-	51,349	51,349
Operating supplies	85,871	1,832	87,703
Contractual services	-	2,892	2,892
Insurance	-	2,384	2,384
Communication	-	118	118
Other services and charges	14,376	31,953	46,329
Depreciation	-	719	719
	<u>100,247</u>	<u>259,442</u>	<u>359,689</u>
TOTAL OPERATING EXPENSES	100,247	259,442	359,689
OPERATING INCOME	8,205	16,737	24,942
NONOPERATING REVENUES			
Interest revenue	-	2	2
	<u>-</u>	<u>2</u>	<u>2</u>
INCOME BEFORE TRANSFERS	8,205	16,739	24,944
TRANSFERS IN	-	1,614	1,614
	<u>-</u>	<u>1,614</u>	<u>1,614</u>
CHANGE IN NET POSITION	8,205	18,353	26,558
Net position, beginning of year	95,613	26,640	122,253
	<u>95,613</u>	<u>26,640</u>	<u>122,253</u>
Net position, end of year	<u>\$ 103,818</u>	<u>\$ 44,993</u>	<u>\$ 148,811</u>

Montcalm County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2014

	Inmate Commissary	Building Official	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 108,452	\$ 276,179	\$ 384,631
Cash paid to suppliers	(95,295)	(37,685)	(132,980)
Cash paid for fringe benefits	-	(51,349)	(51,349)
Cash paid to employees	-	(168,195)	(168,195)
	<u>13,157</u>	<u>18,950</u>	<u>32,107</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
	13,157	18,950	32,107
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	-	1,614	1,614
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(3,973)	(3,973)
Maturity of investments	-	3,971	3,971
Interest received	-	2	2
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES			
	-0-	-0-	-0-
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	13,157	20,564	33,721
Cash and cash equivalents, beginning of year	<u>100,221</u>	<u>25,856</u>	<u>126,077</u>
Cash and cash equivalents, end of year	<u>\$ 113,378</u>	<u>\$ 46,420</u>	<u>\$ 159,798</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 8,205	\$ 16,737	\$ 24,942
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	-	719	719
Increase in:			
Accounts payable	4,952	564	5,516
Accrued liabilities	-	930	930
	<u>4,952</u>	<u>1,484</u>	<u>6,436</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
	<u>\$ 13,157</u>	<u>\$ 18,950</u>	<u>\$ 32,107</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

September 30, 2014

	Office Equipment Pool	Post- Employment Health	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 68,200	\$ 86,026	\$ 154,226
Investments	-	82,952	82,952
Prepays	1,896	-	1,896
	<u>70,096</u>	<u>168,978</u>	<u>239,074</u>
Total current assets			
Noncurrent assets			
Capital assets, net of accumulated depreciation	4,447	-	4,447
	<u>74,543</u>	<u>168,978</u>	<u>243,521</u>
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
Due to other funds	74,481	-	74,481
	<u>74,481</u>	<u>-</u>	<u>74,481</u>
NET POSITION			
Net investment in capital assets	4,447	-	4,447
Unrestricted	(4,385)	168,978	164,593
	<u>(4,385)</u>	<u>168,978</u>	<u>164,593</u>
TOTAL NET POSITION			
	<u>\$ 62</u>	<u>\$ 168,978</u>	<u>\$ 169,040</u>

Montcalm County, Michigan

Internal Service Funds

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

Year Ended September 30, 2014

	Office Equipment Pool	Post- Employment Health	Total
OPERATING REVENUES			
Miscellaneous	\$ -	\$ 19,592	\$ 19,592
OPERATING EXPENSES			
Supplies	2,997	-	2,997
Contractual services	92,323	-	92,323
Other services and charges	-	25,770	25,770
Depreciation	2,224	-	2,224
TOTAL OPERATING EXPENSES	<u>97,544</u>	<u>25,770</u>	<u>123,314</u>
OPERATING (LOSS)	(97,544)	(6,178)	(103,722)
NONOPERATING REVENUES			
Interest revenue	<u>-</u>	<u>57</u>	<u>57</u>
(LOSS) BEFORE TRANSFERS	(97,544)	(6,121)	(103,665)
TRANSFERS IN	<u>88,200</u>	<u>-</u>	<u>88,200</u>
CHANGE IN NET POSITION	(9,344)	(6,121)	(15,465)
Net position, beginning of year	<u>9,406</u>	<u>175,099</u>	<u>184,505</u>
Net position, end of year	<u>\$ 62</u>	<u>\$ 168,978</u>	<u>\$ 169,040</u>

