MONTMORENCY COUNTY

MONTMORENCY COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)

YEAR ENDED DECEMBER 31, 2024

SCHULZE, OSWALD, MILLER & EDWARDS PC
CERTIFIED PUBLIC ACCOUNTANTS
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MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
COUNTY OFFICIALS
YEAR ENDED DECEMBER 31, 2024

MEMBERS OF THE COUNTY COMMISSION

CHAIRPERSON	DON EDWARDS
VICE CHAIRPERSON	MARY HARDIES
COMMISSIONER	GARY GIRARDIN
COMMISSIONER	LLOYD PELTIER
COMMISSIONER	DELL BOLSER

ELECTED OFFICIALS

COUNTY TREASURER	CHERI EGGETT
COUNTY CLERK	CHERYL A. NEILSEN
COUNTY CONTROLLER	APRILLE WILLIAMSON
SHERIFF	CHAD BROWN
PROSECUTING ATTORNEY	VICKI P. KUNDINGER
REGISTER OF DEEDS	TERESA WALKER
PROBATE JUDGE	LORA E. GREENE

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Montmorency County
Atlanta, Michigan

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 aggregate remaining fund information of Montmorency County, Michigan (the "County"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entities, which represent the indicated percentages of total aggregate discretely presented component units:

	Percent of Assets and Deferred Outflows	Percent of Revenues	Percent of Net Position
Montmorency County Road Commission	96%	81%	96%
Montmorency County Public Library	3%	6%	2%
Montmorency County Commission on Aging	1%	13%	2%

Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the above entity, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the component units were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, in 2024 the County adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections and GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other post-employment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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, under separate cover, our report dated June 26, 2025, on our consideration of Montmorency County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that test, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montmorency County, Michigan's internal control over financial reporting and compliance.

Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
June 26, 2025

As management of Montmorency County, we offer readers of the Montmorency County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The liabilities and deferred inflows of resources of Montmorency County exceeded its assets and deferred outflows at the close of the most recent fiscal year by $6,119,008 (total *net position*). Of this amount, there was $2,889,068 in unrestricted *net position*.

- The Montmorency County primary government's total net position increased by $1,392,495. Montmorency County experienced an increase in net position of governmental activities of $579,412 and an increase in the net position of its business-type activities of $813,083.

- Montmorency County paid for services of $7,645,080 in governmental activities and $79,347 of business-type activities for expenses totaling $7,724,427 during the year ended December 31, 2024.

- On December 31, 2024, the unassigned fund balance for the General Fund was $2,714,786 (52%) of total General Fund expenditures prior to transfers out. This was an increase of $398,772 in the current year.

- The primary government of Montmorency County issued additional long-term debt obligations during the year ended December 31, 2024, in the Hiawatha Lake fund of $605,000. Lease liabilities from fleet vehicles were recognized for $136,254. The County ended the year with a total long-term debt obligation of $849,711, an increase of $574,699, which consists of compensated absences and the new debt mentioned above.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, health and welfare, recreation and culture and others.

The business-type activities of the County include delinquent tax payment funds. The government-wide financial statements include not only the County itself (known as the primary government), but also the Montmorency County Road Commission, Montmorency County Library, and Montmorency County Commission on Aging which Montmorency County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12 & 13 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The County maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund. The General Fund, Police Fund and Hiawatha Lake Fund are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 – 17 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax operations (three funds). Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Montmorency County uses two internal service funds to account for its personnel contingency and county improvement activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 18 – 20 of this report.

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

The basic fiduciary fund financial statement can be found on page 21 & 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 49 of this report.

Other information. In addition of the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Montmorency County's general and major governmental funds' budget comparisons and net pension liability, employer's pension contributions, and other postemployment healthcare benefit liability. Required supplementary information can be found on pages 50 – 55 of this report.

Combining individual fund statements and schedules can be found on pages 56 – 64 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Montmorency County, liabilities and deferred inflows exceeded assets and deferred outflows of resources by $6,119,008 at the close of the most recent fiscal year.

A portion of Montmorency County's net position, $2,889,068, reflects its unrestricted net position which represents funds available to meet the government's ongoing obligations to citizens and creditors.

MONTMORENCY COUNTY'S STATEMENT OF NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	**2024**	2023	**2024**	2023	**2024**
ASSETS						
Current and Other Assets	$ 7,411,892	**$ 7,495,429**	$ 4,400,915	**$ 5,032,670**	$ 11,812,807	**$ 12,528,099**
Capital Assets, Net	2,221,452	**2,837,868**	-	**-**	2,221,452	**2,837,868**
TOTAL ASSETS	9,633,344	**10,333,297**	4,400,915	**5,032,670**	14,034,259	**15,365,967**
DEFERRED OUTFLOWS OF RESOURCES	1,026,215	**758,169**	-	**-**	1,026,215	**758,169**
LIABILITIES						
Current Liabilities	1,813,616	**1,792,936**	80,170	**873**	1,893,786	**1,793,809**
Non-current Liabilities	6,912,158	**7,656,577**	-	**-**	6,912,158	**7,656,577**
TOTAL LIABILITIES	8,725,774	**9,449,513**	80,170	**873**	8,805,944	**9,450,386**
DEFERRED INFLOWS OF RESOURCES	1,491,598	**554,742**	-	**-**	1,491,598	**554,742**
NET POSITION						
Invested in Capital Assets, Net of Related Debt	2,221,452	**2,110,144**	-	**-**	2,221,452	**2,110,144**
Restricted	1,359,827	**1,119,796**	-	**-**	1,359,827	**1,119,796**
Unrestricted	(3,139,092)	**(2,142,729)**	4,320,745	**5,031,797**	1,181,653	**2,889,068**
TOTAL NET POSITION	$ 442,187	**$ 1,087,211**	$ 4,320,745	**$ 5,031,797**	$ 4,762,932	**$ 6,119,008**

As noted previously, net position serves over time as a useful indicator of a government's financial position. In the case of Montmorency County, liabilities exceeded assets by $1,087,211 at the close of the fiscal year. This includes other noncurrent liabilities of a net pension liability of $5,930,329 and a net other post-employment benefit of $876,539.

The primary government's net position includes $2,110,144 in capital assets comprised of land, buildings, vehicles, and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Certain other limitations on the use of net position apply primarily to legal restrictions on the use of special revenue funds. On December 31, 2024, this total was $1,119,796.

Business-type activities close the year with a net position of $5,031,797.

A summarized illustration of change in net position is as follows:

MONTMORENCY COUNTY'S CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2024	2023	2024	2023	2024
Revenue:						
Program Revenue:						
Charges for Services	$ 661,036	$ 568,111	$ 409,695	$ 388,513	$ 1,070,731	$ 956,624
Operating Grants	1,252,972	1,132,062	-	-	1,252,972	1,132,062
Capital Grants	-	-	-	-	-	-
General Revenue:						
Property Taxes	4,122,823	4,810,500	8,212	-	4,131,035	4,810,500
Federal Sources	190,614	8,500	-	-	190,614	8,500
State Sources	629,496	679,375	-	-	629,496	679,375
Investment Earnings	166,418	172,180	50,322	58,246	216,740	230,426
(Gain) Loss on Assets	1,250	-	-	-	1,250	-
Other	733,907	853,764	23,712	445,671	757,619	1,299,435
Total Revenue	7,758,516	8,224,492	491,941	892,430	8,250,457	9,116,922
Expenses:						
Legislative	56,258	80,490	-	-	56,258	80,490
Judicial	999,430	1,027,837	-	-	999,430	1,027,837
General Government	1,423,637	1,965,111	-	-	1,423,637	1,965,111
Public Safety	3,313,960	3,591,469	-	-	3,313,960	3,591,469
Health & Welfare	439,124	540,562	-	-	439,124	540,562
Other Expenses	189,126	2,450	-	-	189,126	2,450
Community & Economic	344,446	350,588	-	-	344,446	350,588
Contracted Services	-	-	63,590	79,347	63,590	79,347
Public Works	10,000	86,573	-	-	10,000	86,573
Total Expenses	6,775,981	7,645,080	63,590	79,347	6,839,571	7,724,427
Revenues Over (Under) Expenditures	982,535	579,412	428,351	813,083	1,410,886	1,392,495
Transfers	39,340	-	(39,340)	-	-	-
Change in Net Position	1,021,875	579,412	389,011	813,083	1,410,886	1,392,495
Net Position, Beginning of Year, as restated	(579,688)	507,799	3,931,734	4,218,714	3,352,046	4,726,513
Net Position End of Year	$ 442,187	$ 1,087,211	$ 4,320,745	$ 5,031,797	$ 4,762,932	$ 6,119,008

The preceding table shows that the governmental activities reflected a positive change in net position due to operations of $579,412. This was the result of increased revenue of $465,976.

The net position of Montmorency County's business-type activities increased by $813,083 for the year ended December 31, 2024. There was an increase in revenue of $400,489.

Governmental activities. The following depicts revenues of the governmental activities for the year ended December 31, 2024:

Revenues by Source – Governmental Activities

- Property Taxes: 58.5%
- State Shared: 8.3%
- Investing Earnings: 2.1%
- Charges for Services: 6.9%
- Operating Grants and Contributions: 13.8%
- Other: 10.4%

In total, 2024 governmental activities program revenues decreased by $213,835 in comparison to 2023 revenues.

Property tax revenue, which is not assigned to any particular activity, remains a major source of support for governmental activities at 58.5%. The taxable value of real and personal property in 2024 was $619,219,888. The overall increase in property taxes of $687,677 was a result of increasing property tax values.

The investment earnings of the governmental activities increased in 2024 to $172,180 compared to $166,418 in 2023.

Expenses by Functions/Program – Governmental Activities

- Public Safety: 47.0%
- Health and Welfare: 7.1%
- Legislative: 1.1%
- Judicial: 13.4%
- Community & Economic Development: 4.6%
- Finance/Tax and Other General Government: 25.7%
- Public Works: 1.1%

Total governmental activity expenses increased in 2024 by $869,099 over 2023 expenses. Montmorency County continues to attempt to make reductions in expenditures where appropriate.

Public safety continues to be the largest governmental activity, expending $3,591,469 of the $7,645,080 total (47.0%). Finance and Tax expenses are the second largest category at $1,965,111 (25.7%). Judicial expenses are the third largest category at $1,027,837 (13.4%).

Business-type activities. County tax foreclosure funds continue to provide local units within the County payment for their delinquent real property taxes. The operation of these funds also continues to be a source of revenue for the County. There was an increase of $813,083 in the operation of the business-type activities in 2024, due in part to Other Revenue of $445,671 to governmental activities.

Revenues by source – business-type activities. In the business-type funds, charges for services accounted for a portion of the revenue totaling $388,513, or 43.5% of revenues. The other revenue source was investment income and other revenue which amounted to $58,246 totaling 6.5% of revenues. The remaining other income in the amount of $445,671, or 50.0% of revenues.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $4,517,151, an increase of $411,334 in comparison with the prior year. Approximately $2,714,786 (60%) of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder fund balance of $1,116,949 is restricted to indicate that it is for the specific purpose of the fund, and $685,416 was committed by a Board of Commissioners action.

The General Fund is the chief operating fund of Montmorency County. At the end of the current fiscal year, the fund balance of the General Fund was $2,764,091 of which $2,714,786 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance represented 49% of total general fund expenditures and operating transfers to other funds.

