



**ALLEGAN COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Allegan County
Allegan, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Allegan County, Michigan* (the "County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Allegan County Road Commission, which represents 87.6 percent of the assets and deferred outflows of resources, 91.9 percent of the net position, and 90.7 percent of the revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allegan County Road Commission is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Allegan County Medical Care Community, which represents 23.8 percent of the assets and deferred outflows of resources, 15.8 percent of the net position, and 83.4 percent of the revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allegan County Medical Care Community is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules, except for the Nonurban Regular Service Nonfinancial Data, Job Access Reverse Commute Nonfinancial Data, the Specialized Services Nonfinancial Data, and the Mileage / Hourly Data schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the combining and individual fund financial statements and schedules, except for the Nonurban Regular Service Nonfinancial Data, Job Access Reverse Commute Nonfinancial Data, the Specialized Services Nonfinancial Data, and the Mileage / Hourly Data schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Nonurban Regular Service Nonfinancial Data, Job Access Reverse Commute Nonfinancial Data, the Specialized Services Nonfinancial Data, and the Mileage / Hourly Data schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
July 28, 2020

Management's Discussion and Analysis

Allegan County
Management's Discussion and Analysis
December 31, 2019

As management of Allegan County, Michigan (the "County" or "government") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$64,809,587 (*net position*), an increase of \$3,404,142 from the prior year. Of this amount, \$24,791,931 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital projects, and debt service funds) reported combined ending fund balances of \$30,645,253, an increase of \$4,777,523 in comparison with the prior year. Of the fund balance amount, \$6,254,150 is available for spending at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$11,288,220, an increase of \$789,109. At the end of the year, the unassigned portion of the fund balance in the general fund was \$6,254,150, or approximately 18.8% of total general fund expenses and transfers out for the current year.
- The County's investment in capital assets was \$44,009,619 at the end of the current year, compared to \$46,455,839 at the end of the prior year.
- The County's total debt equaled \$26,485,543 (excluding the component units) at the close of this year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which contain 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 *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., depreciation of capital assets 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 general government services (administration, clerk, and treasurer), public safety (sheriff, road patrol, marine safety), legislative, judicial (courts), public works, health and welfare (health and child care), and recreation and cultural. The business-type activities of the County include the Medical Care Community (which provides long-term skilled nursing care), the delinquent tax revolving fund, and the inmate commissary fund.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate drain commission and road commission, for which the County is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Medical Care Community, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the County are 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. Governmental fund financial statements focus on a *short-term view of spendable resources and the balance of those spendable resources* 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 *government funds* with similar information presented for *government 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 several 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, central dispatch e911 fund, senior millage fund, and child care probate fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided for the general fund and each major special revenue funds to demonstrate budget compliance.

Proprietary Funds. The County maintains two different types of proprietary funds, known as *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses three enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for insurance, employee benefits, workers' compensation, and accident administrative expenses. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent property tax fund and the Medical Care Community, which are considered to be major funds of the County, along with the nonmajor inmate commissary fund. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary balances are reported in a statement of fiduciary net position. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees and demonstrating the County's compliance with its budgets.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$64,809,587 at the close of the most recent fiscal year. The following schedule shows the County's elements of net position, for the two most recent years, by category.

Allegan County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
ASSETS						
<i>Current Assets</i>						
Cash and pooled investments	\$ 33,882,576	\$ 29,764,511	\$ 9,404,589	\$ 8,747,533	\$ 43,287,165	\$ 38,512,044
Accounts receivable	1,398,261	1,297,492	1,861,102	1,755,066	3,259,363	3,052,558
Property taxes receivable	3,539,269	3,531,018	3,280,898	3,258,094	6,820,167	6,789,112
Due from other governments	3,114,283	5,430,919	-	-	3,114,283	5,430,919
Inventory	18,673	15,159	-	-	18,673	15,159
Prepays	495,927	477,135	10,826	6,620	506,753	483,755
Total Current Assets	42,448,989	40,516,234	14,557,415	13,767,313	57,006,404	54,283,547
<i>Noncurrent Assets</i>						
Capital assets not being depreciated	1,261,202	1,657,007	-	-	1,261,202	1,657,007
Capital assets being depreciated, net	40,777,219	42,739,353	1,971,198	2,059,479	42,748,417	44,798,832
Advance to component unit	250,000	180,000	-	-	250,000	180,000
Total Assets	84,737,410	85,092,594	16,528,613	15,826,792	101,266,023	100,919,386
DEFERRED OUTFLOWS OF RESOURCES						
Pension	5,249,444	349,776	225,758	96,228	5,475,202	446,004
Total Deferred Outflows of Resources	5,249,444	349,776	225,758	96,228	5,475,202	446,004
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	1,696,384	4,295,246	296,070	332,675	1,992,454	4,627,921
Accrued liabilities	1,121,960	1,194,067	280,691	225,222	1,402,651	1,419,289
Due to other governments	11,293	108,374	3,181	4,794	14,474	113,168
Unearned revenue	50,406	15,159	-	-	50,406	15,159
Accrued interest	157,274	167,291	-	-	157,274	167,291
Current portion of long-term debt	1,835,149	1,760,428	-	-	1,835,149	1,760,428
Total Current Liabilities	4,872,466	7,540,565	579,942	562,691	5,452,408	8,103,256
<i>Noncurrent Liabilities</i>						
Long-term debt	24,650,394	26,491,677	-	-	24,650,394	26,491,677
Compensated absences	1,335,044	1,305,116	83,882	63,281	1,418,926	1,368,397
Net pension liability	7,697,956	(256,661)	257,752	78,281	7,955,708	(178,380)
Internal balances	(657,698)	(214,198)	657,698	214,198	-	-
Total Liabilities	37,898,162	34,866,499	1,579,274	918,451	39,477,436	35,784,950
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	2,409,906	2,292,934	44,296	-	2,454,202	2,292,934
Pension	-	1,796,714	-	85,347	-	1,882,061
Total Deferred Inflows of Resources	2,409,906	4,089,648	44,296	85,347	2,454,202	4,174,995
NET POSITION						
Net investment in capital assets	27,117,878	28,414,255	1,827,000	1,915,281	28,944,878	30,329,536
Restricted	11,072,778	9,389,846	-	-	11,072,778	9,389,846
Unrestricted	11,488,130	8,682,122	13,303,801	13,003,941	24,791,931	21,686,063
Total Net Position	\$ 49,678,786	\$ 46,486,223	\$ 15,130,801	\$ 14,919,222	\$ 64,809,587	\$ 61,405,445