Montcalm County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2014

	Office Equipment Pool	Post- Employment Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ -	\$ 19,592	\$ 19,592
Cash paid to suppliers	(94,674)	-	(94,674)
Cash paid for fringe benefits	-	(25,770)	(25,770)
	<u>-</u>	<u>(25,770)</u>	<u>(25,770)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	(94,674)	(6,178)	(100,852)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment of interfund balances	74,481	-	74,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer from other funds	88,200	-	88,200
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(57)	(57)
Interest received	-	57	57
	<u>-</u>	<u>57</u>	<u>57</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	-0-	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,007	(6,178)	61,829
Cash and cash equivalents, beginning of year	<u>193</u>	<u>92,204</u>	<u>92,397</u>
Cash and cash equivalents, end of year	<u><u>\$ 68,200</u></u>	<u><u>\$ 86,026</u></u>	<u><u>\$ 154,226</u></u>
Reconciliation of operating (loss) to net cash (used) by operating activities			
Operating (loss)	\$ (97,544)	\$ (6,178)	\$ (103,722)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	2,224	-	2,224
Decrease in: Prepays	646	-	646
	<u>646</u>	<u>-</u>	<u>646</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (94,674)</u></u>	<u><u>\$ (6,178)</u></u>	<u><u>\$ (100,852)</u></u>

Montcalm County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2014

	Trust and Agency	Inmate Trust	Library Fund	District Health Department	Total
ASSETS					
Cash and cash equivalents	\$ 3,649,268	\$ 10,385	\$ 101,101	\$ 1,704,000	\$ 5,464,754
Due from other governmental units	706,469	-	-	-	706,469
TOTAL ASSETS	<u>\$ 4,355,737</u>	<u>\$ 10,385</u>	<u>\$ 101,101</u>	<u>\$ 1,704,000</u>	<u>\$ 6,171,223</u>
LIABILITIES					
Due to other governmental units					
Federal/State	\$ 4,238,859	\$ -	\$ -	\$ -	\$ 4,238,859
Local	-	-	101,101	1,704,000	1,805,101
Due to individuals and agencies	116,878	10,385	-	-	127,263
TOTAL LIABILITIES	<u>\$ 4,355,737</u>	<u>\$ 10,385</u>	<u>\$ 101,101</u>	<u>\$ 1,704,000</u>	<u>\$ 6,171,223</u>

Montcalm County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET/STATEMENT OF NET POSITION - DRAINAGE DISTRICTS

September 30, 2014

	Debt Service	Capital	
	Regular Drain	Regular Drain	Drain Revolving
ASSETS			
Cash and cash equivalents	\$ 30,345	\$ 274,506	\$ 201,417
Investments	-	360,532	-
Accounts receivable	-	-	-
Special assessments receivable	839,655	-	-
Due from other funds	-	-	-
Capital assets not being depreciated	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	<u>\$ 870,000</u>	<u>\$ 635,038</u>	<u>\$ 201,417</u>
LIABILITIES			
Accounts payable	\$ -	\$ 19,671	\$ 31,401
Accrued wages	-	1,399	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Advances from other governmental units	-	-	170,016
Bonds and notes payable	-	-	-
TOTAL LIABILITIES	-0-	21,070	201,417
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	870,000	-	-
FUND EQUITY			
Net position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Fund balances			
Restricted			
Capital Projects	-	613,968	-
TOTAL FUND EQUITY	<u>-0-</u>	<u>613,968</u>	<u>-0-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY			
	<u>\$ 870,000</u>	<u>\$ 635,038</u>	<u>\$ 201,417</u>