The fund balance of the County's General Fund increased by $398,772 during the current fiscal year. Key factors are as follows:

- Taxes increased by $271,147.
- The lease proceeds totaled $95,681.
- Transfers into the General Fund were $168,522.

General Fund Budgetary Highlights

The actual revenues came in below the budgeted amounts by $15,287. Taxes were under the budgeted amount by $1,530, Charges for Services were under budgeted amounts by $8,854, and state sources were under by $2,365. All other revenue items were materially within or lower than expected.

There was a net increase of about $236,674 between the original and final amended expenditure budget, excluding other financing uses. The general government – finance and tax budget increased by $66,338. The capital outlay budget increased by $149,874. The area of judicial decreased the budget by $40,556.

The overall budget for transfers from other funds increased over $131,122 from the original to the amended budget. The actual transfers in were $168,522, and transfers out totaled $306,141.

Capital Asset and Debt Administration

Capital assets. A capital asset is an asset whose cost exceeds $5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives. A schedule of capital assets is shown in Note 6 of this report.

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to $2,837,868 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, office and computer equipment, and vehicles.

MONTMORENCY COUNTY'S CAPITAL ASSETS

(Net of Depreciation)

	GOVERNMENTAL ACTIVITIES					
	HISTORICAL COST		ACCUMULATED DEPRECIATION		TOTAL	
	2023	2024	2023	2024	2023	2024
Land	$ 69,078	$ 69,078	$ -	$ -	$ 69,078	$ 69,078
Buildings and Improvements	3,143,542	3,225,346	(1,657,338)	(1,724,953)	1,486,204	1,500,393
Office & Computer Equipment	1,702,653	1,810,704	(1,268,680)	(1,370,421)	433,973	440,283
Vehicles	700,209	905,773	(468,012)	(558,110)	232,197	347,663
Infrastructure	-	485,304	-	(4,853)	-	480,451
NET CAPITAL ASSETS	$ 5,615,482	$ 6,496,205	$ (3,394,030)	$ (3,658,337)	$ 2,221,452	$ 2,837,868

Depreciation expense of $243,971 was charged to function/programs of the primary government.

Long-term debt. At the end of the current fiscal year, the County had total long-term liabilities of $849,711.

	GOVERNMENTAL ACTIVITIES	
	2023	2024
Notes payable - Isabella Bank	$ 170,000	$ -
Special Assessment Bonds	-	605,000
Notes from Direct Borrowings (Lease)	-	121,983
Compensated Absences	105,012	122,726
TOTAL	$ 275,012	$ 849,709

The County is required to report the actuarially computed liability for the pension. The total actuarial calculated liability is approximately $15,626,141. The net pension liability at the end of the fiscal year amounted to approximately $5,930,329. The OPEB liability totaled $876,539 as of December 31, 2024.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2025 fiscal year:

- Continued annual unemployment rates of 9.8% into 2025, which is in the top ten highest counties in the State of Michigan.
- Median household income continues to be well below the State average.
- Property tax values will increase for the year 2025.
- Budgets have been increased for a Secondary Road Patrol.
- Legislative changes in the Equalization Department and Indigent Defense Council may be of concern for additional County expense.

It should also be noted that the County experienced a historic ice storm on March 29, 2025. There has not yet been a determination of the total additional cost to the County nor if additional funding will be available at the State or Federal level.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be referred to:

Board of Commissioners
Montmorency County
P.O. Box 789
Atlanta, Michigan 49709

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and Equivalents	$ 4,973,572	4,364,586	$ 9,338,158	$ 3,740,145
Receivables (Net):				
Taxes	1,414,391	541,635	1,956,026	-
Accounts and Interest	481,566	124,895	606,461	14,166
Mortgage Loans	554,742	-	554,742	880,863
Due From Other Governmental Units	37	1,554	1,591	990,752
Inventories	-	-	-	489,343
Prepaid Items	21,121	-	21,121	334,615
Grant Receivable	50,000	-	50,000	-
Capital Assets Not Being Depreciated	69,078	-	69,078	100,000
Capital Assets Being Depreciated, Net	2,768,790	-	2,768,790	31,661,212
TOTAL ASSETS	10,333,297	5,032,670	15,365,967	38,211,096
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Amounts	758,169	-	758,169	68,909
LIABILITIES				
Accounts Payable	204,297	240	204,537	38,835
Accrued Liabilities	82,482	-	82,482	61,536
Due to Other Governmental Units	837	633	1,470	-
Unearned Revenue	1,505,320	-	1,505,320	371,532
Long - Term Liabilities:				
Due Within One Year	30,000	-	30,000	86,334
Due in More Than One Year	697,725	-	697,725	-
Lease Liabilities:				
Due Within One Year	24,423	-	24,423	-
Due in More Than One Year	97,561	-	97,561	-
Other Noncurrent Liabilities:				
Net Pension Liability - Due in More Than One Year	5,930,329	-	5,930,329	68,548
Net Other Post - Employment Benefits	876,539	-	876,539	245,380
TOTAL LIABILITIES	9,449,513	873	9,450,386	872,165
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Period	554,742	-	554,742	619,220
Deferred OPEB Amounts	-	-	-	194,384
TOTAL DEFERRED INFLOWS OF RESOURCES	554,742	-	554,742	813,604
NET POSITION				
Net Investment in Capital Assets	2,110,144	-	2,110,144	31,579,331
Restricted for:				
Other Purposes	1,119,796	-	1,119,796	-
Unrestricted (Deficit)	(2,142,729)	5,031,797	2,889,068	5,014,905
TOTAL NET POSITION	$ 1,087,211	$ 5,031,797	$ 6,119,008	$ 36,594,236

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government - Legislative	$ 80,490	$ -	$ -	$ -	$ (80,490)	$ -	$ (80,490)	$ -
General Government - Finance and Tax	1,201,211	17,920	-	-	(1,183,291)	-	(1,183,291)	-
General Government - Other	763,900	33,808	38,502	-	(691,590)	-	(691,590)	-
Judicial	1,027,837	95,845	200,549	-	(731,443)	-	(731,443)	-
Public Safety	3,591,469	3,646	771,915	-	(2,815,908)	-	(2,815,908)	-
Health and Welfare	540,562	341,892	121,096	-	(77,574)	-	(77,574)	-
Other	2,450	-	-	-	(2,450)	-	(2,450)	-
Community & Economic Development	350,588	-	-	-	(350,588)	-	(350,588)	-
Public Works	86,573	75,000	-	-	(11,573)	-	(11,573)	-
Total Governmental Activities	7,645,080	568,111	1,132,062	-	(5,944,907)	-	(5,944,907)	-
Business-Type Activities:								
County Foreclosure	61,328	69,330	-	-	-	8,002	8,002	-
Delinquent Tax	18,019	319,183	-	-	-	301,164	301,164	-
Treas. Admin Fund	-	-	-	-	-	-	-	-
Total Business-Type Activities	79,347	388,513	-	-	-	309,166	309,166	-
Total Primary Government	$ 7,724,427	$ 956,624	$ 1,132,062	$ -	$ (5,944,907)	$ 309,166	$ (5,635,741)	$ -
COMPONENT UNITS								
Montmorency County Road Commission	$ 4,391,503	$ 31,916	$ 4,702,954	$ 1,074,311				$ 1,417,678
Montmorency County Public Library	394,893	-	80,287	-				(314,606)
Montmorency County Commission on Aging	1,164,739	110,268	125,909	-				(928,562)
Total Component Units	$ 5,951,135	$ 142,184	$ 4,909,150	$ 1,074,311				$ 174,510
GENERAL REVENUES AND TRANSFERS								
Taxes - Property					$ 4,810,500	$ -	$ 4,810,500	$ 1,549,097
Federal Sources					8,500	-	8,500	102,008
State Sources					679,375	-	679,375	81,080
Licenses and Permits					242,144	-	242,144	-
Fines and Forfeitures					275,873	-	275,873	-
Interest and Rentals					172,180	58,246	230,426	32,945
Gain (Loss) on Disposal of Assets					-	-	-	10,307
Other					335,747	445,671	781,418	1,696
Total General Revenues and Transfers					6,524,319	503,917	7,028,236	1,777,133
CHANGES IN NET POSITION					579,412	813,083	1,392,495	1,951,643
NET POSITION - Beginning of Year, as restated					507,799	4,218,714	4,726,513	34,642,593
NET POSITION - End of Year					$ 1,087,211	$ 5,031,797	$ 6,119,008	$ 36,594,236

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	GENERAL	Special Revenue SHERIFF FUND	Capital Projects HIAWATHA LAKE	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Equivalents	$ 3,001,026	$ 178,069	$ 643,133	$ 1,323,887	$ 5,146,115
Receivables (Net):					
Taxes	380,523	626,662	407,206	290,038	1,704,429
Accounts and Interest	177,617	-	-	62,911	240,528
Mortgage Loans	554,742	-	-	-	554,742
Due from Other Governmental Units	37	-	-	-	37
Due from Other Funds	-	-	-	637,085	637,085
Prepaid Items	21,121	-	-	-	21,121
TOTAL ASSETS	$ 4,135,066	$ 804,731	$ 1,050,339	$ 2,313,921	$ 8,304,057
LIABILITIES					
Accounts Payable	$ 93,594	$ 49,513	$ 2,969	$ 543,899	$ 689,975
Accrued Liabilities	54,358	11,409	-	16,715	82,482
Undistributed Receipts	-	-	-	-	-
Unearned Revenue	249,756	626,662	407,206	65,092	1,348,716
Due to Other Governments	837	-	-	-	837
Due to Other Funds	417,688	-	535,862	-	953,550
TOTAL LIABILITIES	816,233	687,584	946,037	625,706	3,075,560
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for a Subsequent Period	554,742	-	-	156,604	711,346
TOTAL DEFERRED INFLOWS OF RESOURCES	554,742	-	-	156,604	711,346
FUND BALANCES					
Restricted	49,305	117,147	104,302	846,195	1,116,949
Committed	-	-	-	685,416	685,416
Unassigned	2,714,786	-	-	-	2,714,786
TOTAL FUND BALANCES	2,764,091	117,147	104,302	1,531,611	4,517,151
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,135,066	$ 804,731	$ 1,050,339	$ 2,313,921	$ 8,304,057

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Fund Balance - Total Governmental Funds		$ 4,517,151
Net position of internal service fund		630,600
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets	$ 6,496,207	
Accumulated Depreciation	(3,658,337)	
		2,837,870
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated Absences		(122,725)
Lease Liability		(121,985)
Long-term debt		(605,000)
Certain pension and OPEB related amounts, such as net pension, OPEB liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the government funds.		
Net OPEB Obligation	$ (876,539)	
Net Pension Liability	(5,930,329)	
Deferred Outflows Related to Net Pension Liability	758,168	
		(6,048,700)
Net Position of Governmental Activities		$ 1,087,211