A significant portion of the County's net position (\$28,944,878, or 44.7%) represents its investment in capital assets (e.g., land and improvements, buildings and improvements, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently, these assets are not cash and not available for future spending. Although the County's investment in capital assets is

reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (\$11,072,778, or 17.0%) represents resources that are subject to external restrictions on how they may be used. The County's unrestricted net position is \$24,791,931 (or 38.3%) which may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County is able to report positive balances in all three net position categories (net investment in capital assets, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

Cash and pooled investments increased by \$4,775,121 largely in part due to the timing of receipts as shown in the large decrease in due from other governments of \$2,316,636 and the current year performance of an increase in net position of \$3,404,142. Accounts payable also significantly decreased due to the timing of when payables are paid and/or due. Net pension liability and the related deferred outflows of resources increased significantly by \$8,134,088 and \$5,029,198, respectively, as a result of investment losses during 2018 on the pension plan's assets.

The County's total net position increased by \$3,404,142 during the fiscal year. Governmental and business-type activities both accounted for this increase.

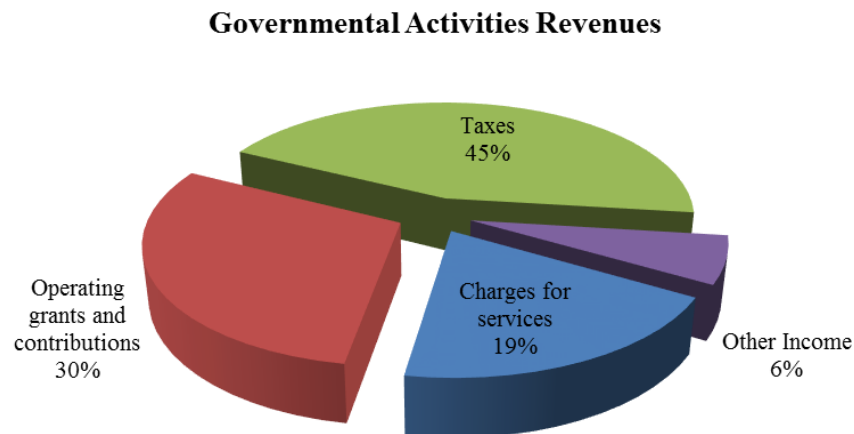
Allegan County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenue						
Program Revenues						
Charges for services	\$ 10,922,738	\$ 10,827,805	\$ 8,418,231	\$ 8,523,176	\$ 19,340,969	\$ 19,350,981
Operating grants and contributions	16,873,508	13,944,798	881,743	937,933	17,755,251	14,882,731
Capital grants and contributions	345,128	250,026	-	-	345,128	250,026
Total Program Revenues	28,141,374	25,022,629	9,299,974	9,461,109	37,441,348	34,483,738
General Revenues						
Taxes	25,258,727	23,867,410	-	-	25,258,727	23,867,410
Unrestricted intergovernmental revenues	2,714,754	2,773,104	-	-	2,714,754	2,773,104
Other revenue	-	89,984	-	-	-	89,984
Interest income	553,075	307,094	140,039	74,153	693,114	381,247
Total General Revenues	28,526,556	27,037,592	140,039	74,153	28,666,595	27,111,745
Total Revenues	56,667,930	52,060,221	9,440,013	9,535,262	66,107,943	61,595,483
Expenses						
Legislative	423,154	388,611	-	-	423,154	388,611
Judicial	7,320,213	6,211,478	-	-	7,320,213	6,211,478
General government	11,933,200	12,231,040	-	-	11,933,200	12,231,040
Public safety	19,325,570	16,715,845	-	-	19,325,570	16,715,845
Health and welfare	11,975,926	11,594,249	-	-	11,975,926	11,594,249
Recreation and culture	548,697	367,711	-	-	548,697	367,711
Public works	1,015,074	773,323	-	-	1,015,074	773,323
Community and economic development	235,159	163,302	-	-	235,159	163,302
Other expenses	412,030	354,096	-	-	412,030	354,096
Interest on long-term debt	822,960	860,292	-	-	822,960	860,292
Delinquent property tax	-	-	220,480	233,288	220,480	233,288
Medical Care Community	-	-	8,471,338	8,299,855	8,471,338	8,299,855
Jail commissary	-	-	-	-	-	-
Total Expenses	54,011,983	49,659,947	8,691,818	8,533,143	62,703,801	58,193,090
Changes in Net Position Before Transfers	2,655,947	2,400,274	748,195	1,002,119	3,404,142	3,402,393
Transfers, net*	736,616	852,058	(736,616)	(852,058)	-	-
Change in Net Position	3,392,563	3,252,332	11,579	150,061	3,404,142	3,402,393
<i>Net Position at the Beginning of Period*</i>	<i>46,286,223</i>	<i>43,233,891</i>	<i>15,119,222</i>	<i>14,769,161</i>	<i>61,405,445</i>	<i>58,003,052</i>
Net Position at the End of Period	\$ 49,678,786	\$ 46,486,223	\$ 15,130,801	\$ 14,919,222	\$ 64,809,587	\$ 61,405,445

