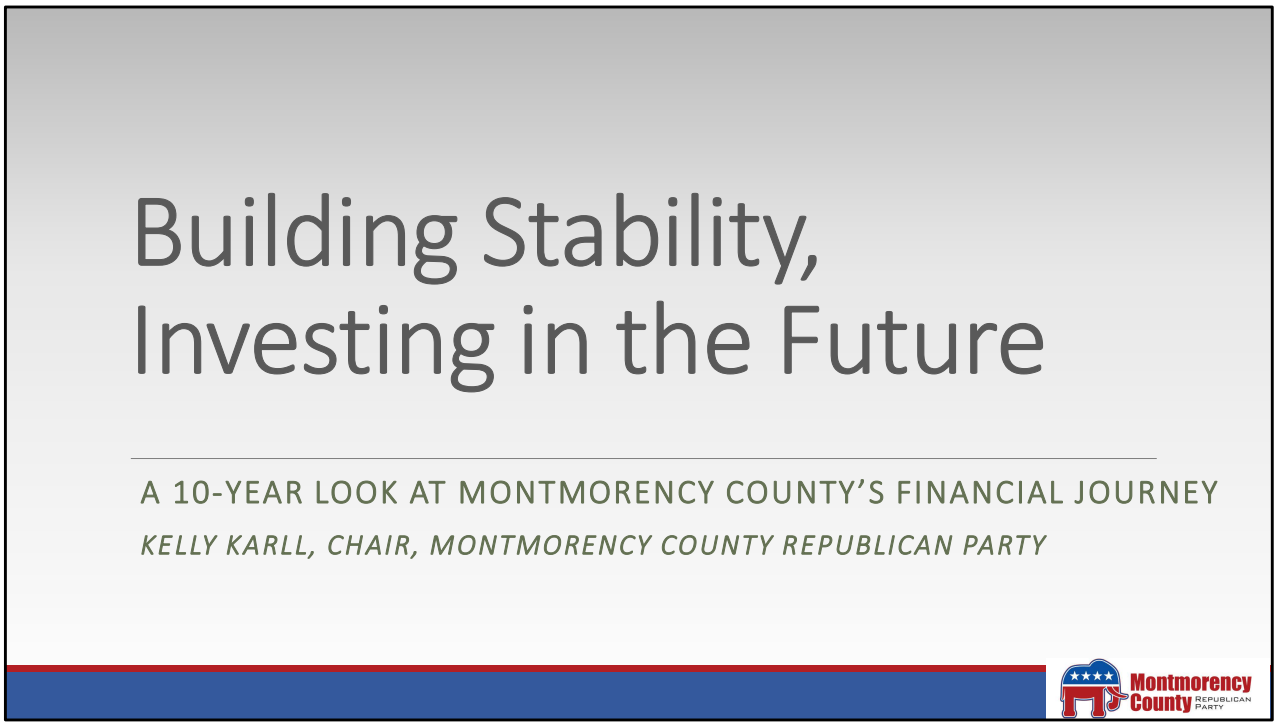


Good Morning, Commissioners. Before I start, I just want to say this: we're all here because we care deeply about Montmorency County. The strong feelings we just heard during public comment come from that place of caring, even when it shows up as anger or frustration. For those of us who look to Scripture for guidance, I'm reminded of **Philippians 4:8**, which urges us to focus on "whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable." My hope tonight is that we can set aside some of the negativity and choose to look together at what is true and constructive for the good of this county. First, I want to thank the Board of Commissioners for giving me time on the agenda today and for allowing me to share this information with you and with the public. This first slide is titled **"Building Stability, Investing in the Future"** – and that really sums up what I'm here to talk about. I'm going to give a brief, 10-year look at Montmorency County's financial journey: where we were when things were much more fragile, the steps that have been taken to rebuild stability and reserves, and where we stand today compared to our neighboring counties.

My goal is not to argue with anyone, but to put some clear, independently verified numbers on the table so we're all looking at the same facts. You'll see that this is a story of hard work and discipline by this Board, our Controller, and county staff – and of how that work has put Montmorency County in a stronger position to serve taxpayers, employees, and local businesses going forward.

Republican Party Principles

Constitutional Principles

Conservative Values

Fiscal Accountability

Local Control

Montmorency County Republican Party

I'm here today on behalf of the County Republican Party to connect our conservative values directly to Montmorency County's finances.
It's easy to focus on problems, but tonight I want to share some good news about the county's financial health—good news I hope you'll keep in mind as you make decisions for our future.

I provided public comment back in September based on audit data from 2020 – 2024. Those key take aways are listed here.

- The county has achieved a complete financial turnaround and I'll describe that more this morning.
- From a multi-million dollar deficit to more than a $1 million in savings
- The county has about 53% of operating expenses on hand and main liabilities are down more than 65%
- and these are achievements almost unheard of for Michigan counties considering rising inflation and health care costs.