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	GENERAL FUND	Special Revenue SHERIFF	Capital Projects HIAWATHA LAKE	AMERICAN RESCUE*	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	$ 3,969,399	$ 574,222	$ 58,395	$ -	$ 208,484	$ 4,810,500
Licenses and Permits	2,757	-	-	-	239,387	242,144
Federal Sources	8,500	-	-	-	335,948	344,448
State Sources	570,629	5,186	-	-	675,580	1,251,395
Charges for Services	408,848	-	-	-	384,479	793,327
Fines and Forfeitures	273,873	-	-	-	2,000	275,873
Interest and Rentals	105,396	12,480	-	-	52,129	170,005
Debt Proceeds	-	-	-	-	-	-
Other Revenue	326,285	707	425,714	-	16,921	769,627
TOTAL REVENUES	5,665,687	592,595	484,109	-	1,914,928	8,657,319
EXPENDITURES						
Current						
General Government - Legislative	47,275	-	-	-	-	47,275
General Government - Finance and Tax	1,205,432	-	-	-	-	1,205,432
General Government - Other	602,202	-	-	-	20,199	622,401
Judicial	996,428	-	-	-	11,526	1,007,954
Public Safety	1,812,418	507,686	-	-	1,186,055	3,506,159
Health and Welfare	199,412	-	-	-	337,935	537,347
Other Expenditures	-	-	-	-	267,692	267,692
Capital Outlay	140,605	-	485,304	-	4,753	630,662
Public Works	13,000	-	68,720	-	-	81,720
Community and Economic Development	208,205	-	-	-	145,598	353,803
TOTAL EXPENDITURES	5,224,977	507,686	554,024	-	1,973,758	8,260,445
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	440,710	84,909	(69,915)	-	(58,830)	396,874
OTHER FINANCING SOURCES (USES)						
Lease Proceeds	95,681	-	-	-	40,572	136,253
Operating Transfers In	168,522	-	-	-	134,944	303,466
Operating Transfers (Out)	(306,141)	-	(17,896)	-	(101,222)	(425,259)
TOTAL OTHER FINANCING SOURCES (USES)	(41,938)	-	(17,896)	-	33,722	(121,793)
NET CHANGE IN FUND BALANCES	398,772	84,909	(87,811)	-	15,464	411,334
FUND BALANCES - Beginning of Year, as previously stated	2,341,073	32,238	192,113	23,340	1,492,807	4,081,571
Adjustments to beginning fund balance	24,246	-	-	(23,340)	23,340	24,246
FUND BALANCES - End of Year	$ 2,764,091	$ 117,147	$ 104,302	$ -	$ 1,531,611	$ 4,517,151

*GASB 100 Change in Reporting Entity - Formerly Major

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds			$ 411,334
Amounts reported for governmental activities are different because:			
Change in net position of internal service fund			126,269
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.			
Capital Outlay, Net	$ 860,388		
Debt Proceeds	(435,000)		
Lease Proceeds	(136,254)		
Depreciation	(243,971)		
			45,163
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Lease Payments	$ 14,269		
Net Pension Liability and Related Deferred Amounts	(421,507)		
Change in Compensated Absences	(17,713)		
Change in Net Other Post-Employment Benefit Obligations	421,597		
			(3,354)
Changes in Net Position of Governmental Activities			$ 579,412

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	COUNTY FORECLOSURE FUND	DELINQUENT TAX REVOLVING FUND	NON MAJOR ENTERPRISE FUND TREASURER'S ADMIN FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
Cash and Equivalents	$ 1,904,636	$ 2,450,433	$ 9,517	$ 4,364,586	$ 313,135
Due from other Governmental Units	1,370	-	-	1,370	-
Due from other funds	-	-	-	-	317,465
Taxes Receivable (Net)	184	666,530	-	666,714	-
TOTAL ASSETS	$ 1,906,190	$ 3,116,963	$ 9,517	$ 5,032,670	$ 630,600
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 240	$ -	$ -	$ 240	$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Governments	-	633	-	633	-
Due to Other Funds	-	-	-	-	-
TOTAL CURRENT LIABILITIES	240	633	-	873	-
NET POSITION					
Restricted	-	-	-	-	-
Unrestricted	1,905,950	3,116,330	9,517	5,031,797	630,600
TOTAL NET POSITION	$ 1,905,950	$ 3,116,330	$ 9,517	$ 5,031,797	$ 630,600

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	COUNTY FORECLOSURE FUND	DELINQUENT TAX REVOLVING FUND	NON MAJOR ENTERPRISE FUND TREASURER'S ADMIN FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Charges for Services	$ 69,330	$ 124,994	$ -	$ 194,324	$ -
Interest on Taxes	57,995	194,189	251	252,435	-
Other Revenue	445,671	-	-	445,671	-
TOTAL OPERATING REVENUES	572,996	319,183	251	892,430	-
OPERATING EXPENSES					
Public Safety	-	-	-	-	-
Contracted Services	61,328	18,019	-	79,347	-
TOTAL OPERATING EXPENSES	61,328	18,019	-	79,347	-
OPERATING INCOME (LOSS)	511,668	301,164	251	813,083	-
NON-OPERATING REVENUE (EXPENSES)					
Investment Income and Rents	-	-	-	-	4,477
TOTAL NON-OPERATING REVENUE (EXPENSES)	-	-	-	-	4,477
INCOME (LOSS) BEFORE TRANSFERS	511,668	301,164	251	813,083	4,477
Operating Transfers In	-	-	-	-	189,093
Operating Transfers (Out)	-	-	-	-	(67,301)
CHANGE IN NET POSITION	511,668	301,164	251	813,083	126,269
NET POSITION - Beginning of Year, as restated	1,394,282	2,815,166	9,266	4,218,714	504,331
NET POSITION - End of Year	$ 1,905,950	$ 3,116,330	$ 9,517	$ 5,031,797	$ 630,600

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	COUNTY FORECLOSURE FUND	DELINQUENT TAX REVOLVING FUND	NON MAJOR ENTERPRISE FUND TREASURER'S ADMIN FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Payments	$ 580,437	$ 351,787	$ 251	$ 932,475	$ -
Payments to Suppliers	(61,088)	(98,189)	(125)	(159,402)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	519,349	253,598	126	773,073	-
CASH FLOWS FROM NONCAPITAL FINANCING AND RELATED FINANCING ACTIVITIES					
Operating Transfers In	-	-	-	-	189,093
Operating Transfers (Out)	-	-	-	-	(67,300)
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-	121,793
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends	-	-	-	-	4,477
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	-	4,477
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	519,349	253,598	126	773,073	126,270
BALANCES - Beginning of Year	1,385,287	2,196,835	9,391	3,591,513	186,865
BALANCES - End of Year	$ 1,904,636	$ 2,450,433	$ 9,517	$ 4,364,586	$ 313,135
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 511,668	$ 301,164	$ 251	$ 813,083	$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Change in Assets/Liabilities:					
Taxes Receivable	-	133,877	-	133,877	-
Accounts Payable	240	80,170	-	80,410	-
Due to Other Funds	-	-	-	-	-
Due to Other Governmental Units	7,441	-	-	7,441	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 519,349	$ 253,598	$ 126	$ 773,073	$ -

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024

		AGENCY FUNDS
ASSETS		
Cash and Equivalents	$	316,103
Due From Other Funds		-
TOTAL ASSETS	$	316,103
LIABILITIES		
Accounts Payable and Withholdings	$	234,394
Undistributed Tax Collections		14,177
Due to Other Governments		1,018
Undistributed Receipts		66,514
TOTAL LIABILITIES	$	316,103

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024

	CUSTODIAL FUNDS
ADDITIONS	
Property taxes collected	$ 4,553,060
Miscellaneous collections for other governments	4,609,811
TOTAL ADDITIONS	9,162,871
DEDUCTIONS	
Property taxes distributed	4,553,060
Miscellaneous distributions for other governments	4,609,811
TOTAL DEDUCTIONS	9,162,871
CHANGE IN NET POSITION	-
NET POSITION - Beginning of Year	-
NET POSITION - End of Year	$ -

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
COMPONENT UNITS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	MONTMORENCY COUNTY ROAD COMMISSION	MONTMORENCY COUNTY PUBLIC LIBRARY	MONTMORENCY COUNTY COMMISSION ON AGING 9/30/2024	TOTALS
ASSETS				
Cash and Equivalents	$ 2,808,493	$ 558,252	$ 373,400	$ 3,740,145
Receivables (Net):				
Taxes	619,220	371,532	-	990,752
Accounts and Interest	499	-	13,667	14,166
Due from Other Governmental Units	880,863	-	-	880,863
Inventories	484,555	-	4,788	489,343
Prepaid Items	328,320	6,295	-	334,615
Capital Assets (Not Depreciated)	-	100,000	-	100,000
Capital Assets (Net of Accumulated Depreciation)	31,388,517	177,148	95,547	31,661,212
TOTAL ASSETS	36,510,467	1,213,227	487,402	38,211,096
DEFERRED OUTFLOWS OF RESOURCES				
OPEB Items	68,909	-	-	68,909
LIABILITIES				
Accounts Payable	38,835	-	-	38,835
Accrued Liabilities	43,573	15,842	2,121	61,536
Unearned Revenue	-	371,532	-	371,532
Long-Term Liabilities:				
Due Within One Year	86,334	-	-	86,334
Due in More Than One Year	-	-	-	-
Other Noncurrent Liabilities:				
Vested Employee Benefits -				
Due in More Than One Year	68,548	-	-	68,548
Other Post-Employment Benefits -				
Due in More Than One Year	245,380	-	-	245,380
TOTAL LIABILITIES	482,670	387,374	2,121	872,165
DEFERRED INFLOWS OF RESOURCES				
OPEB Items	194,384	-	-	194,384
Property Taxes Levied for Subsequent Period	619,220	-	-	619,220
TOTAL DEFERRED INFLOWS OF RESOURCES	813,604	-	-	813,604
NET POSITION				
Net Investment in Capital Assets	31,302,183	277,148	-	31,579,331
Restricted	-	-	-	-
Unrestricted	3,980,919	548,705	485,281	5,014,905
TOTAL NET POSITION	$ 35,283,102	$ 825,853	$ 485,281	$ 36,594,236

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
COMPONENT UNITS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
ROAD COMMISSION					
Montmorency County Road Commission	$ 4,391,503	$ 31,916	$ 4,702,954	$ 1,074,311	$ 1,417,678
Montmorency County Public Library	394,893	-	80,287	-	(314,606)
Montmorency County Commission on Aging	1,164,739	110,268	125,909	-	(928,562)
TOTAL COMPONENT UNITS	$ 5,951,135	$ 142,184	$ 4,909,150	$ 1,074,311	174,510
GENERAL REVENUES					
Property Taxes					1,549,097
Federal Sources					102,008
State Sources					81,080
Investment Earnings					32,945
Gain (Loss) on Disposal of Assets					10,307
Other					1,696
TOTAL GENERAL REVENUES					1,777,133
CHANGES IN NET POSITION					1,951,643
NET POSITION - Beginning of Year					34,642,593
NET POSITION - End of Year					$ 36,594,236

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The County of Montmorency, Michigan (the County) was organized in 1881 and covers an area of approximately 550 square miles, with the county seat located in Atlanta, Michigan. The County operates under an elected Board of Commissioners (5 members) and provides the following services to its 9,153 residents (2020 census) in many areas including legislative, administration of justice, community enrichment, and development and human services.