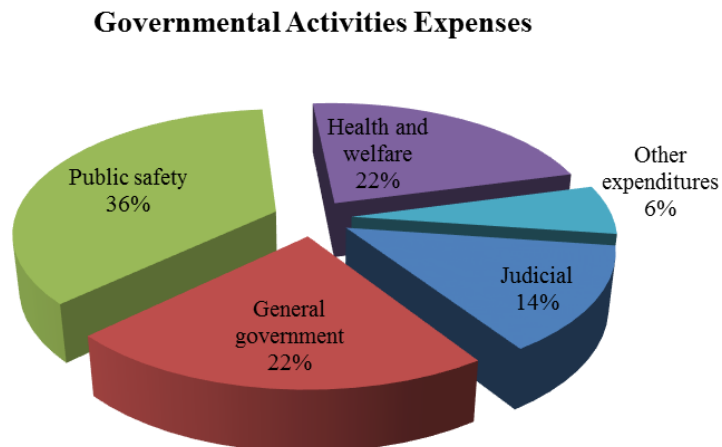
* Restated, see Note 18.

Governmental Activities. Net position of governmental activities showed an overall increase of \$3,392,563 during the year. The most significant reason for the large increase was due to the indigent defense fund having a full year of grant revenues and related expenditures, causing an increase in operating grants and contributions of \$2,928,710 during the current year. In addition, an increase in taxable value and headlee reset of the senior millage levy resulted in an increase in taxes of \$1,391,317. As mentioned, with the indigent defense fund having a full year of activity, judicial expenses increased by \$1,108,735. Increased payroll and related benefits within the sheriff and dispatch departments resulted in an increase of public safety expenses by \$2,609,725 to \$19,325,570.

The following chart summarizes the revenue sources for the governmental activities of the County for the most recent fiscal year-end:



The following chart summarizes the expenses for the governmental activities of the County for the most recent fiscal year-end:



Business-type activities.

The business-type activities of the County increased the County's net position by \$11,579. The key elements of the revenue and expense activity for the current year are as follows:

- The delinquent property tax fund had income before transfers of \$1,294,637. There were transfers out of the fund totaling \$830,808 that went to multiple special revenue funds and the general fund.
- The medical care community fund experienced a decrease of net position of \$455,484. This was primarily a result of the increase in net pension liability.

Financial Analysis of the County'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 funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's 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 \$30,645,253 an increase of \$4,777,523 in comparison with the prior year. Some of the key factors that led to the increase of fund balance are listed below. Of the fund balance amount, \$6,254,150, or 20.4%, constitutes unassigned fund balance, which is available for spending at the government's discretion. Fund balance that was restricted for particular purposes was \$11,011,121, or 35.9%, of the total fund balance. Committed fund balance, which is committed for a particular purpose, was \$12,151,774, or 39.7% of total fund balance. Assigned fund balance, which is assigned for a particular purpose, was \$127,026, or 0.4% of total fund balance. Nonspendable fund balance, which is nonspendable in form primarily for prepaid expenses, inventory, and advances to other funds and component units, was \$1,101,182, or 3.6% of total fund balance.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,254,150, while total fund balance was \$11,288,220. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to general fund expenditures. Unassigned fund balance represents 18.8% of total general fund expenditures and transfers out for the current year.

General fund balance increased by \$789,109, from \$10,499,111 in the prior year to \$11,288,220 in the current year. The County consolidates certain funds into the general fund for external financial reporting purposes. A combining schedule is provided as supplementary information to show the various components. The increase in fund balance is explained in an earlier section of this report.

The central dispatch E911 fund experienced an increase of fund balance during the year of \$324,599, bringing its total fund balance to \$5,380,780. The smaller increase is due to increased transfers out to other funds.

The senior millage fund decreased its fund balance by \$67,474, bringing its total fund balance to \$765,461. The decrease is attributable to increased expenditures over the prior year.

The child care probate fund experienced an increase of fund balance of \$357,394, bringing its total fund balance to \$671,989. This increase in fund balance is primarily a result of increased transfers in from other funds.

Nonmajor governmental funds increased total governmental fund balance by \$3,373,895 during the year for an ending combined fund balance of \$12,538,803.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the delinquent property tax fund, the Medical Care Community, and the jail commissary fund at the end of the year amounted to \$12,545,073, \$559,726 and \$199,002, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. Generally, the movement of the appropriations between departments was *not* significant.

Final budget compared to actual results. The County had the following budget exceptions in the general fund:

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Accounting department	\$ 398,976	\$ 416,211	\$ (17,235)
Register of deeds	310,377	313,004	(2,627)
Records management	89,523	91,063	(1,540)
Animal Control	33,219	37,487	(4,268)
Courthouse	313,040	334,081	(21,041)
Human services building	241,608	271,361	(29,753)
Mail and copy services	191,233	192,500	(1,267)
CMH Clinic	18,000	27,055	(9,055)
Sheriff/jail building	629,323	701,981	(72,658)
Transportation building	-	5,339	(5,339)
Dumont Lake complex	47,110	59,813	(12,703)
Sheriff	4,895,702	5,118,660	(222,958)
WEMET - sheriff	114,595	126,770	(12,175)
Sheriff services	52,645	54,490	(1,845)
Detective bureau	701,993	756,629	(54,636)
Inmate programs	241,558	303,329	(61,771)

Capital Asset and Debt Administration

Capital assets. A capital asset is an asset with a cost that exceeds \$5,000 and a useful life that is greater than two years. Included in the cost of a capital asset are items such as labor, 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.