So today's presentation is a more comprehensive look going all the way back to 2015.

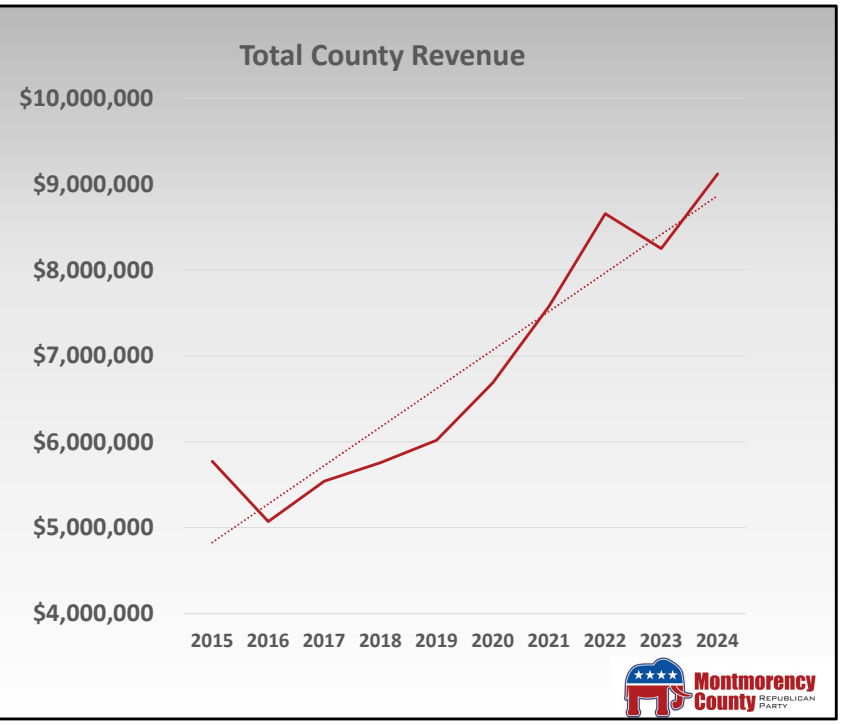
Today's Overview

- Ø10-year Financial Audit Lookback
- ØReview trends in financial data
- ØDiscuss where we were and where we are now
- ØComparisons to other counties
- ØKey messages

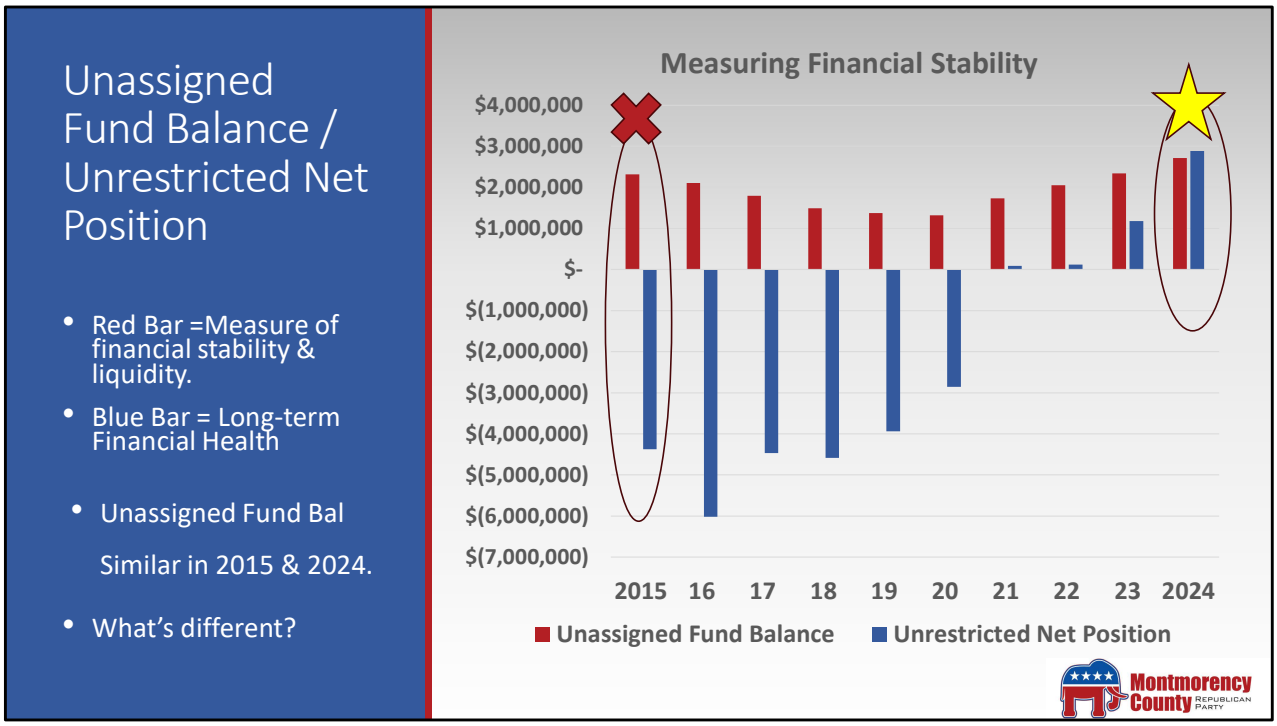
- I will cover a 10-year lookback of all the annual audits
- highlight trends in the financial data
- discuss were we were and where we are now
- compare our county's financial situation to other neighboring counties
- and offer some key messages to tax payers, business owners and to the county employees