Montmorency County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below:

Reporting Entity

As required by generally accepted accounting principles the accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Components Units. A blended component unit is a legally separate entity from the County but is so intertwined with the County that it is, in substance, the same as Montmorency County. It is reported as a part of the County and blended into the appropriate fund types.

Economic Development Corporation:

The Montmorency County Economic Development Corporation (EDC) is governed by a board appointed by the County's Board of Commissioners. Although it is legally separate from the County, the EDC is reported as if it were part of the primary government because its sole purpose is the procurement and management of small business debt financing for the County. It is reported in the special revenue funds and has a December 31, 2024, year-end. A separate report is not prepared for the EDC.

Discretely Presented Component Units. The governing bodies of these component units are appointed by the County Board of Commissioners. The component units are included as part of the County's annual financial statements since all debt and taxes levied must be approved by the County. The discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading of incomplete.

Montmorency County Road Commission:

The Montmorency County Road Commission is responsible for the maintenance and construction of the County road system. The citizens elect the members of the Road Commission and are a direct beneficiary of the services provided. The Road Commission may not issue debt or levy taxes without the approval of the County Board of Commissioners. The component unit is audited by other auditors and complete financial statements can be obtained from the Road Commission's administrative office at 1145 M-32, Atlanta, Michigan 49709.

Montmorency County Public Library

The Library has a separate board that oversees the day-to-day operations. The County levies property taxes of .5953 mills for library operations. The County Library may not issue debt of levy taxes without the approval of the County

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Board of Commissioners. The component unit is audited by other auditors and complete financial statements can be obtained from the County Library's administrative office at 11901 Haymeadow Road, Atlanta, Michigan 49709.

Montmorency County Commission on Aging

The Commission collects the county-wide tax millage which is then appropriated to a private non-profit corporation contracted to improve the quality of life of the senior citizens of Montmorency County. The County levies property taxes of 1.0000 mills for the Commission on Aging's operations. The Commission on Aging may not issue debt or levy taxes without the approval of the County Board of Commissioners. The component unit is audited by other auditors and complete financial statements can be obtained from the Montmorency County Commission on Aging administration office at 11463 McArthur Road, Atlanta, Michigan 49709.

Basic Financial Statements – Government-Wide Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's General Government: Legislative, Judicial, Finance and Tax, and Other General Government, Public Safety, Health and Welfare, Recreation and Culture, and Capital Outlay are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities column are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net cost (by function of business-type activity) is normally covered by general revenue (property taxes, and interest income, etc.).

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Nonmajor funds by category are summarized into a single column.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

The focus of the governmental funds' measurement (in the funds statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income.

The County reports these major governmental funds:

General Fund. This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sheriff Fund. This fund is a county wide millage that funds public safety in the County by providing county-wide law enforcement, road patrol services, and continuing operations for the Montmorency County Sheriff's Department.

Hiawatha Lake Fund. This fund was established to construct improvements that are necessary to maintain the normal level of Hiawatha Lake.

Additionally, Montmorency County reports the following fund types:

Special Revenue Funds. These funds are used to account for specific governmental revenues requiring separate accounting for legal, regulatory or administrative purposes.

Capital Projects Funds. These funds are used to account for the acquisition or construction of major capital facilities.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenue and expenses from nonoperating items. The County reports the following fund types:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

The government reports the following major proprietary funds:

County Tax Foreclosure. This fund is used to account for the foreclosures of properties in the County.

Delinquent Tax Revolving. This fund is used to account for the payment to each local unit of government within Montmorency County the delinquent real property taxes outstanding as of March 1, of each year. This fund also is used to account for the collection of those delinquent taxes along with penalties and interest.

Internal Service Funds. This fund accounts for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency Funds:

These funds are used to account for assets held in trust or as an agent for others.

Basis of Accounting

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

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual bases of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which it is levied provided they are also available. Intergovernmental revenues are grants that are recognized when all eligibility requirements are met, and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Financial Statement Amounts

Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Each fund’s or component unit’s portion of a pool displayed on its respective balance sheet as “cash and cash equivalents”. In addition, cash and cash equivalents are cash on hand, demand deposits, and short-term investment with a maturity of three months or less when acquired.

Investments

Investments consist of certificates of deposit, governmental money market funds, and commercial paper with original maturities of greater than 90 days. Investments are stated at fair value which is determined using selective bases.

Receivables

Receivables consist of amounts due from property taxes, accounts receivable related to charges for services, interest receivable, business loans issued by the Economic Development Fund and mortgage loans issued by the Home Improvement Fund to the County at year end.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

Interfund Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital and Right to Use Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and related items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life of more than two years. Such assets are recorded as historical cost or eliminated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The right to use assets are capitalized at their historical cost.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Building and Improvements	15 - 60 years
Equipment	4 - 10 years
Vehicles	3 - 5 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Bridges	12 - 50 years
Depletable Assets	10 - 50 years

Intangible right-to-use assets are amortized over the shorter of the lease/SBITA term, or the useful life of the underlying asset.

Vacation, Sick Leave and Other Compensated Absences

Eligible employees are permitted to accumulate earned, but unused paid time off benefits for a maximum of 215 hours. Compensatory time is also accumulated based on the amount earned. Paid time off and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee separation for employment.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until that time. The County currently has no items that qualify for reporting in that category.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Unavailable revenues from property taxes, contracts, grants, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item reported deferred inflows in the government-wide statement of net position is the difference between projected and actual earning on the pension plan investments. This amount is deferred in earnings difference and amortized over five years.

Property Taxes

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attached as an enforceable lien on property on December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2024 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2024, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2024, levies is reported as deferred inflows of resources at year-end.

Net Pension Liability

Beginning with fiscal year 2015, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires governments that provided defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. As a result, the government-wide statement now includes a liability for the unfunded legacy cost related to the County's pension plan. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for the deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide and the discretely presented component units statements. This change does not impact the General Fund or any other governmental fund. Refer to the pension note for further detail.

Other Postemployment Benefit Cost (OPEB)

The County offers retiree health benefits for retirees. The County receives a calculation of its liability using an alternative measurement method to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions made. For the government-wide statements and the discretely presented components units the County reports the full accrual cost of maintaining the Plan using GASB 75 OPEB reporting guidance.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets. Consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position. Consist of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on Shared revenues), but grantors (both federal and state), and by other restrictions of special revenue funds.

Unrestricted. All other net position is reported in this category.

Governmental Fund Balances

In the fund financial statements, governmental funds report various components of fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used.

Nonspendable fund balance. Consist of amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance. Consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance. Consist of amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned fund balance. Consist of amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance. Amounts that do not fall into any other category above. This is the residual classification for amounts in the general fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the County through adoption of amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debit services, or for other purposes).

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The County has not established a policy for its use of unrestricted fund balance amounts. Therefore, in accordance with GASB Statement 54, committed amounts would be reduced first, followed by assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Leases

Lessee: The County is a lessee for a non-cancellable lease of police vehicles. The county recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

> The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
> The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is not employed by the County. Commitments outstanding at year end are charged against the subsequent year's appropriation once received and approved.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows of resources; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

Reported Periods

The reporting period for all funds and account groups of the County in the year ended December 31, 2024, except for the Montmorency County Commission on Aging, a component unit activity, where the reporting period is the year end September 30, 2024.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets presented in the financial statements were prepared on a basis consistent with generally accepted accounting principles (GAAP). The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgets and Budgetary Accounting

Prior to adoption of the budgets, County departments prepare and submit their proposed operating budgets commencing the following January 1. A public hearing is conducted to obtain taxpayer comments. Prior to December 31, the budget is adopted by the Board of Commissioners. Budgeted amounts are 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 amended. Unused appropriations at December 31 are not carried forward to the following year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is at the functional level. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Individual budget amendments were not material in relation to the original appropriations.

Excess of Expenditures Over Appropriations in Budget Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968 as amended (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. During the year, Montmorency County incurred expenditures in certain budget funds, which were in excess of the functional amounts appropriated. Budgetary comparison schedules and violations are noted in the relevant fund financial statements as follows:

No budget overages during the year ended December 31, 2024.

NOTE 3 – DEPOSITS AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately 30 funds. The County's pooled cash accounts consist of common checking and related sweep accounts.

The County's pooled cash accounts are utilized by the General Fund, Special Revenue Funds, Capital Project Fund, Proprietary Fund, Trust and Agency Funds, and the Component Units. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net position.

Component Unit Funds of the County utilize separate savings and interest-bearing checking accounts and are recorded as imprest cash in the financial records of the County.

A reconciliation of cash is as reflected in the basic financial statements to the County's deposits and is as follows:

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and Cash Equivalents	$ 9,338,158	$ 3,740,145	$ 13,078,303
Statement of Fiduciary Net Position			
Cash and Cash Equivalents	316,103	-	316,103
	$ 9,654,261	$ 3,740,145	$ 13,394,406

The breakdown between deposits is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Carrying Amounts				
Cash and Cash Equivalents				
Bank Deposits				
(Checking and Savings Accounts, Certificates of Deposit, Money Market)	$ 9,336,508	$ 316,103	$ 3,733,945	$ 13,386,556
Cash on Hand and Imprest	1,650	-	6,200	7,850
	$ 9,338,158	$ 316,103	$ 3,740,145	$ 13,394,406

Statutory Authority. State statutes authorize the county to invest in:

Bond, securities, other direct obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.

Mutual funds composed of investments vehicles which are legal for direct investment by local units of government in Michigan.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997. The County's investment policy allows for all of these types of investments.

The County's deposits and investment policy are in accordance with statutory authority.

The County does not hold any investments as of December 31, 2024.

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Investment and deposit risk. The County's cash is subject to several types of risk, which are examined in more detail below.

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The County's investment policy does not have specific limits of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, banker's acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment type are identified above for investments held at year end.

Custodial Credit Risk – Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The federal government provides up to $250,000 of FDIC insurance per customer on both interest-bearing accounts and non-interest-bearing accounts. The County had $9,766,120 of insured deposits through this coverage. At December 31, 2024, the County's total bank balance of $10,389,949 (total book balance was $10,253,601), $623,828 was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with County's investment policy and State law, all deposits are uncollateralized held in the County's name, and evidenced by a safekeeping receipt. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to obtain FDIC insurance for all bank deposits. The County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 – RECEIVABLES

Receivables for the primary government and component units at December 31, 2024, are as follows:

	Governmental Activities	Business-Type Activities	Total	Component Units
Taxes Receivable - Current	$ 1,414,391	$ -	$ 1,414,391	$ 990,752
Taxes Receivable - Delinquent	-	541,819	541,819	-
Receivables (Net of Allowance for Uncollectable)	480,566	124,895	605,461	14,166
Grants Receivable	50,000	-	50,000	-
	$ 1,944,957	$ 666,714	$ 2,611,671	$ 1,004,918

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	Transfers In	Transfers Out
General Fund	$ 168,522	$ 306,141
Budget Stabilization	100,000	-
Law ENF Training	17,048	-
Concealed Pistol Licensing	-	4,000
American Rescue Plan Act	-	97,222
Personnel Contingency	93,094	-
County Improvement	96,000	67,301
Lake Level	17,896	-
Hiawatha Lake	-	17,896
	$ 492,560	$ 492,560

	DUE FROM		
DUE TO	General Fund	Hiawatha Lake	Total
Budget Stabilization	$ 100,000	$ -	$ 100,000
Internal Service	317,465	-	317,465
EDC	223	-	223
Lake Level		535,862	535,862
Total	$ 417,688	$ 535,862	$ 953,550

Permanent reallocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purpose of the statement of activities, all inter-fund transfers between individual governmental, enterprise funds, and component units have been eliminated.