The County's investment in capital assets (net of accumulated depreciation) as of year-end for its governmental and business-type activities amounted to \$42,038,421 and \$1,971,198, respectively. These capital assets include land and improvements, buildings and improvements, equipment, furniture, and vehicles, and infrastructure.

The total decrease in the primary government's investment in capital assets for the current fiscal year was \$2,446,220, due to depreciation expense being significantly greater than capital asset additions. Significant capital asset additions during the year included roof replacement and ongoing vehicle replacements for law enforcement and other departments.

Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

Long-term debt. At the end of the current year, the County had total long-term debt outstanding, exclusive of compensated absences, of \$26,485,543, a decrease of \$1,766,562 from the prior year.

This balance incorporates all governmental and business-type bonds backed by the full faith and credit of the county. The County has an “AA” rating for both general obligation bonds and tax anticipation notes from Standard & Poor’s Rating Services.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is significantly higher than the County's total outstanding general obligation debt, resulting in the County maintaining significant available debt capacity.

Additional information on the County’s long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County’s budget for the upcoming year:

Property tax revenue is forecasted to continue to increase near the rate of inflation. Property tax revenues will continue to be relied upon to support general fund expenditures.

Pension costs will continue to rise in the near term as a result of actuarial assumption changes implemented by the Municipal Employees Retirement System Board.

Allegan County will continue to pass balanced operational budgets and continue to develop its five-year budget / planning document. This planning document and recently developed 15-year capital plan includes dedicated funding sources and will help position Allegan County for future growth with a stable foundation.

Contacting the County's Financial Management

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 addressed to:

Allegan County Financial Services
3283 122nd Avenue
Allegan, Michigan 49010
Phone (269) 673-0228

Additional information can be found at our website at www.allegancounty.org.

Basic Financial Statements

Allegan County
Statement of Net Position
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and pooled investments	\$ 33,882,576	\$ 9,404,589	\$ 43,287,165	\$ 9,356,249
Accounts receivable	1,398,261	1,861,102	3,259,363	2,482,840
Special assessments receivable	--	--	--	1,697,081
Leases receivable	--	--	--	861,472
Property taxes receivable	3,539,269	3,280,898	6,820,167	3,473,090
Due from other governments	3,114,283	--	3,114,283	3,481,129
Inventory	18,673	--	18,673	1,578,461
Prepays	495,927	10,826	506,753	176,662
Total Current Assets	42,448,989	14,557,415	57,006,404	23,106,984
<i>Noncurrent Assets</i>				
Capital assets not being depreciated	1,261,202	--	1,261,202	101,908,235
Capital assets being depreciated, net	40,777,219	1,971,198	42,748,417	133,097,532
Special assessments receivable, long-term	--	--	--	4,109,825
Leases receivable, long-term	--	--	--	5,788,174
Advance to component unit	250,000	--	250,000	--
Total Assets	84,737,410	16,528,613	101,266,023	268,010,750
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	--	--	--	80,831
Pension	5,249,444	225,758	5,475,202	4,296,032
Total Deferred Outflows of Resources	5,249,444	225,758	5,475,202	4,376,863
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	1,696,384	296,070	1,992,454	322,129
Accrued liabilities	1,121,960	280,691	1,402,651	212,868
Due to other governments	11,293	3,181	14,474	95,915
Unearned revenue	50,406	--	50,406	--
Accrued interest	157,274	--	157,274	235,490
Current portion of long-term debt	1,835,149	--	1,835,149	2,158,729
Total Current Liabilities	4,872,466	579,942	5,452,408	3,025,131
<i>Noncurrent Liabilities</i>				
Long-term debt	24,650,394	--	24,650,394	17,460,203
Advance from primary government	--	--	--	250,000
Compensated absences	1,335,044	83,882	1,418,926	399,766
Net pension liability	7,697,956	257,752	7,955,708	9,126,656
Net OPEB liability	--	--	--	58,430
Internal Balances	(657,698)	657,698	--	--
Total Liabilities	37,898,162	1,579,274	39,477,436	30,320,186
DEFERRED INFLOWS OF RESOURCES				
Revenues intended to finance a subsequent year	2,409,906	44,296	2,454,202	3,786,432
Total Deferred Inflows of Resources	2,409,906	44,296	2,454,202	3,786,432
NET POSITION				
Net investment in capital assets	27,117,878	1,827,000	28,944,878	222,006,835
<i>Restricted for:</i>				
Various functions (Note 10)	11,072,778	--	11,072,778	5,923,180
<i>Unrestricted</i>	11,488,130	13,303,801	24,791,931	10,350,980
Total Net Position	\$ 49,678,786	\$ 15,130,801	\$ 64,809,587	\$ 238,280,995