Total County Revenue

- Overall size of the county's budget for the population.
- It is a measure of fiscal capacity.



The first slide represents the Total County Revenue which represents the overall size of the county's budget. It is a measure of fiscal capacity. The county's total revenue has increased from just under $6M in 2015 to more than $9M in 2024.



This is probably my busiest slide, but bear with me. This slide contains information that gives a picture of the county's FINANCIAL STABILITY. Let's start with the RED bars. The Red bar is called the Unassigned Fund Balance and measures financial stability and liquidity. It is the portion of the General Fund's year end balance that is not assigned to any purpose, but is available to cover the County's day to day operations or emergencies. It's what you have on hand.

Why does this matter? - A higher unassigned fund balance means: More stability during harder economic times, an ability to handle emergencies without borrowing and less taxpayer concerns. The red bar in 2015 – circled on the left – and the red bar in 2024 – circled on the right, both represent about 53% of county expenses and is a very good indicator of financial stability.

But there is a huge difference between 2015 and 2024. Let's talk about the blue bars now.

The blue bar represents the Unrestricted Net Position that is a picture of long-term financial health after accounting for all assets and liabilities, including pension and other post-employment benefits. This is the county's NET Worth. So, for all the employees here you should pay close attention. A negative unrestricted net position -

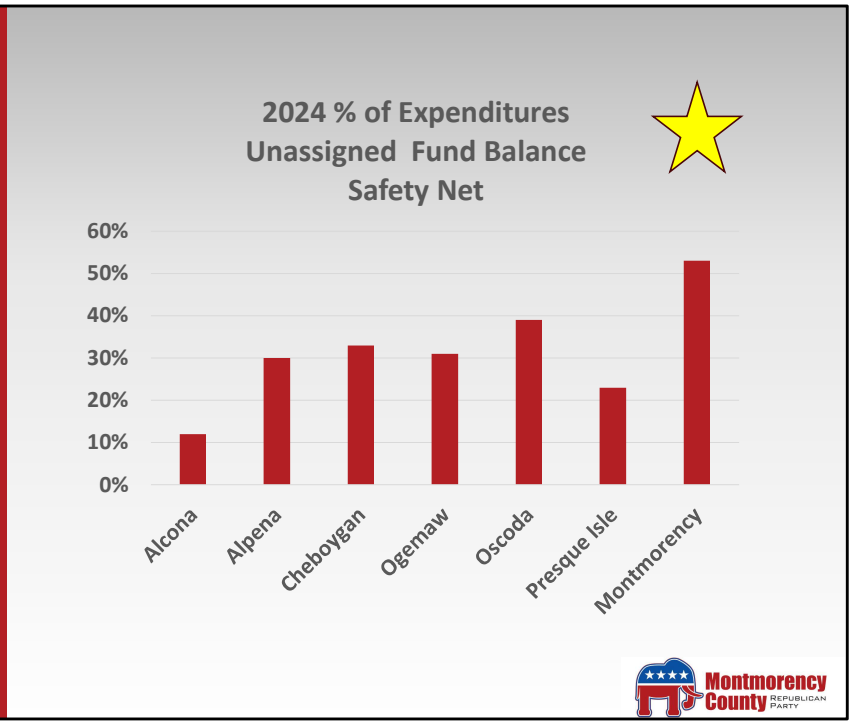
all those blue bars pointing down, means the county's long-term obligations exceed available funding. Having a negative Unrestricted Net Position – representing the county deficit - is a big warning flag and is a financial risk for the county and long-term retirees. So between 2015 on the far left and 2020 in the middle of this chart, we had had multi-million dollar deficits

Comparing 2015 to 2024 - the 2 circled data points. The county has achieved a complete financial turnaround, not typical for a small Michigan county. What you want to see is a positive red bar and a positive blue bar.

County Comparisons - Unassigned Fund Balance % of Expenses

Montmorency County far exceeds the Government Finance Officer's Association national best practice standard of having the Unassigned Fund Balance meet 15-25% of annual Expenditures.