Inter-fund transfers include transfer of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and transfer of revenues from the fund that is required to collect them to the fund that is required or allowed to expand them.

The Business-type activities fund transferred funds to subsidize the operations of the General Fund.

NOTE 6 – CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2024, is as follows:

	Balance 1/1/2024	Additions	Adjustments & Retirements	Balance 12/31/2024
Governmental Activities				
Capital Assets, Not Depreciated				
Land	$ 69,078	$ -	$ -	$ 69,078
Capital Assets, Being Depreciated				
Buildings and Improvements	3,143,542	81,804	-	3,225,346
Office and Computer Equipment	1,702,653	108,051	-	1,810,704
Vehicles	700,209	48,975	20,335	769,519
Infrastructure	-	485,304	-	485,304
Right to Use - Leased Vehicles	-	136,254	-	136,254
Total	5,546,404	860,388	20,335	6,427,127
Less Accumulated Depreciation				
Building and Improvements	(1,657,338)	(67,615)	-	(1,724,953)
Office and Computer Equipment	(1,268,681)	(101,740)	-	(1,370,421)
Vehicles	(468,012)	(53,867)	(20,335)	(542,214)
Infrastructure	-	(4,853)	-	(4,853)
Right to Use - Leased Vehicles	-	(15,896)	-	(15,896)
Total	(3,394,031)	(243,971)	(20,335)	(3,658,337)
Net Capital Assets Being Depreciated	2,152,373	616,417	-	2,768,790
Governmental Activities Assets	$ 2,221,451	$ 616,417	$ -	$ 2,837,868

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

Governmental Activities	
General Government:	
Judicial	$ 13,300
Other General Government	90,344
Public Safety	128,891
Public Works	4,853
Recreation & Culture	6,583
	$ 243,971

NOTE 7 – LONG-TERM DEBT

The government may issue bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge with full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Contractual obligations can be summarized as follows:

Governmental Activities	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Note payable to Isabella Bank, monthly payments, 6% interest, due 2024	$ 170,000	$ -	$ 170,000	$ -	$ -
Special Assessment Bonds, Series 2024, biannual payments, 5.35% interest due 2043	-	605,000	-	605,000	30,000
Notes from Direct Borrowings and Direct Placements, Enterprise Fleet Lease	-	136,254	14,269	121,985	26,188
Compensated Absences*	105,012	17,714	-	122,726	-
Total	$ 275,012	$ 758,968	$ 184,269	$ 849,711	$ 56,188

*The change in compensated absences above is a net change for the year.

Subsequent maturities are as follows:

	Bonds Payable		Notes from Direct Borrowings and Direct	
Years Ending	Principal	Interest	Principal	Interest
2025	$ 30,000	$ 31,565	$ 24,423	$ 6,676
2026	30,000	29,960	26,188	6,000
2027	30,000	28,355	28,082	4,107
2028	30,000	26,750	30,112	2,077
2029	30,000	25,145	13,180	232
2030-2034	150,000	101,650	-	-
2035-2039	170,000	59,385	-	-
2040-2043	135,000	14,044	-	-
	$ 605,000	$ 316,854	$ 121,985	$ 19,092

NOTE 8 – DEFERRED COMPENSATION PLAN

Montmorency County offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account annuity contract) as described in IRC section 457(g) for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer (Montmorency County) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provision of GASB Statement No. 32, plan balances and activities are not reflected in the Montmorency County financial statements.

In January 2019, the County adopted the Montmorency Co. DC Plan, a defined contribution plan, which qualifies under Internal Revenue Code Section 401(a). Nonunion employees in the County hired after January 1, 2019, would be eligible for this plan in place of the defined benefit pension plan.

The DC Plan maintains a schedule of vesting, with the participants becoming fully vested upon completion of six years of continuous service. The employer contributes 100% of the employee's deferral amount with a flat dollar cap equal to $1,000 per year ending December 31. All contributions are remitted to a third-party plan administrator.

The County's payroll for employees covered by the DC Plan for the year ended December 31, 2024, was $936,033. The required contributions, which matched those actually made, were $16,358 by employees and $56,162 by the County, representing 1.7% and 6.0% of covered payroll, respectively.

Component Unit Retirement Disclosures

Montmorency County Road Commission & Montmorency County Public Library

The Road Commission and Public Library have a separate defined contribution retirement plan from the County. Details applicable to their plans are readily available in their separately issued financial statements and are not duplicated here in accordance with GASB Statement No. 61. It appears actuarially determined contribution requirements have been met for the fiscal year presented.

NOTE 9 – EMPLOYEE RETIREMENT AND BENEFIT SYSTEM

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employers, it is a statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

NOTE 9 – EMPLOYEE RETIREMENT AND BENEFIT SYSTEM (continued)

Benefits Provided

Benefits provided include plans with a multiplier of 2.25%.

Vesting periods range from 6 to 10 years.

Normal retirement age is 60 with early retirement at 50 to 55 with 15 to 25 years of service. Final average compensation is calculated based on 3 to 5 years.

Members' contributions range from 0% to 3.0%.

Employees covered by benefit terms. At the December 31, 2023, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	31
Active employees	32
	131

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions range from 10.53% to 17.34% based on annual payroll for open divisions. All divisions are closed to new employees and have an annual employer contribution amount of $639,479.

Net Pension Liability. The employer's Net Pension Liability was measured as of December 31, 2024, which used updated procedures to roll forward the estimated liability based on an actuarial valuation performed as of December 31, 2023.

Actuarial Assumptions. The total pension liability in the December 31, 2023, which was used to update procedures to roll forward the estimated liability to December 31, 2024. The annual actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.0% plus merit and longevity: 3.0% in the long-term

Investment rate of return: 7.18%, net of investment and administrative expense including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with the price inflation of 3% - 4%.

Mortality rates used are based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

NOTE 9 – EMPLOYEE RETIREMENT AND BENEFIT SYSTEM (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Real Assets	20.0%	7.00%

Discount rate. The discount rate used to measure the total pension liability is 7.18%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 – EMPLOYEE RETIREMENT AND BENEFIT SYSTEM (continued)

CHANGES IN NET PENSION LIABILITY

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2024	$ 14,837,548	$ 9,223,526	$ 5,614,022
Changes for the Year			
Service Cost	211,767	-	211,767
Interest on Total Pension Liability	1,042,461	-	1,042,461
Changes in Benefits	-	-	-
Difference Between Expected and Actual Experiences	289,304	-	289,304
Changes in Assumptions	117,499	-	117,499
Employer Contributions	-	639,479	(639,479)
Employee Contributions	-	20,285	(20,285)
Net Investment Income	-	685,666	(685,666)
Benefit Payments, Including Employee Refunds	(852,764)	(852,764)	-
Administrative Expense	-	(20,380)	20,380
Other Changes	(19,674)	-	(19,674)
Net Changes	788,593	472,286	316,307
Balances as of December 31, 2024	$ 15,626,141	$ 9,695,812	$ 5,930,329

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.18% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1% higher (8.18%) than the current rate.

SENSITIVITY TO CHANGES TO DISCOUNT RATE

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net Pension Liability at 12/31/24	$ 5,930,329	$ 5,930,329	$ 5,930,329
Change in Net Pension Liability	1,851,098	-	(1,548,588)
Calculated Net Pension Liability	$ 7,781,427	$ 5,930,329	$ 4,381,741

NOTE 9 – EMPLOYEE RETIREMENT AND BENEFIT SYSTEM (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the employer recognized pension expense of $1,061,076. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences in Experience	$ 144,652	$ -
Differences in Assumptions	58,749	-
Excess (Deficit) Investments Returns	554,768	-
Total	$ 758,169	$ -

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

Year Ended		
2025	$	573,503
2026		261,623
2027		(71,035)
2028		(5,922)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

General Information About the Other Postemployment Benefit Plan

Plan Description. Montmorency County administers a single employer defined benefit healthcare plan (the Plan). The Plan provides healthcare benefits to all full-time employees upon retirement, in accordance with labor contracts and personnel policies. The benefits are provided under the collective bargaining agreement for union employees and by personnel policies for nonunion employees.

Eligibility. County policy established those retiring employees, who terminate employment after becoming eligible for immediate commencement of retirement benefits from the County, shall be eligible for health benefits. Retiring employees reach eligibility based on hire date, years of retirement plan, credited service and age at retirement. Employees are eligible at age 62 and 15 years of service. Retirees under the age of 65 are responsible for 20% of the premium cost. Retirees aged 65 or over receive a stipend of $200 per month.

These benefits are established and can be amended by the County Board of Commissioners.

Contributions. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County Board of Commissioners. For the year ended December 31, 2024, the County contributions totaled $59,100. The County contributes 100% of the cost of current-year premiums for eligible retired plan members under the age of 65. For fiscal year 2024, the retiree contributions totaled $0.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Employees Covered by Benefit Terms. At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Active employees	29
	57

Net OPEB Liability

The County's Net OPEB liability of $879,539 was measured as of December 31, 2024.

Actuarial Assumptions. The County's net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Using the alternative measurement method permitted by GASB Statement No. 75 for employers in plans with fewer than one hundred total plan members, using the following assumptions:

Salary Increases, Including Inflation:	2.50%
Healthcare Cost Trend Rates:	2.50%

Mortality Rates. Mortality rates are based on mortality tables from the National Center for Health Statistics. The 2015 United States Life Tables for Males and Females were used.

Discount Rate. The discount rate used to measure the total OPEB liabilities was 3.81% based on the AA 20-year bond rate as of December 31, 2024.

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

	Total OPEB Liability
Balance at January 1, 2024	$ 1,298,136
Changes for the Year:	
Service cost	28,056
Interest	32,170
Change in benefits	-
Differences in experience	(422,723)
Employer Contributions	(59,100)
Employee Contributions	-
Net Changes	(421,597)
Balance at December 31, 2024	$ 876,539

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using a discount rate that is 1 percentage point lower (2.81 percent) or 1 percentage point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Discount Rate (3.81%)	1% Increase (4.81%)
Total OPEB Liability	$ 981,964	$ 876,539	$ 788,401

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate Assumptions. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (1.50 to 1.50 percent) or 1 percentage point higher (3.50 to 3.50 percent) than the current healthcare cost trend rates:

	1% Decrease (1.50%-1.50%)	Current Discount Rate (2.50%-2.50%)	1% Increase (3.50%-3.50%)
Total OPEB Liability	$ 786,567	$ 876,539	$ 982,310

Component Unit OPEB Disclosures

Montmorency County Road Commission

The Road Commission has a separate other postemployment benefit plan from the County.

Details applicable to the plan is readily available in their separately issued financial statements and are not duplicated here in accordance with GASB Statement No. 61. It appears actuarially determined contribution requirements have been met for the fiscal year presented.

NOTE 11 – PROPERTY TAXES RECEIVABLE

The County's General Fund property taxes are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statue at approximately 50% of the current estimated market value.