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

Allegan County
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
Judicial	\$ 7,320,213	\$ 2,330,068	\$ 4,014,745	\$ --	\$ (975,400)	\$ --	\$ (975,400)	\$ --
General government	11,933,200	5,314,107	3,092,884	345,128	(3,181,081)	--	(3,181,081)	--
Public safety	19,325,570	768,456	5,230,322	--	(13,326,792)	--	(13,326,792)	--
Public works	1,015,074	814,839	92,743	--	(107,492)	--	(107,492)	--
Health and welfare	11,975,926	1,555,833	4,422,814	--	(5,997,279)	--	(5,997,279)	--
Recreation and cultural	548,697	116,410	20,000	--	(412,287)	--	(412,287)	--
Community and economic development	235,159	23,025	--	--	(212,134)	--	(212,134)	--
Other	412,030	--	--	--	(412,030)	--	(412,030)	--
Interest on long-term debt	822,960	--	--	--	(822,960)	--	(822,960)	--
Legislative	423,154	--	--	--	(423,154)	--	(423,154)	--
Total Governmental Activities	54,011,983	10,922,738	16,873,508	345,128	(25,870,609)	--	(25,870,609)	--
Business-type Activities:								
6160-6209 Delinquent Property Tax	220,480	1,375,078	--	--	--	1,154,598	1,154,598	--
Medical Care Community	8,471,338	6,989,919	881,743	--	--	(599,676)	(599,676)	--
5950 Jail Commissary - Nonmajor	--	53,234	--	--	--	53,234	53,234	--
Total Business-type Activities	8,691,818	8,418,231	881,743	--	--	608,156	608,156	--
Total Primary Government	\$ 62,703,801	\$ 19,340,969	\$ 17,755,251	\$ 345,128	\$ (25,870,609)	\$ 608,156	\$ (25,262,453)	--
Component Units								
Allegan County Road Commission	\$ 19,145,188	\$ 98,695	\$ 16,490,248	\$ 8,974,553	--	--	--	6,418,308
Drains / Public Works	2,348,993	1,051,224	233,661	1,697,021	--	--	--	632,913
Total Component Units	\$ 21,494,181	\$ 1,149,919	\$ 16,723,909	\$ 10,671,574	--	--	--	7,051,221
General Purpose Revenues and Transfers:								
Revenues								
					2,318,465	--	2,318,465	--
					396,289	--	396,289	--
					553,075	140,039	693,114	427,074
					25,258,727	--	25,258,727	3,571,797
Transfers								
					736,616	(736,616)	--	--
					29,263,172	(596,577)	28,666,595	3,998,871
					3,392,563	11,579	3,404,142	11,050,092
					46,286,223	15,119,222	61,405,445	227,230,903
					\$ 49,678,786	\$ 15,130,801	\$ 64,809,587	\$ 238,280,995

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

**Allegan County
Balance Sheet
Governmental Funds
December 31, 2019**

	Special Revenue					Total Governmental Funds
	General	2110/2113/2118 Central Dispatch E911 Fund	2950 Senior Millage	2921 Child Care Probate	Other Governmental Funds	
ASSETS						
Cash and pooled investments	\$ 9,310,441	\$ 4,780,433	\$ 1,032,697	\$ 700	\$ 12,196,545	\$ 27,320,816
Accounts receivable	408,647	819,490	9,017	--	156,914	1,394,068
Property taxes receivable	1,274,280	--	2,264,989	--	--	3,539,269
Due from other governments	524,132	94,497	78,189	1,216,063	1,201,402	3,114,283
Inventory	--	--	--	--	18,673	18,673
Prepays	112,050	50,792	10,865	--	20,304	194,011
Due from other funds	597,894	--	--	--	--	597,894
Advance to component unit	250,000	--	--	--	--	250,000
Advance to other funds	657,698	--	--	--	--	657,698
Total Assets	\$ 13,135,142	\$ 5,745,212	\$ 3,395,757	\$ 1,216,763	\$ 13,593,838	\$ 37,086,712
LIABILITIES						
Accounts payable	\$ 440,711	\$ 321,040	\$ 216,588	\$ 140,645	\$ 557,351	\$ 1,676,335
Accrued liabilities	595,182	43,392	3,802	98,784	142,268	883,428
Due to other governments	--	--	--	--	11,293	11,293
Unearned revenue	--	--	--	--	50,406	50,406
Due to other funds	--	--	--	305,345	292,549	597,894
Total Liabilities	1,035,893	364,432	220,390	544,774	1,053,867	3,219,356
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	811,029	--	--	--	1,168	812,197
Revenues intended to finance a subsequent year	--	--	2,409,906	--	--	2,409,906
Total Liabilities and Deferred Inflows of Resources	1,846,922	364,432	2,630,296	544,774	1,055,035	6,441,459
FUND BALANCE						
Nonspendable	1,000,548	50,792	10,865	--	38,977	1,101,182
Restricted	--	5,329,988	754,596	--	4,926,537	11,011,121
Committed	3,906,496	--	--	671,989	7,573,289	12,151,774
Assigned	127,026	--	--	--	--	127,026
Unassigned	6,254,150	--	--	--	--	6,254,150
Total Fund Balance	11,288,220	5,380,780	765,461	671,989	12,538,803	30,645,253
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 13,135,142	\$ 5,745,212	\$ 3,395,757	\$ 1,216,763	\$ 13,593,838	\$ 37,086,712

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

Allegan County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2019

Total Fund Balance - Governmental Funds	\$	30,645,253
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		6,609,288
General government capital assets of \$81,593,403, net of accumulated depreciation of \$39,554,982, are not financial resources and, accordingly, are not reported in the funds.		42,038,421
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset (such as receivables not collected in 60 days of year end) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		812,197
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(1,335,044)
In the statement of net position, interest is accrued on outstanding bonds and installment purchase agreements, whereas in the governmental funds, the interest expenditure is reported when due.		(157,274)
Net pension liability and related deferrals are not due and payable in the current period and are not reported in the funds.		(2,448,512)
Certain liabilities, including bonds payable and installment purchase agreements, are not due and payable in the current period and, therefore, are not reported in the funds.		(26,485,543)
Total Net Position - Governmental Activities	\$	<u>49,678,786</u>