Drain Maintenance Revolving	Projects		Enterprise			Total
	Lake Level	Lake Level Revolving	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
\$ 1,822	\$ 515,057	\$ 10,308	\$ 324,085	\$ 157,520	\$ 282,168	\$ 1,797,228
-	206,460	-	-	-	-	566,992
-	-	5,174	-	-	880	6,054
-	-	-	-	112,253	-	951,908
-	-	1,518	-	-	-	1,518
-	-	-	75,650	-	-	75,650
-	-	-	466,470	1,799,386	5,711,527	7,977,383
<u>\$ 1,822</u>	<u>\$ 721,517</u>	<u>\$ 17,000</u>	<u>\$ 866,205</u>	<u>\$ 2,069,159</u>	<u>\$ 5,994,575</u>	<u>\$ 11,376,733</u>
\$ 1,822	\$ 3,065	\$ -	\$ 8,733	\$ 4,922	\$ 848	\$ 70,462
-	-	-	-	-	-	1,399
-	1,518	-	-	-	-	1,518
-	-	-	-	22,669	33,690	56,359
-	-	17,000	100,350	-	-	287,366
-	-	-	-	1,096,000	3,369,000	4,465,000
1,822	4,583	17,000	109,083	1,123,591	3,403,538	4,882,104
-	-	-	-	-	-	870,000
-	-	-	542,120	703,386	2,342,527	3,588,033
-	-	-	215,002	242,182	248,510	705,694
-	716,934	-	-	-	-	1,330,902
-0-	716,934	-0-	757,122	945,568	2,591,037	5,624,629
<u>\$ 1,822</u>	<u>\$ 721,517</u>	<u>\$ 17,000</u>	<u>\$ 866,205</u>	<u>\$ 2,069,159</u>	<u>\$ 5,994,575</u>	<u>\$ 11,376,733</u>

Montcalm County, Michigan

Component Unit Funds

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

September 30, 2014

Total fund balance - governmental funds \$ 1,330,902

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 3,887,300	
Accumulated depreciation is	<u>(622,878)</u>	
Capital assets, net		3,264,422

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

Unavailable revenue	870,000
---------------------	---------

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

Bonds payable	(1,347,298)	
Accrued interest payable	<u>(14,987)</u>	
		<u>(1,362,285)</u>

Net position of governmental activities \$ 4,103,039

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2014

	Debt Service	Capital	
	Regular Drain	Regular Drain	Drain Revolving
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest	-	259	-
Other			
Special assessments	77,979	600,874	-
Other	-	3,506	-
TOTAL REVENUES	77,979	604,639	-0-
EXPENDITURES			
Current			
Public works	-	482,853	-
Debt service			
Principal	224,151	-	-
Interest and fiscal charges	63,365	-	-
TOTAL EXPENDITURES	287,516	482,853	-0-
NET CHANGE IN FUND BALANCES	-0-	(163,963)	-0-
Fund balances, beginning of year	-	777,931	-
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ 613,968</u>	<u>\$ -0-</u>

Projects			
Drain Maintenance Revolving	Lake Level	Lake Level Revolving	Total
\$ 5,985	\$ -	\$ -	\$ 5,985
7,427	-	-	7,427
-	140	-	399
-	545,880	-	1,224,733
6,235	-	-	9,741
19,647	546,020	-0-	1,248,285
95,859	462,074	-	1,040,786
-	22,420	-	246,571
-	796	-	64,161
95,859	485,290	-0-	1,351,518
-0-	60,730	-0-	(103,233)
-	656,204	-	1,434,135
<u>\$ -0-</u>	<u>\$ 716,934</u>	<u>\$ -0-</u>	<u>\$ 1,330,902</u>

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2014

Net change in fund balances - total governmental funds \$ (103,233)

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

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

Depreciation expense (77,746)

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

(Decrease) in unavailable revenue (188,548)

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

Debt principal retirement 246,570

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

Decrease in accrued interest payable 3,186

Change in net position of governmental activities \$ (119,771)

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2014

	Enterprise			Total
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
OPERATING REVENUES				
Charges for services	\$ 93,699	\$ 60,827	\$ 299,227	\$ 453,753
Other	26,096	19,817	2,645	48,558
TOTAL OPERATING REVENUES	119,795	80,644	301,872	502,311
OPERATING EXPENSES				
Contractual services	41,519	33,536	43,593	118,648
Other	20,304	17,024	37,303	74,631
Depreciation	16,956	51,411	166,962	235,329
TOTAL OPERATING EXPENSES	78,779	101,971	247,858	428,608
OPERATING INCOME (LOSS)	41,016	(21,327)	54,014	73,703
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	-	4,720	953	5,673
Interest expense	-	(54,210)	(137,370)	(191,580)
TOTAL NONOPERATING REVENUES (EXPENSES)	-0-	(49,490)	(136,417)	(185,907)
CHANGE IN NET POSITION	41,016	(70,817)	(82,403)	(112,204)
Net position, beginning of year	716,106	1,016,385	2,673,440	4,405,931
Net position, end of year	<u>\$ 757,122</u>	<u>\$ 945,568</u>	<u>\$ 2,591,037</u>	<u>\$ 4,293,727</u>