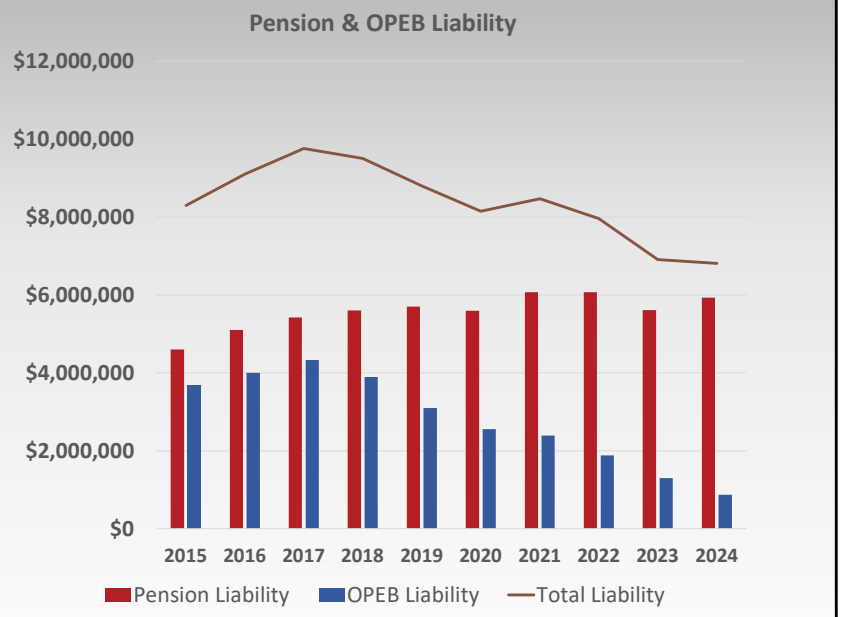
Montmorency County has 53% of annual expenditures.



Next let's look more closely at those red bars – that short tem funding that the county has on hand to cover operating expenses if all funding stopped coming into the county. It is a key measure of financial stability. If we compare Montmorency County's financial stability to that of surrounding Counties in just 2024, what we see is remarkable. The county has 53% of annual expenditures on hand. The National financial best practice standard for the unassigned fund balance is 15 – 25% so our little county stands out amongst our county peers as it relates to our local financial safety net. This is a key indicator of financial stability. The other counties are also within that standard, but many of them also have deficits, unlike our county.

Pension & OPEB Liability

- Similar to all counties, pension and opeb liabilities are the biggest challenges.
- Total benefit liability down 18% or 1.5 million less than in 2015.
- Pension liability up 29%
- OPEB liability down 76%



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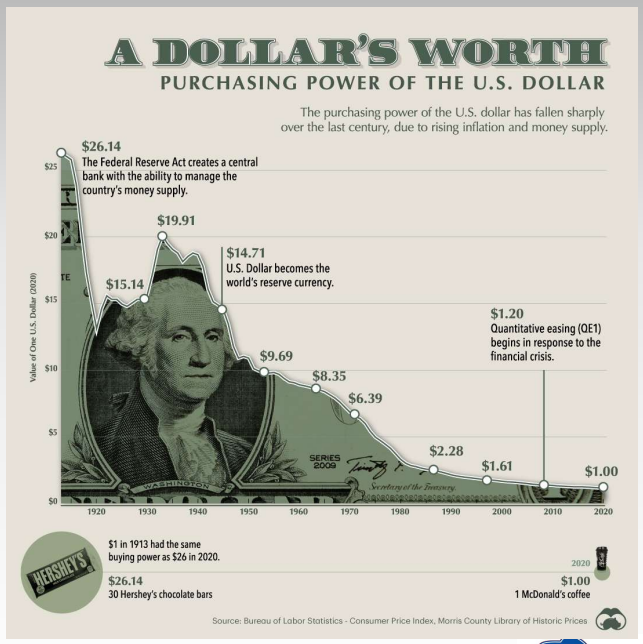
Now let's look at pension and other post-employment benefits, like retiree health care. Like all counties, these are our biggest long-term financial challenges.

The pension liability (in red) is what the county owes for future retirement benefits minus the assets already set aside. The OPEB liability (in blue) is what we owe for retiree health care that's been earned but not fully funded.

The key takeaway is the line across the top: total long-term benefit liabilities are about $1.5 million lower than in 2015. That's remarkable progress, especially as pension rules and life-expectancy assumptions keep changing and pushing required savings higher for every local government.

What is Your Dollar Worth?