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

Allegan County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue					Total Governmental Funds
	General	2110/2113/2118 Central Dispatch E911 Fund	2950 Senior Millage	2921 Child Care Probate	Other Governmental Funds	
Revenues						
Taxes	\$ 22,866,376	\$ --	\$ 2,339,483	\$ --	\$ 100,097	\$ 25,305,956
Licenses and permits	54,856	--	--	--	914,497	969,353
Intergovernmental revenues - Federal	85,249	--	--	44,797	1,903,350	2,033,396
Intergovernmental revenues - State	2,712,709	--	209,870	2,741,376	6,791,143	12,455,098
Intergovernmental revenues - Local	--	--	--	--	1,692,430	1,692,430
Charges for services	4,530,117	3,701,800	--	384,379	1,529,681	10,145,977
Fines and forfeitures	237,879	--	--	--	53,456	291,335
Interest and rentals	817,312	80,889	31,313	--	219,107	1,148,621
Other revenues	2,342,499	184	10,164	8,223	310,755	2,671,825
Total Revenues	33,646,997	3,782,873	2,590,830	3,178,775	13,514,516	56,713,991
Expenditures						
Legislative	413,179	--	--	--	9,975	423,154
Judicial	3,890,308	--	--	--	3,379,269	7,269,577
General government	9,285,430	--	--	--	2,617,551	11,902,981
Public safety	11,495,372	2,528,164	--	--	1,485,762	15,509,298
Public works	185,034	--	--	--	830,040	1,015,074
Health and welfare	662,572	--	2,658,304	5,534,655	2,809,880	11,665,411
Recreation and cultural	--	--	--	--	490,600	490,600
Community and economic development	230,129	--	--	--	5,030	235,159
Other	412,030	--	--	--	--	412,030
Capital outlay	--	--	--	--	1,150,261	1,150,261
Debt service - principal	--	--	--	--	1,760,428	1,760,428
Debt service - interest	--	--	--	--	839,111	839,111
Total Expenditures	26,574,054	2,528,164	2,658,304	5,534,655	15,377,907	52,673,084
Excess of Revenues Over (Under) Expenditures	7,072,943	1,254,709	(67,474)	(2,355,880)	(1,863,391)	4,040,907
Other Financing Sources (Uses)						
Transfers in	483,230	--	--	2,815,125	7,900,292	11,198,647
Transfers out	(6,767,064)	(930,110)	--	(101,851)	(2,663,006)	(10,462,031)
Net Other Financing Sources (Uses)	(6,283,834)	(930,110)	--	2,713,274	5,237,286	736,616
Net Change in Fund Balance	789,109	324,599	(67,474)	357,394	3,373,895	4,777,523
<i>Fund Balance at Beginning of Period (Restated, Note 18)</i>	10,499,111	5,056,181	832,935	314,595	9,164,908	25,867,730
Fund Balance at End of Period	\$ 11,288,220	\$ 5,380,780	\$ 765,461	\$ 671,989	\$ 12,538,803	\$ 30,645,253

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

Allegan County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ 4,777,523
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.	530,624
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is represented by which capital outlay expenditures of \$1,548,532 is less than depreciation expense of \$3,906,471.	(2,357,939)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.	(46,061)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term debt, and the amortization of premiums and discounts, reduces long-term liabilities on the statement of net position.	1,766,562
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	10,017
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase in compensated absences is to decrease net position.	(29,928)
Changes to the net pension liability and related deferrals are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(1,258,235)
Changes in Net Position - Governmental Activities	\$ <u>3,392,563</u>

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

**Allegan County
Statement of Net Position
Proprietary Funds
December 31, 2019**

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Funds
	6160-6209 Delinquent Property Tax	Medical Care Community	5950 Jail Commissary - Nonmajor		
ASSETS					
<i>Current Assets</i>					
Cash and pooled investments	\$ 9,201,781	\$ 12,784	\$ 190,024	\$ 9,404,589	\$ 6,561,760
Accounts receivable	80,113	1,772,011	8,978	1,861,102	4,193
Property taxes receivable	3,280,898	--	--	3,280,898	--
Prepays	10,826	--	--	10,826	301,916
Total Current Assets	12,573,618	1,784,795	199,002	14,557,415	6,867,869
<i>Noncurrent Assets</i>					
Capital assets being depreciated, net	--	1,971,198	--	1,971,198	--
Total Assets	12,573,618	3,755,993	199,002	16,528,613	6,867,869
DEFERRED OUTFLOWS OF RESOURCES					
Pension	--	225,758	--	225,758	--
Total Deferred Outflows of Resources	--	225,758	--	225,758	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts payable	22,636	273,434	--	296,070	20,049
Accrued liabilities	2,728	277,963	--	280,691	238,532
Due to other governments	3,181	--	--	3,181	--
Total Current Liabilities	28,545	551,397	--	579,942	258,581
<i>Noncurrent Liabilities</i>					
Compensated absences	--	83,882	--	83,882	--
Net pension liability	--	257,752	--	257,752	--
Advance from other funds	--	657,698	--	657,698	--
Total Liabilities	28,545	1,550,729	--	1,579,274	258,581
DEFERRED INFLOWS OF RESOURCES					
Revenues intended to finance a subsequent year	--	44,296	--	44,296	--
Total Deferred Inflows of Resources	--	44,296	--	44,296	--
NET POSITION					
Net investment in capital assets	--	1,827,000	--	1,827,000	--
<i>Unrestricted</i>	12,545,073	559,726	199,002	13,303,801	6,609,288
Total Net Position	\$ 12,545,073	\$ 2,386,726	\$ 199,002	\$ 15,130,801	\$ 6,609,288