The taxable value of real and personal property for 2024, for which revenue was recognized in the General Fund, was $619,219,888. The general operating tax rate for this levy was 5.0409 mills.

The tax rates for these levies were 1.0000 mills for Road Commission, 1.0000 mills for Police, 0.9782 mills for Commission on Aging and 1.0000 mills for Library.

NOTE 12 – CONTINGENCIES, CLAIMS, AND LITIGATION

There are various legal actions pending against the County. Due to the inconclusive nature of these actions, it is not possible for the County to neither determine the probable outcome of these actions nor provide a reasonable estimate of the County's potential liability, if any. The County believes that it has sufficient insurance coverage to provide for possible losses resulting from the unfavorable outcome of any litigation.

NOTE 13 – RISK MANAGEMENT

The County is exposed to various risk of loss related to property loss, torts, errors, and omissions, employee injuries, unemployment benefits, as well as medical and workman's compensation benefits provided to employees. The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the general fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the County's Economic resources in the MMRMA's general and administrative cost. The County is a state pool member and has deductibles which differ for each type of coverage.

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for worker's disability compensation and employers' liability is guaranteed by the fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611.

Settled claims have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year. The County pays unemployment claims on a reimbursement basis.

NOTE 14 – FUND BALANCE CATEGORIES AND CLASSIFICATONS

Restrictions of net position reflect in the government-wide financial statements indicate that restrictions imposed by the Board of Commissioners. The funding source, or outside source, preclude their use for unrestricted purposes. The following are the various net position restrictions as of December 31, 2024:

TABLE TO NOTE 14 ON NEXT PAGE

NOTE 14 – FUND BALANCE CATEGORIES AND CLASSIFICATIONS (CONTINUED)

	General Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Sheriffs Fund	$ -	$ 117,147	$ 117,147
Building Inspection	-	110,926	110,926
County Conservation	-	29,213	29,213
911 Services	-	38,342	38,342
Concealed Pistol License	-	57,682	57,682
Lake Level	-	73,081	73,081
Law Library	-	2,982	2,982
MSUE Millage	-	50,267	50,267
Hiawatha Lake	-	104,302	104,302
Opioid Settlement	-	128,968	128,968
Child Care	-	38,056	38,056
Economic Development	-	156,455	156,455
Veterans Service Fund Grant	-	39,734	39,734
Veterans Treatment Court	-	118,399	118,399
American Rescue	-	2,090	2,090
Property Tax Exemption	49,305	-	49,305
Total Restricted	49,305	1,067,644	1,116,949
Committed for:			
ROD Automation	-	20,160	20,160
MIDC	-	70,922	70,922
Veterans Relief	-	98,649	98,649
Budget Stabilization	-	495,685	495,685
Total Committed	-	685,416	685,416
General Fund Unassigned	2,714,786	-	2,714,786
Total Unassigned	2,714,786	-	2,714,786
Total Fund Balances, Governmental Funds	$ 2,714,786	$ 1,753,060	$ 4,517,151

NOTE 15 – JOINT VENTURES

Montmorency-Oscoda-Alpena Solid Waste Management Authority

In February 1998, the County of Alpena joined Montmorency County and Oscoda County in creating the *Montmorency-Oscoda-Alpena Solid Waste Management Authority* in accordance with Act. No. 223 of the Public Acts of 1955 of the State of Michigan.

This Authority manages a landfill located in Montmorency County and is governed by a six-person board, with two representatives from each County.

Annually each County has been asked to use their annual financial statements to assure the unfunded portion of the closure and post closure cost. The closure and post closure cost estimated liability is reported as $6,367,138 as of December 31, 2024. Restricted cash consisting of certificates of deposit and other investments amounts to $3,390,794 of that balance.

The County has no significant influence over the management of the Authority and that is why it is not included in the County's annual financial report.

The Montmorency-Oscoda-Alpena Solid Waste Management Authority maintains the financial records at the Landfill. Contract the Authority Administrator at Montmorency-Oscoda-Alpena Solid Waste Management Authority, 6754 Landfill Road, Atlanta, Michigan 49709. Their phone number is (989) 785-6500.

NOTE 16 – PROPERTY TAX ABATEMENTS

The County of Montmorency is impacted by tax abatements provided by Johannesburg-Lewiston Schools and the Alpena Montmorency Alcona Educational Service District under the following program:

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemptions must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exception allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated in the County in 2024 amounted to $8,999.

NOTE 17 – SUBSEQUENT EVENTS

Primary Government - Management has evaluated subsequent events through May 19, 2025, the date on which the financial Statements were available to be issued. On March 29, 2025 Northern Michigan experienced a historic ice storm that resulted in many down trees and extended power outages. As of the date of the audit report additional costs and funding to offset the cost could not be estimated as they relate to the County.

Discretely Presented Component Units

Montmorency County Road Commission • Montmorency County Library • Montmorency County Commission on Aging

Management has evaluated subsequent events through May 19, 2025, the date on which the financial statements were available to be issued.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

During fiscal year 2024, changes to or within the financial reporting entity, an error correction (GASB 100) and adoption of GASB 101, Compensated Absences, resulted in adjustments to and restatements of beginning fund balance, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	General	American Rescue Plan Act	Nonmajor Governmental Funds
Fund balance, as previously reported	$ 2,341,073	$ 23,340	$ 1,492,807
Change from major to nonmajor fund	-	(23,340)	23,340
Change from nonmajor to major fund	-	-	-
Error correction	24,246	-	-
Fund balance, as restated	$ 2,365,319	$ -	$ 1,516,147

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Governmental Activities	Delinquent Tax Revoling Fund	Business-type Activities
Net position, as previously reported	$ 442,188	$ 2,917,197	$ 4,320,745
GASB 101 Compensated Absences	41,365	-	-
Error correction	24,246	(102,031)	(102,031)
Net position, as restated	$ 507,799	$ 2,815,166	$ 4,218,714

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
REVENUES				
Taxes	$ 3,649,273	$ 3,970,929	$ 3,969,399	$ (1,530)
Licenses and Permits	3,400	2,850	2,757	(93)
Federal Sources	-	8,500	8,500	-
State Sources	541,634	572,994	570,629	(2,365)
Charges for Services	487,852	417,702	408,848	(8,854)
Fines and Forfeitures	269,950	275,165	273,873	(1,292)
Interest and Rentals	72,729	105,729	105,396	(333)
Other Revenue	248,055	327,105	326,285	(820)
TOTAL REVENUES	5,272,893	5,680,974	5,665,687	(15,287)
EXPENDITURES				
General Government - Legislative	56,103	49,992	47,275	2,717
General Government - Finance and Tax	1,162,105	1,228,443	1,205,432	23,011
General Government - Other	557,925	621,168	602,202	18,966
Judicial	1,046,932	1,006,376	996,428	9,948
Public Safety	1,826,025	1,820,279	1,812,418	7,861
Public Works	13,000	13,000	13,000	-
Health and Welfare	199,450	199,412	199,412	-
Community and Economic Development	200,241	209,911	208,205	1,706
Capital Outlay	-	149,874	140,605	9,269
TOTAL EXPENDITURES	5,061,781	5,298,455	5,224,977	73,478
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	211,112	382,519	440,710	58,191
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	95,700	95,681	(19)
Operating Transfers In	37,400	168,522	168,522	-
Operating Transfers (Out)	(217,048)	(306,141)	(306,141)	-
TOTAL OTHER FINANCING SOURCES (USES)	(179,648)	(41,919)	(41,938)	(19)
NET CHANGE IN FUND BALANCE	31,464	340,600	398,772	58,172
FUND BALANCE -				
Beginning of Year, as restated	2,365,319	2,365,319	2,365,319	-
FUND BALANCE - End of Year	$ 2,396,783	$ 2,705,919	$ 2,764,091	$ 58,172

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SHERIFF FUND - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNT	(NEGATIVE)
REVENUES				
Taxes	$ 568,779	$ 574,222	$ 574,222	$ -
State Grants	-	4,064	4,064	-
Interest and Rents	5,000	12,500	12,480	(20)
Other Revenue	-	461	1,829	1,368
TOTAL REVENUES	573,779	591,247	592,595	1,348
EXPENDITURES				
Public Safety	484,567	516,475	507,686	8,789
Capital Outlay	30,000	-	-	-
TOTAL EXPENDITURES	514,567	516,475	507,686	8,789
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	59,212	74,773	84,909	(10,136)
FUND BALANCE - Beginning of Year	32,238	32,238	32,238	-
FUND BALANCE - End of Year	$ 91,450	$ 107,011	$ 117,147	$ (10,136)

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
HIAWATHA LAKE FUND
YEAR ENDED DECEMBER 31, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNT	(NEGATIVE)
REVENUES				
State Grants	$ -	$ -	$ -	$ -
Taxes	-	60,000	58,395	(1,605)
Debt Proceeds	-	426,000	425,714	(286)
TOTAL REVENUES	-	486,000	484,109	(1,891)
EXPENDITURES				
Health and Welfare	-	69,000	68,720	280
Capital Outlay	-	486,000	485,304	(696)
TOTAL EXPENDITURES	-	555,000	554,024	(416)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(69,000)	(69,915)	(1,475)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	(18,000)	(17,896)	104
TOTAL OTHER FINANCING SOURCES (USES)	-	(18,000)	(17,896)	104
NET CHANGE IN FUND BALANCE	-	(87,000)	(87,811)	(1,371)
FUND BALANCE - Beginning of Year	192,113	192,113	192,113	-
FUND BALANCE - End of Year	$ 192,113	$ 105,113	$ 104,302	$ (1,371)