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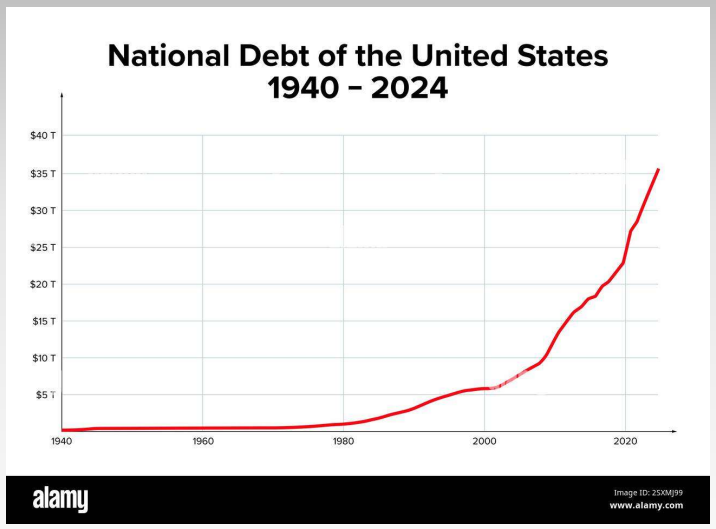
How does the national economy affect our local budget and long-term retiree benefits? One key idea is the purchasing power of the dollar—how much your dollar can actually buy.

We all feel inflation, but at its core, inflation is the expansion of the money supply. The more dollars in circulation, the less each dollar is worth. In 1913, when the Federal Reserve was created, you could buy about 30 Hershey bars for $1. By 2020, $1 might buy you a McDonald's coffee—and maybe not even that today.

When Congress passes huge spending bills and bailouts, opinions differ on what should be funded—but the bottom line is this: every new wave of federal spending ultimately erodes the value of your dollar, and that directly affects our local costs and long-term obligations.

National Debt!

In less than 100 years our country has gone from less than $1 trillion in debt to over $36 trillion in debt.



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This chart shows the rise of our national debt since 1940. In under 100 years, we've gone from less than $1 trillion to over $36 trillion in debt.
The steeper that line gets, the faster we feel inflation in our everyday lives.

Pension & OPEB Liability

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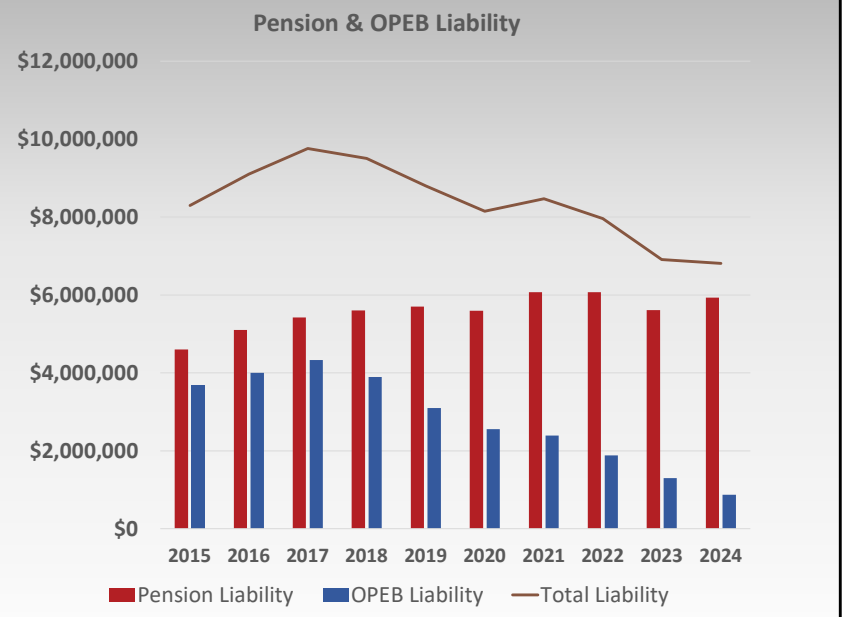

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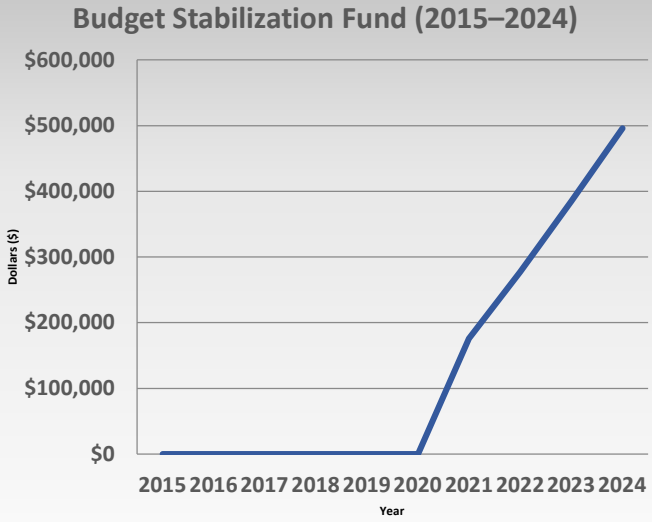
And that inflation is translated to our county budget. As we think about employee pensions and benefits, remember that rising inflation will only make our financial challenges greater and everyone's dollars worth less over time. That's why it's in both taxpayers' and employees' best interest to have highly competent financial staff. While many have questioned the value of having competent financial staff, the honest question is: what's the alternative? No one else is as qualified to navigate these complex financial regulations, and an outside contractor would almost certainly cost more and care less about this community, the people or the employees. The long-term financial health of the county matters far more than the short-term disagreements that many of you have.