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

Allegan County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	6160-6209 Delinquent Property Tax	Medical Care Community	5950 Jail Commissary - Nonmajor	Total Enterprise Funds	
Operating Revenues					
Interest and penalties on taxes	\$ 936,519	\$ --	\$ --	\$ 936,519	\$ --
Charges for services	425,683	6,971,674	53,234	7,450,591	5,083,173
Other revenues	12,876	18,245	--	31,121	788,284
Quality assurance supplement	--	874,752	--	874,752	--
Total Operating Revenues	1,375,078	7,864,671	53,234	9,292,983	5,871,457
Operating Expenses					
Administrative expense	220,480	--	--	220,480	6,552
Medical services expense	--	8,466,049	--	8,466,049	--
Insurance and employee benefits expense	--	--	--	--	5,334,281
Total Operating Expenses	220,480	8,466,049	--	8,686,529	5,340,833
Operating Income (Loss)	1,154,598	(601,378)	53,234	606,454	530,624
Non-Operating Revenues (Expenses)					
Interest income	140,039	--	--	140,039	--
Contributions and donations	--	6,991	--	6,991	--
Interest expense	--	(5,289)	--	(5,289)	--
Net Non-Operating Revenues (Expenses)	140,039	1,702	--	141,741	--
Income Before Contributions and Transfers	1,294,637	(599,676)	53,234	748,195	530,624
Transfers in	--	144,192	--	144,192	--
Transfers out	(830,808)	--	(50,000)	(880,808)	--
Change In Net Position	463,829	(455,484)	3,234	11,579	530,624
<i>Net Position at Beginning of Period (Restated, Note 18)</i>	12,081,244	2,842,210	195,768	15,119,222	6,078,664
Net Position at End of Period	\$ 12,545,073	\$ 2,386,726	\$ 199,002	\$ 15,130,801	\$ 6,609,288

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

Allegan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Funds
	6160-6209 Delinquent Property Tax	Medical Care Community	5950 Jail Commissary - Nonmajor		
Cash Flows from Operating Activities					
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 5,884,807
Cash received from users	433,601	-	51,487	485,088	-
Cash received from residents and third-party payors	-	6,819,877	-	6,819,877	-
Cash received from quality assurance supplement	-	763,777	-	763,777	-
Cash received from other operating receipts	12,876	18,245	-	31,121	-
Cash received from quality measures initiative	-	150,565	-	150,565	-
Cash received from interest and penalties on delinquent taxes	913,715	-	-	913,715	-
Cash payments to employees and suppliers	(205,952)	(7,773,952)	-	(7,979,904)	-
Cash payments for quality assurance provider tax	-	(450,519)	-	(450,519)	-
Cash payments for quality measures initiative	-	(64,954)	-	(64,954)	-
Cash payments for fleet management	-	-	-	-	(6,552)
Cash payments for insurance and employee benefits	-	-	-	-	(5,944,381)
Net Cash Provided (Used) by Operating Activities	<u>1,154,240</u>	<u>(536,961)</u>	<u>51,487</u>	<u>668,766</u>	<u>(66,126)</u>
Cash Flows from Non-capital and Related Financing Activities					
Transfer from other funds	-	144,192	-	144,192	-
Transfers to other funds	(830,808)	-	(50,000)	(880,808)	-
Net change in interfund balances and advances	-	443,500	-	443,500	-
Contributions and donations	-	6,991	-	6,991	-
Net Cash Provided (Used) by Non-capital and Related Financing Activities	<u>(830,808)</u>	<u>594,683</u>	<u>(50,000)</u>	<u>(236,125)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	(60,335)	-	(60,335)	-
Interest payments on long-term debt	-	(5,289)	-	(5,289)	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(65,624)</u>	<u>-</u>	<u>(65,624)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest received on investments	140,039	-	-	140,039	-
Net Cash Provided by Investing Activities	<u>140,039</u>	<u>-</u>	<u>-</u>	<u>140,039</u>	<u>-</u>
Net Change in Cash and Pooled Investments	463,471	(7,902)	1,487	457,056	(66,126)
<i>Cash and Pooled Investments - Beginning of Year - Restated, Note 18</i>	8,738,310	20,686	188,537	8,947,533	6,627,886
Cash and Pooled Investments - End of Year	<u>\$ 9,201,781</u>	<u>\$ 12,784</u>	<u>\$ 190,024</u>	<u>\$ 9,404,589</u>	<u>\$ 6,561,760</u>
Reconciliation of Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ 1,154,598	\$ (601,378)	\$ 53,234	\$ 606,454	\$ 530,624
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities					
Depreciation expense	-	148,616	-	148,616	-
Provision for bad debts	-	432,337	-	432,337	-
Changes in Assets and Liabilities					
Accounts receivable	7,918	(544,544)	(1,747)	(538,373)	13,350
Property taxes receivable	(22,804)	-	-	(22,804)	-
Prepays	(4,206)	-	-	(4,206)	(18,397)
Accounts payable	19,919	(56,524)	-	(36,605)	(413,174)
Accrued liabilities	428	75,642	-	76,070	(178,529)
Due to other governments	(1,613)	-	-	(1,613)	-
Net pension liability and related deferreds	-	8,890	-	8,890	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,154,240</u>	<u>\$ (536,961)</u>	<u>\$ 51,487</u>	<u>\$ 668,766</u>	<u>\$ (66,126)</u>

Allegan County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2019

	Agency	
	7010 Trust and Agency	7210 Library Penal Fine
ASSETS		
Cash and pooled investments	\$ 1,675,745	\$ 118
<i>Total Assets</i>	1,675,745	118
LIABILITIES		
Accounts payable	7,299	--
Assets held on behalf of others	1,668,446	118
<i>Total Liabilities</i>	\$ 1,675,745	\$ 118

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

Allegan County
Combining Statement of Net Position
Component Units
December 31, 2019