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2024

TOTAL PENSION LIABILITY	2024	2023*	2022	2021	2020	2019	2018	2017	2016	2015
Service Cost	$ 211,767	$ 211,767	$ 210,678	$ 199,900	$ 200,861	$ 210,925	$ 193,891	$ 202,564	$ 207,945	$ 185,352
Interest	1,042,461	1,048,804	1,023,052	1,045,774	987,248	1,043,537	956,436	924,169	914,347	828,607
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	289,304	(325,691)	(348,894)	(592,129)	(211,858)	56,684	(79,519)	88,324	129,230	121,346
Changes in Assumptions	117,499	-	-	534,216	653,228	410,312	-	-	-	593,602
Benefit Payments, Including Refund of Member Contributions	(852,764)	(829,462)	(837,653)	(846,889)	(870,945)	(848,415)	(819,338)	(795,433)	(708,560)	(693,318)
Other	(19,674)	(43,275)	1	(1)	(1)	(67,472)	(74)	-	(27,709)	-
NET CHANGE IN TOTAL PENSION LIABILITY	788,593	62,143	47,184	340,871	758,533	805,571	251,396	419,624	515,253	1,035,589
TOTAL PENSION LIABILITY - Beginning	14,837,548	14,775,405	14,424,547	14,083,676	13,325,143	12,519,572	12,268,176	11,848,552	11,333,299	10,297,710
TOTAL PENSION LIABILITY - Ending	$ 15,626,141	$ 14,837,548	$ 14,471,731	$ 14,424,547	$ 14,083,676	$ 13,325,143	$ 12,519,572	$ 12,268,176	$ 11,848,552	$ 11,333,299
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	$ 639,479	$ 724,448	$ 712,812	$ 665,829	$ 1,472,798	$ 566,498	$ 614,736	$ 624,089	$ 440,653	$ 478,089
Contributions - Employee	20,285	20,686	19,856	19,812	22,384	23,880	23,010	22,599	22,008	20,172
Net Investment Income	685,666	931,883	(977,998)	1,181,810	912,375	853,743	(265,129)	806,999	649,703	(89,739)
Benefit Payments Including Employee Refunds	(852,764)	(829,462)	(837,653)	(846,889)	(870,945)	(848,415)	(819,338)	(795,433)	(708,560)	(693,318)
Administrative Expense	(20,380)	(19,713)	(17,410)	(13,634)	(14,070)	(14,710)	(13,122)	(12,793)	(12,834)	(13,192)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	472,286	827,842	(1,100,393)	1,006,928	1,522,542	580,996	(459,843)	645,461	390,970	(297,988)
Plan Fiduciary Net Position - Beginning	9,223,526	8,395,684	9,496,077	8,489,149	6,966,607	6,385,611	6,845,454	6,199,993	5,809,023	6,107,011
Plan Fiduciary Net Position - Ending	$ 9,695,812	$ 9,223,526	$ 8,395,684	$ 9,496,077	$ 8,489,149	$ 6,966,607	$ 6,385,611	$ 6,845,454	$ 6,199,993	$ 5,809,023
County's Net Pension Liability - Ending	$ 5,930,329	$ 5,614,022	$ 6,076,047	$ 4,928,470	$ 5,594,527	$ 6,358,536	$ 6,133,961	$ 5,422,722	$ 5,648,559	$ 5,524,276
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62%	62%	58%	66%	60%	52%	51%	56%	52%	51%
Covered - Employee Payroll	$ 1,649,502	$ 1,724,682	$ 1,645,871	$ 1,708,651	$ 1,941,892	$ 2,011,905	$ 1,854,981	$ 1,886,525	$ 1,861,935	$ 1,672,949
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	360%	326%	369%	288%	288%	316%	331%	287%	303%	330%

Note to Schedule:

*Beginning balance was restated.

Above dates are based on measurement date, which may not necessarily tie to the fiscal year. This schedule is to be built prospectively.

Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with fiscal year ending December 31, 2015.

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTION
DECEMBER 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution*	$ 639,479	$ 653,244	$ 655,438	$ 665,829	$ 622,798	$ 566,498	$ 514,735	$ 524,089	$ 440,653	$ 478,090
Contributions in Relation to the Actuarially Determined Contribution	639,479	724,448	712,812	665,829	1,472,798	566,498	614,735	624,089	440,653	478,090
Contribution Deficiency (Excess)	$ -	$ (71,204)	$ (57,374)	$ -	$ (850,000)	$ -	$ (100,000)	$ (100,000)	$ -	$ -
Covered - Employee Payroll	$ 1,649,502	$ 1,724,682	$ 1,645,871	$ 1,708,651	$ 1,941,892	$ 2,011,905	$ 1,854,981	$ 1,886,525	$ 1,861,935	$ 1,672,949
Contributions as a Percentage of Covered Employee Payroll	39%	42%	43%	39%	76%	28%	33%	33%	24%	29%

***Notes to Schedule**

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	15 years
Asset Valuation Method	5 Year Smoothed
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	Varies Depending on Plan Adoption
Mortality	Pub-2010 and fully generational MP-2019

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2024

TOTAL OPEB LIABILITY	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 28,056	$ 51,373	$ 78,614	$ 115,927	$ 128,827	$ 138,615	$ 154,270	$ 150,522
Interest	32,170	43,098	67,558	48,322	53,023	86,399	143,414	138,819
Changes in Benefits	-	-	-	-	(640,516)	-	-	-
Differences in Experience	(422,723)	(618,565)	(604,421)	(281,809)	(192,894)	(1,333,421)	-	-
Employer Contributions	(59,100)	(58,975)	(54,600)	(42,500)	(28,612)	(104,624)	(121,684)	(150,775)
Employee Contributions	-	-	-	-	(5,372)	(25,405)	(30,663)	(5,996)
NET CHANGE IN TOTAL OPEB LIABILITY	(421,597)	(583,069)	(512,849)	(160,060)	(685,544)	(1,238,436)	145,337	132,570
TOTAL OPEB LIABILITY - Beginning of Year	1,298,136	1,881,205	2,394,054	2,554,114	3,239,658	4,478,094	4,332,757	4,200,187
TOTAL OPEB LIABILITY - End of Year	$ 876,539	$ 1,298,136	$ 1,881,205	$ 2,394,054	$ 2,554,114	$ 3,239,658	$ 4,478,094	$ 4,332,757
Covered Employee Payroll	$ 1,826,257	$ 1,724,682	$ 1,896,355	$ 2,161,417	$ 2,492,145	$ 2,137,732	$ 1,967,096	$ 2,079,530
County's Net OPEB Liability as a Percentage of Covered Payroll	48%	75%	99%	111%	102%	152%	228%	208%

Notes to Schedule:

Factors that significantly affect trends in the OPEB liability include the assumptions identified in Note 11 to the financial statements.

No assets are accumulated in a trust for this OPEB liability.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with fiscal year ending December 31, 2017.

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	AMERICAN RESCUE PLAN ACT	MIDC	LAW LIBRARY	OPIOID SETTLEMENT	VETERANS RELIEF FUND	VETERANS SERVICE FUND GRANT	VETERANS TREATMENT CENTER	ROD AUTOMATION FUND	911 SERVICE FUND
ASSETS									
Cash and Equivalents	$ 68,744	$ 87,650	$ 2,982	$ 128,968	$ 91,344	$ -	$ 115,182	$ 21,601	$ -
Accounts Receivable (Net)	-	-	-	-	7,732	50,000	6,439	-	69,263
Accounts Receivable Revolving/Mortgage Loans	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	1,000	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-
Total Assets	$ 68,744	$ 87,650	$ 2,982	$ 128,968	$ 99,076	$ 51,000	$ 121,621	$ 21,601	$ 69,263
LIABILITIES									
Accounts Payable	$ 100	$ 16,728	$ -	$ -	$ 427	$ 9,326	$ 2,551	$ 1,441	$ 19,248
Accrued Liabilities	1,462	-	-	-	-	1,940	671	-	11,673
Deferred Revenue	65,092	-	-	-	-	-	-	-	-
Due to Other funds	-	-	-	-	-	-	-	-	-
Total Liabilities	66,654	16,728	-	-	427	11,266	3,222	1,441	30,921
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted	2,090	-	2,982	128,968	-	39,734	118,399	-	38,342
Committed	-	70,922	-	-	98,649	-	-	20,160	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	2,090	70,922	2,982	128,968	98,649	39,734	118,399	20,160	38,342
Total Liabilities, Deferred Inflows and Fund Balances	$ 68,744	$ 87,650	$ 2,982	$ 128,968	$ 99,076	$ 51,000	$ $ 121,621	$ 21,601	$ 69,263

(CONTINUED ON NEXT PAGE)

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

(CONTINUED FROM PREVIOUS PAGE)

						Capital Projects			
	BUILDING DEPARTMENT FUND	MSUE MILLAGE	CHILD CARE FUND	CONCEALED PISTOL LICENSING	COUNTY CONSERVATION	ECONOMIC DEVELOPMENT CORPORATION FUND	LAKE LEVEL FUND	BUDGET STABILIZATION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS									
Cash and Equivalents	$ 116,491	$ 59,713	$ 52,138	$ 57,732	$ 29,213	$ 96,444	$ -	$ 395,685	$ 1,323,887
Taxes Receivable	-	156,604	-	-	-	-	-	-	290,038
Accounts Receivable (Net)	-	-	3,123	-	-	59,788	-	-	62,911
Accounts Receivable Revolving/Mortgage	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	223	535,862	100,000	637,085
Prepaid Items	-	-	-	-	-	-	-	-	-
Total Assets	$ 116,491	$ 216,317	$ 55,261	$ 57,732	$ 29,213	$ 156,455	$ 535,862	$ 495,685	$ 2,313,921
LIABILITIES									
Accounts Payable	$ 4,596	$ 9,446	$ 17,205	$ 50	$ -	$ -	$ 462,781	$ -	$ 543,899
Accrued Liabilities	969	-	-	-	-	-	-	-	16,715
Deferred Revenue	-	-	-	-	-	-	-	-	65,092
Due to Other funds	-	-	-	-	-	-	-	-	-
Total Liabilities	5,565	9,446	17,205	50	-	-	462,781	-	625,706
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for a Subsequent Period	-	156,604	-	-	-	-	-	-	156,604
FUND BALANCES									
Restricted	110,926	50,267	38,056	57,682	29,213	156,455	73,081	-	846,195
Committed	-	-	-	-	-	-	-	495,685	685,416
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	110,926	50,267	38,056	57,682	29,213	156,455	73,081	495,685	1,531,611
Total Liabilities, Deferred Inflows and Fund Balances	$ 116,491	$ 216,317	$ 55,261	$ 57,732	$ $ 29,213	$ 156,455	$ 535,862	$ 495,685	$ 2,313,921

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	AMERICAN RESCUE PLAN ACT	MIDC	LAW LIBRARY	OPIOID SETTLEMENT	VETERANS RELIEF FUND	VETERANS SERVICE FUND GRANT	VETERANS TREATMENT CENTR	ROD AUTOMATION	911 SERVICE
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ 64,653	$ -	$ -	$ -	$ -
Licenses & Permits	-	-	-	-	-	-	-	-	-
Federal Sources	335,948	-	-	-	-	-	-	-	-
State Sources	-	385,640	-	98,998	878	50,000	45,195	-	92,692
Charges for Services	-	-	-	-	-	-	4,920	17,920	314,040
Fines and Forfeitures	-	-	2,000	-	-	-	-	-	-
Interest Income	9,171	3,188	-	3,993	2,510	675	4,311	826	980
Other Revenue	-	-	246	-	225	-	-	-	10,872
Total Revenue	345,119	388,828	2,246	102,991	68,266	50,675	54,426	18,746	418,584
EXPENDITURES									
Current:									
General Government - Other	-	-	-	-	-	-	-	20,199	-
Judicial	-	-	11,526	-	-	-	-	-	-
Public Safety	85,012	385,076	-	-	-	-	-	-	489,791
Health and Welfare	-	-	-	46,063	26,404	58,248	56,723	-	-
Other Expenditures	-	-	-	-	-	-	-	-	-
Capital Outlay	184,135	-	-	-	-	-	-	-	42,985
Community & Economic	-	-	-	-	-	-	-	-	-
Total Expenditures	269,147	385,076	11,526	46,063	26,404	58,248	56,723	20,199	532,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	75,972	3,752	(9,280)	56,928	41,862	(7,573)	(2,297)	(1,453)	(114,192)
OTHER FINANCING SOURCES (USES)									
Lease Proceeds	-	-	-	-	-	-	-	-	-
Operating Transfer In	-	17,048	-	-	-	-	-	-	-
Operating Transfers (Out)	(97,222)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(97,222)	17,048	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(21,250)	20,800	(9,280)	56,928	41,862	(7,573)	(2,297)	(1,453)	(114,192)
FUND BALANCES - Beginning of Year	23,340	50,122	12,262	72,040	56,787	47,307	120,696	21,613	152,534
FUND BALANCES - End of Year	$ 2,090	$ 70,922	$ 2,982	$ 128,968	$ 98,649	$ 39,734	$ 118,399	$ 20,160	$ 38,342