Budget Stabilization Fund

- Conservative fiscal values by planning for hard economic times and living within our means.
- No other NE MI county has an established budget stabilization fund. It shows the board values long-term fiscal health over short-term spending and a dedication to keeping commitments to retirees and basic services.



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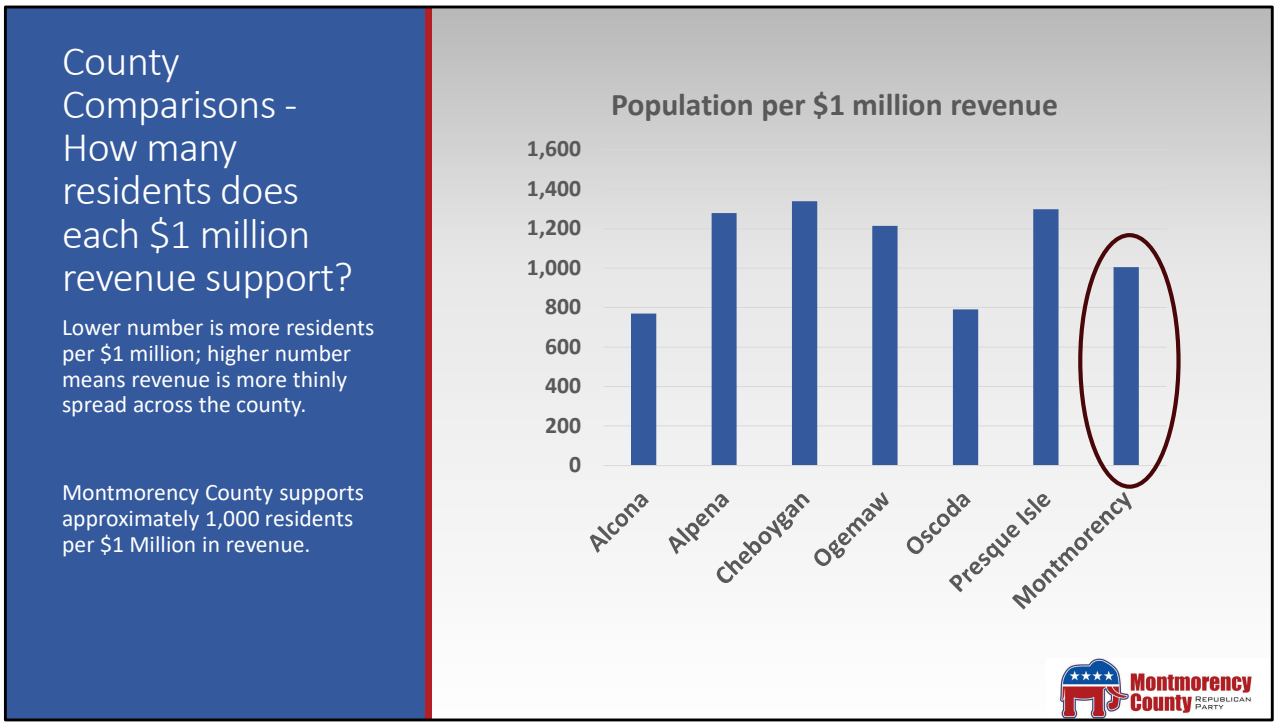
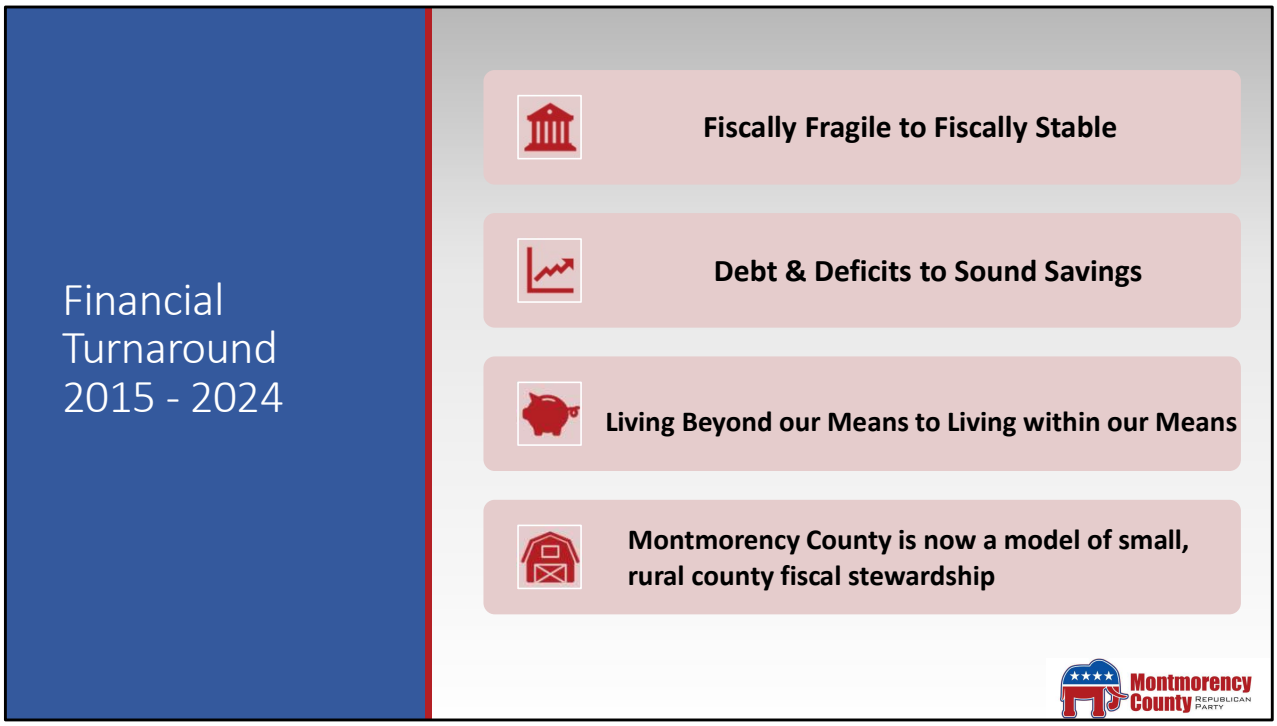
As I wrap up these data slides, this one highlights the County's Budget Stabilization Fund—a voluntary "rainy-day" fund created around 2020–2021 to help cover unexpected costs or smooth the budget in a downturn.