Montcalm County, Michigan

Component Unit Funds

COMBINING STATEMENT CASH FLOWS - PROPRIETARY FUNDS - DRAINAGE DISTRICTS

Year Ended September 30, 2014

	Enterprise			Total
	Big Whitefish Lake	Little Whitefish Lake	Sidney Sewer Project	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from users	\$ 121,225	\$ 92,063	\$ 306,025	\$ 519,313
Cash paid to suppliers	(62,024)	(50,407)	(82,640)	(195,071)
NET CASH PROVIDED BY OPERATING ACTIVITIES	59,201	41,656	223,385	324,242
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	-	(55,099)	(103,680)	(158,779)
Payments of borrowings	-	(26,000)	(87,000)	(113,000)
NET CASH (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES	-0-	(81,099)	(190,680)	(271,779)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	4,720	953	5,673
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	59,201	(34,723)	33,658	58,136
Cash and cash equivalents, beginning of year	264,884	192,243	248,510	705,637
Cash and cash equivalents, end of year	<u>\$ 324,085</u>	<u>\$ 157,520</u>	<u>\$ 282,168</u>	<u>\$ 763,773</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 41,016	\$ (21,327)	\$ 54,014	\$ 73,703
Adjustments to reconcile operating income (loss) net cash provided by operating activities				
Depreciation	16,956	51,411	166,962	235,329
Decrease in:				
Accounts receivable	1,430	-	4,153	5,583
Special assessments receivable	-	11,419	-	11,419
Increase (decrease) in:				
Accounts payable	(201)	153	(1,744)	(1,792)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 59,201	\$ 41,656	\$ 223,385	\$ 324,242

Montcalm County, Michigan

Component Unit Funds

BALANCE SHEET - CENTRAL DISPATCH AUTHORITY

September 30, 2014

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	\$ 98,509
Investments	40,104
Accounts receivable	<u>318,727</u>
 TOTAL ASSETS	 <u><u>\$ 457,340</u></u>
 LIABILITIES	
Accrued liabilities	\$ 21,557
 FUND BALANCE	
Restricted	
Wireless surcharge	248,798
Wireless training	5,774
Public safety	<u>181,211</u>
 TOTAL FUND BALANCE	 <u><u>435,783</u></u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 457,340</u></u>

Montcalm County, Michigan

Component Unit Funds

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

September 30, 2014

Total fund balance - governmental fund \$ 435,783

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	\$ 800,339	
Accumulated depreciation is	<u>(721,747)</u>	
Capital assets, net		78,592

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

Compensated absences	(33,697)	
Net other post-employment benefits obligation	<u>(5,571)</u>	
		<u>(39,268)</u>

Net position of governmental activities \$ 475,107

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2014

	<u>Special Revenue</u>
REVENUES	
Charges for services	\$ 1,546,754
Interest	91
Other	<u>8,232</u>
TOTAL REVENUES	1,555,077
EXPENDITURES	
Current	
Public safety	<u>1,518,492</u>
NET CHANGE IN FUND BALANCE	36,585
Fund balance, beginning of year	<u>399,198</u>
Fund balance, end of year	<u><u>\$ 435,783</u></u>

Montcalm County, Michigan

Component Unit Funds

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

Year Ended September 30, 2014

Net change in fund balance - governmental fund \$ 36,585

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

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

Capital outlay	\$ 92,799	
Depreciation expense	<u>(14,380)</u>	
Excess of capital outlay over depreciation expense		78,419

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

(Increase) in accrued compensated absences	(5,291)	
Decrease in other post-employment benefits obligation	<u>45</u>	
		<u>(5,246)</u>

Change in net position of governmental activities \$ 109,758