(CONTINUED ON NEXT PAGE)

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

(CONTINUED FROM PREVIOUS PAGE)

	BUILDING DEPARTMENT FUND	MSUE MILLAGE	CHILD CARE FUND	CONCEALED PISTOL LICENSING	COUNTY CONSERVATION	ECONOMIC DEVELOPMENT CORPORATION FUND	BUDGET STABILIZATION FUND	CAPITAL PROJECTS LAKE LEVEL FUND	NONMAJOR GOVERNMENTAL FUNDS
REVENUES									
Taxes	$ -	$ 143,831	$ -	$ -	$ -	$ -	$ -	$ -	$ 208,484
Licenses & Permits	227,765	-	-	11,622	-	-	-	-	239,387
Federal Sources	-	-	-	-	-	-	-	-	335,948
State Sources	-	2,177	-	-	-	-	-	-	675,580
Charges for Services	-	-	47,599	-	-	-	-	-	384,479
Fines and Forfeitures	-	-	-	-	-	-	-	-	2,000
Interest Income	7,333	3,443	3,164	4	1,097	524	10,910	-	52,129
Other Revenue	-	-	5,578	-	-	-	-	-	16,921
Total Revenue	235,098	149,451	56,341	11,626	1,097	524	10,910	-	1,914,928
EXPENDITURES									
Current:									
General Government - Other	-	-	-	-	-	-	-	-	20,199
Judicial	-	-	-	-	-	-	-	-	11,526
Public Safety	221,581	-	-	3,129	1,466	-	-	-	1,186,055
Health and Welfare	-	-	150,497	-	-	-	-	-	337,935
Capital Outlay	40,572	-	-	-	-	-	-	-	267,692
Other Expenditures	-	-	-	-	-	-	-	4,753	4,753
Community & Economic	-	142,383	-	-	-	3,215	-	-	145,598
Total Expenditures	262,153	142,383	150,497	3,129	1,466	3,215	-	4,753	1,973,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,055)	7,068	(94,156)	8,497	(369)	(2,691)	10,910	(4,753)	(58,830)
OTHER FINANCING SOURCES (USED)									
Lease Proceeds	40,572	-	-	-	-	-	-	-	40,572
Operating Transfers In	-	-	-	-	-	-	100,000	17,896	134,944
Operating Transfers (Out)	-	-	-	(4,000)	-	-	-	-	(101,222)
Total Other Financing Sources (Uses)	40,572	-	-	(4,000)	-	-	100,000	17,896	74,294
NET CHANGE IN FUND BALANCES	13,517	7,068	(94,156)	4,497	(369)	(2,691)	110,910	13,143	15,464
FUND BALANCES - Beginning of Year	97,409	43,199	132,212	53,185	29,582	159,146	384,775	59,938	1,516,147
FUND BALANCES - End of Year	$ 110,926	$ 50,267	$ 38,056	$ 57,682	$ 29,213	$ 156,455	$ 495,685	73,081	$ 1,531,611

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2024

	INTERNAL SERVICE		
	PERSONNEL CONTINGENCY FUND	COUNTY IMPROVEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
Cash and Equivalents	$ 188,302	$ 124,833	$ 313,135
Due from Other Funds	217,465	100,000	317,465
TOTAL ASSETS	$ 405,767	$ 224,833	$ 630,600
LIABILITIES			
Accounts Payable	$ -	$ -	$ -
Due to Other Governmental Units	-	-	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES	-	-	-
NET POSITION			
Restricted for:			
Committed	309,797	194,534	504,331
Unrestricted	95,970	30,299	126,269
TOTAL NET POSITION	$ 405,767	$ 224,833	$ 630,600

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2024

	INTERNAL SERVICE		
	PERSONNEL CONTINGENCY FUND	COUNTY IMPROVEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES			
Charges for Services	$ -	$ -	$ -
Total Operating Revenues	-	-	-
OPERATING EXPENSES			
Contracted Services	-	-	-
Total Operating Expenses	-	-	-
OPERATING INCOME (LOSS)	-	-	-
NON-OPERATING REVENUE (EXPENSES)			
Investment Income and Rents	2,877	1,600	4,477
Total Non-Operating Revenues (Expenses)	2,877	1,600	4,477
Income (Loss) Before Transfers	2,877	1,600	4,477
Operating Transfers In	93,093	96,000	189,093
Operating Transfers (Out)	-	(67,301)	(67,301)
CHANGE IN NET POSITION	95,970	30,299	126,269
NET POSITION - Beginning of Year	309,797	194,534	504,331
NET POSITION - End of Year	$ 405,767	$ 224,833	$ 630,600

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2024

	INTERNAL SERVICE		
	PERSONNEL CONTINGENCY FUND	COUNTY IMPROVEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Payments	$ -	$ -	$ -
Payments to Suppliers	-	-	-
Net Cash Provided (Used) by Operating Activities	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING AND RELATED FINANCING ACTIVITIES			
Operating Transfers In	93,093	96,000	189,093
Operating Transfers (Out)	-	(67,301)	(67,301)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	93,093	28,699	121,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	2,877	1,600	4,477
Net Cash Provided (Used) by Investing Activities	2,877	1,600	4,477
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	95,970	30,299	126,269
BALANCES - Beginning of Year	92,332	94,534	186,866
BALANCES - End of Year	$ 188,302	$ 124,833	$ 313,135
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ -	$ -	$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Assets:			
Taxes Receivable	-	-	-
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Units	-	-	-
Net Cash Provided (Used) by Operating Activities	$ -	$ -	$ -

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
DECEMBER 31, 2024

	GENERAL AGENCY FUND	88TH DISTRICT COURT BOND FUND	TOTALS
ASSETS			
Cash and Equivalents	$ 312,278	$ 3,825	$ 316,103
Due From Other Funds	-	-	-
TOTAL ASSETS	$ 312,278	$ 3,825	$ 316,103
LIABILITIES			
Accounts Payable and Withholdings	$ 234,394	$ -	$ 234,394
Undistributed Tax Collections	14,177	-	14,177
Due to Other Governments	1,018	-	1,018
Undistributed Receipts	62,689	3,825	66,514
TOTAL LIABILITIES	312,278	3,825	316,103
NET POSITION	$ -	$ -	$ -

SEE NOTES TO FINANCIAL STATEMENTS.

MONTMORENCY COUNTY
MONTMORENCY COUNTY, MICHIGAN
OTHER INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2024

	GENERAL	88TH DISTRICT COURT	PENAL FINES	TOTALS
GENERAL AGENCY FUND				
ADDITIONS				
Property taxes collected	$ 4,553,060	$ -	$ -	$ 4,553,060
Miscellaneous collections for other governements	4,576,792	33,019	62,316	4,609,811
TOTAL ADDITIONS	9,129,852	33,019	62,316	9,162,871
DEDUCTIONS				
Property taxes distributed	4,553,060	-	-	4,553,060
Miscellaneous distributions for other governments	4,576,792	33,019	62,316	4,609,811
TOTAL DEDUCTIONS	9,129,852	33,019	62,316	9,162,871
NET INCREASE (DECREASE) IN NET POSITION	-	-	-	-
NET POSITION - Beginning of the Year	-	-	-	-
NET POSITION - End of the Year	$ -	$ -	$ -	$ -

SEE NOTES TO FINANCIAL STATEMENTS.

Schulze Oswald Miller & Edwards PC

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 26, 2025

Board of Commissioners
Montmorency County
PO Box 789
Atlanta, Michigan 49709

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montmorency County, Michigan (the County) for the year ended December 31, 2024, and have issued our report thereon dated June 26, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 22, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As stated in our engagement letter dated January 4, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control over financial reporting.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, employee benefits and budgetary comparison schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards.

However, the RSI will not be audited and, because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on combining fund financial statements which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. During 2024, The County implemented Governmental Accounting Standard Board No. *100, Accounting Changes and Error Corrections* and Governmental Accounting Standard Board No. *101, Compensated Absences*. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the of the accrued compensated absences is based on current hourly rates and policies regarding payment of vacation, sick leave and other compensation banks.
- Management's estimate of the Net Liability for pension and OPEB obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the County's net pension liability, pension expense, and the related deferred outflows/inflows of resources, as reported in Note 9 to the financial statements.
- The disclosure of the County's net OPEB liability, OPEB expense, and the related deferred outflows/inflows of resources, as reported in Note 10 to the financial statements.

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

In addition, the financial statements include net pension liability and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Representations Requested by Management

We have requested certain representations from management that are included in the management representation letter dated June 26, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedule, and defined benefit pension and OPEB plan schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This new accounting pronouncement will be effective for the County's 2026 fiscal year.

In April 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. It also requires additional disclosures for capital assets held for sale. This new accounting pronouncement will be effective for the County's 2026 fiscal year.

Restriction on Use

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

Very truly yours,

Schulze, Oswald, Miller & Edwards PC

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

June 26, 2025

Board of Commissioners
Montmorency County
Atlanta, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montmorency County, Michigan (also referred to as "the County"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Montmorency County, Michigan's basic financial statements, and have issued our report thereon dated June 26, 2025. Our report includes a reference to other auditors who audited the financial statements of the Montmorency County Road Commission, Montmorency County Public Library and Montmorency County Commission on Aging, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters for the Montmorency County Road Commission that are reported on separately by those auditors. The financial statements of Montmorency County Public Library and Montmorency County Commission on Aging were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Montmorency County Public Library and Montmorency County Commission on Aging or that are reported on separately by those auditors who audited the financial statements of Montmorency County Public Library and Montmorency County Commission on Aging.

Internal Control Over Financial Reporting

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

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

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

material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

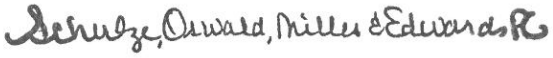
Report on Compliance and Other Matters

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

Purpose of this Report

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

Very truly yours,



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan

SCHEDULE OF FINDINGS AND RESPONSES

INTERNAL CONTROL OVER FINANCIAL REPORTING

Preparation of the Financial Statements in Accordance With Generally Accepted Accounting Principles (Significant Deficiency) — **Finding 2024-001**

Criteria: The County is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements requires having in place internal controls over recording, processing, reconciling and preparing financial statements.

Condition: The County relied on its independent external auditors to assist in reconciling accounts, preparing the financial statements and related footnotes. Accordingly, the County has placed reliance on its external auditors who cannot be considered a part of the County's internal controls.

Cause: It continues to be the decision of the County to have the independent auditor's assist in the preparation of the County's audited financial statements and related footnotes as it is more cost effective than incurring the time and expense to obtain the necessary training and expertise required for the County to perform this task internally.

Effect: As a result of this condition, the County lacks internal control over the financial statement preparation process and instead relied, in part, on its external auditors for assistance with this task.

View of Responsible Officials: Like many other governmental organizations, the County has made an ongoing evaluation of the respective costs and benefits of obtaining internal knowledge versus utilizing external resources for the preparation of the financial statements. As with many organizations, the County has determined that the additional benefits derived from implementing such an internal system would not outweigh the costs of utilizing external resources. The County will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

This comment is a repeat from the prior audits.