In less than five years, the County has set aside nearly $500,000, which shows strong financial planning and that we're truly living within our means. No other NE Michigan county has a fund like this. It reflects this Board's and staff's commitment to long-term fiscal health over short-term spending, and to keeping our promises on pensions, health care, and core services.

This is real credit to the financial team and the Board for recognizing the importance of saving now for the pressures we know are coming.



Finally, my last data point: Montmorency County supports about 1,000 residents per $1 million in revenue.
That's more revenue per person than Alpena, Cheboygan, Ogemaw, and Presque Isle—and while Alcona and Oscoda have fewer residents per $1 million, their overall financial positions are much weaker.
In short, you are both efficient and conservative with your budget.



What are key takeaways from all this data? The county has gone from being very financially fragile and uncertain to being financially stable. The county has gone from multi-million dollar deficits to having sound savings and positive balances. Over the last 5 years the turnaround demonstrates that the county is now living within our means. And compared to other counties, Montmorency County is a model of small, rural county fiscal stewardship. Everyone should share this good news.

Where Does Montmorency County Stand Relative to NE MI Counties?

Montmorency County has the strongest "rainy-day" fund as smallest county!

53% of annual General Fund Expenditures – is the highest of all 7 counties

Financially stable position while others are in a deficit!

Both the unassigned fund balance and unrestricted net position are positive. (the red and blue bars positive).

Only county with a budget stabilization fund!

Demonstrates living within our means and a dedication to saving for long-term commitments, including retirees

Strong stable revenue support per resident

More revenue available per person than most NE MI counties.

Only county that is strong on 4 KEY Financial Metrics – demonstrating strong financial stability

Unassigned fund balance, positive unrestricted net position, solid revenue per person & budget stabilization fund.

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When I say relative to other counties, let me highlight a few key points.

Key Messages to Taxpayers

Montmorency County is living within its means – reserves are well above recommended best practices, giving a healthy safety net.

Our overall financial position is stronger than many neighboring counties, while some peers are still in the red. **We are the only county that is strong on 4 KEY Financial Metrics – demonstrating strong financial stability**

The budget stabilization fund and reduced long-term liabilities protect essential services along with employee and retiree benefits.

Conservative financial management and competent financial staff and board members have built stability, even through challenges like inflation.

Taking all this data and analysis – let's now translate this into key messages to taxpayers.

Key Messages to Employees

Your work is supported by a stable, responsibly managed budget, not crisis-driven or year-to-year fixes.

Improving pension and OPEB obligations show the County's commitment to honoring earned benefits for current and future retirees. Stability provides more certainty for your retirement benefits that did not exist 5 – 10 years ago.

Montmorency's stronger position than many neighboring counties makes long-range planning easier, supporting staffing, training, and equipment needs over time.

Staying disciplined with spending and reserves today is what lets leadership invest in you and your departments tomorrow and also gives the taxpayers a sense that we have competent county staff.

And what does this mean to employees and retirees?

Key Messages to Businesses

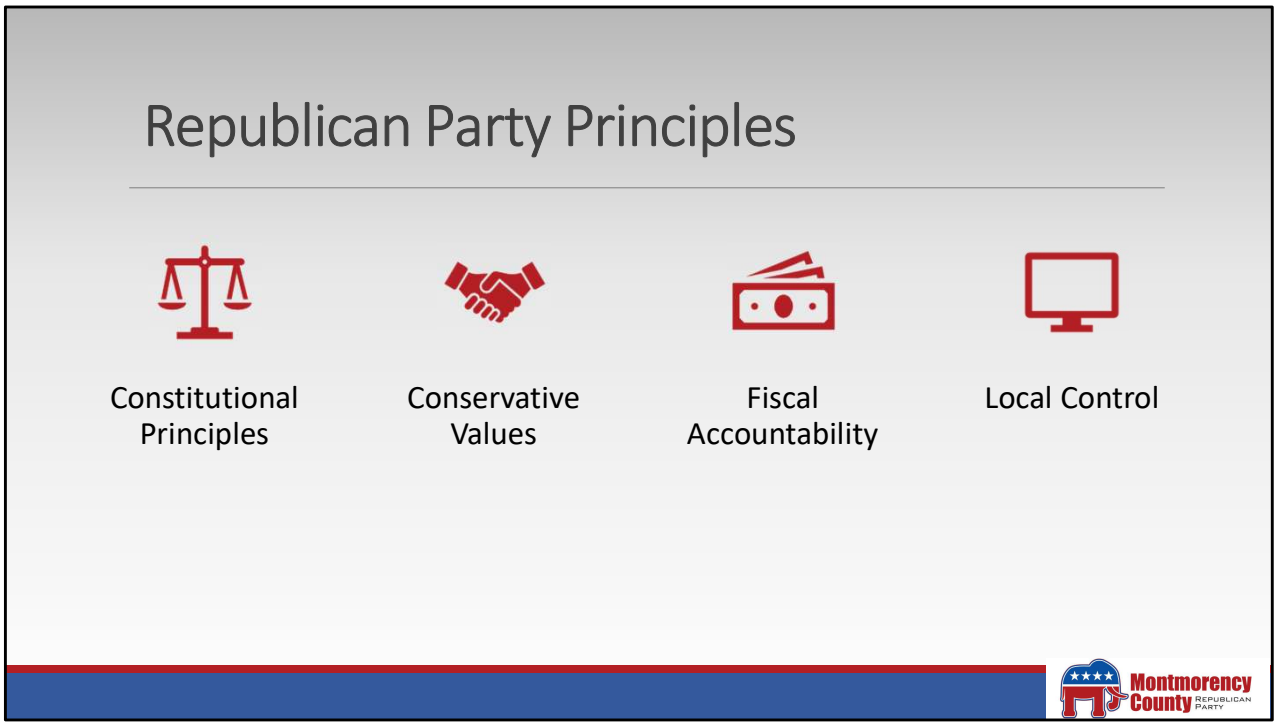
A strong fund balance and positive net position make Montmorency a low-risk, predictable place to do business.

Compared with other counties in the region, Montmorency is better positioned to maintain county services that your businesses depend on.

Conservative fiscal practices send a positive message to lenders, grantors, and partners.

By protecting financial stability now, the County can be a stronger partner in the economic development, grants, and projects that support local jobs and growth.

And how about our business community....



In summary, the county's strong financial health clearly reflects our Republican principles.
You are living within our means, setting aside long-term savings, and making financial information transparent and available to the public.
You've shown fiscal accountability by eliminating multi-million-dollar deficits, planning for retiree benefits, and building a safety net. And by avoiding high-risk financial situations, you are helping to protect local control for the future.

Closing Remarks & Reflections

In 2015, Montmorency County looked okay on paper but was in a fragile place beneath the surface. Over the past decade, you've dug out of that hole. By 2024, the County not only maintained a 53% fund balance – far ahead of your neighboring counties, but also significantly strengthened the unrestricted net position, created a Budget Stabilization Fund, and reduced pension and OPEB liabilities. That is a real financial turnaround. This didn't "just happen." It reflects deliberate choices by this Board, the Controller, and county departments to live within our means, tackle long-term obligations, and protect reserves. It's a record of conservative fiscal stewardship that deserves recognition and serves as a model for other small rural counties.

As we close, I'm reminded of Romans 12:18, which calls on all of us to "live at peace with everyone, as far as it depends on you," and 1 Peter 4:10, which reminds us to use our gifts to serve others. Each of you brings different gifts and perspectives, and we are facing difficult economic times.

My hope is that you see the value in this data and the hard work behind it—and that we move forward together as good stewards of Montmorency County, respecting our differences and keeping the well-being of our community at the center of every decision we make.

Thank you

Montmorency County Republican Party