	<u>Drains / Public Works</u>	<u>Allegan County Road Commission</u>	<u>Total Component Units</u>
ASSETS			
<i>Current Assets</i>			
Cash and pooled investments	\$ 2,564,701	\$ 6,791,548	\$ 9,356,249
Accounts receivable	--	2,482,840	2,482,840
Special assessments receivable	1,697,081	--	1,697,081
Leases receivable	861,472	--	861,472
Property taxes receivable	--	3,473,090	3,473,090
Due from other governments	12,755	3,468,374	3,481,129
Inventory	--	1,578,461	1,578,461
Prepays	--	176,662	176,662
Total Current Assets	<u>5,136,009</u>	<u>17,970,975</u>	<u>23,106,984</u>
<i>Noncurrent Assets</i>			
Capital assets not being depreciated	3,083,935	98,824,300	101,908,235
Capital assets being depreciated, net	15,664,966	117,432,566	133,097,532
Special assessments receivable, long-term	4,109,825	--	4,109,825
Leases receivable, long-term	5,788,174	--	5,788,174
Total Assets	<u>33,782,909</u>	<u>234,227,841</u>	<u>268,010,750</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	80,831	--	80,831
Pension	--	4,296,032	4,296,032
Total Deferred Outflows of Resources	<u>80,831</u>	<u>4,296,032</u>	<u>4,376,863</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	153,187	168,942	322,129
Accrued liabilities	2,173	210,695	212,868
Due to other governments	--	95,915	95,915
Accrued interest	235,490	--	235,490
Current portion of long-term debt	1,840,204	318,525	2,158,729
Total Current Liabilities	<u>2,231,054</u>	<u>794,077</u>	<u>3,025,131</u>
<i>Noncurrent Liabilities</i>			
Long-term debt	12,105,308	5,354,895	17,460,203
Advance from primary government	250,000	--	250,000
Compensated absences	--	399,766	399,766
Net pension liability	--	9,126,656	9,126,656
Net OPEB liability	--	58,430	58,430
Total Liabilities	<u>14,586,362</u>	<u>15,733,824</u>	<u>30,320,186</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues intended to finance a subsequent year	--	3,786,432	3,786,432
Total Deferred Inflows of Resources	<u>--</u>	<u>3,786,432</u>	<u>3,786,432</u>
NET POSITION			
Net investment in capital assets	11,423,389	210,583,446	222,006,835
<i>Restricted for:</i>			
Public works	5,923,180	--	5,923,180
<i>Unrestricted</i>	1,930,809	8,420,171	10,350,980
Total Net Position	<u>\$ 19,277,378</u>	<u>\$ 219,003,617</u>	<u>\$ 238,280,995</u>

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

Allegan County
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2019

	<u>Drains / Public Works</u>	<u>Allegan County Road Commission</u>	<u>Total Component Units</u>
Expenses			
Interest expense	\$ 479,400	\$ 179,137	\$ 658,537
Road commission	--	18,966,051	18,966,051
Drains/public works	1,869,593	--	1,869,593
Total Expenses	<u>2,348,993</u>	<u>19,145,188</u>	<u>21,494,181</u>
Program Revenues			
Charges for services	1,051,224	98,695	1,149,919
Operating grants and contributions	233,661	16,490,248	16,723,909
Capital grants and contributions	1,697,021	8,974,553	10,671,574
Total Program Revenues	<u>2,981,906</u>	<u>25,563,496</u>	<u>28,545,402</u>
Net Program Revenues (Expenses)	<u>632,913</u>	<u>6,418,308</u>	<u>7,051,221</u>
General Revenue			
Taxes	--	3,571,797	3,571,797
Interest income	39,252	387,822	427,074
Total General Revenues	<u>39,252</u>	<u>3,959,619</u>	<u>3,998,871</u>
Change in Net Position	672,165	10,377,927	11,050,092
<i>Net Position at Beginning of Period</i>	18,605,213	208,625,690	227,230,903
Net Position at End of Period	<u>\$ 19,277,378</u>	<u>\$ 219,003,617</u>	<u>\$ 238,280,995</u>

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

Notes to the Financial Statements

Allegan County

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Allegan County, Michigan (the “County” or “government”) was organized in 1835 and covers an area of 829 square miles divided into 24 townships, 3 villages, and 6 cities. The County seat is located in the City of Allegan. The County operates under an elected Board of County Commissioners (7 members) and provides services to its more than 105,000 residents in many areas including; law enforcement, administration of justice, community enrichment and development, and human services.

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

Reporting Entity

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

The financial statements for *Allegan County Medical Care Community* (the “Community”), an enterprise fund, are presented for the fiscal year ending December 31, 2019. The Community is a not-for-profit, 70-bed, long-term care Community owned and operated by the County. It is governed by the Allegan County Department of Human Services Board. This board consists of three members, two of whom are appointed by the County Board of Commissioners and one of whom is appointed by the Michigan governor. Furthermore, the County Board of Commissioners approves the Community’s revenue and expenses as a line item in the County budget. The fund is audited individually and complete financial statements may be obtained from the Community’s administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Community in these financial statements. The Community’s administrative office is located at:

Allegan County Medical Care Community
3265 122nd Ave.,
Allegan, MI 49010

Blended Component Unit

Allegan County Building Authority (the “Building Authority”)

The governing board is appointed by the Allegan County Board of Commissioners. The Building Authority’s purpose is to finance and construct the County’s public buildings. The Building

Allegan County

Notes to the Financial Statements

Authority is included as a capital projects and debt service fund in the financial statements. A separate report is not prepared for the Building Authority.

Discretely-presented Component Units

Allegan County Road Commission (the "Road Commission")

The Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission's taxes are levied under the taxing authority of the County, as approved by the County electors, and are included as part of the County's total tax levy and reported in the County Road Commission Fund. The County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements given that the Road Commission is audited separately from the County. Complete financial statements of the Road Commission component unit can be obtained from its administrative offices at:

Allegan County Road Commission
1308 Lincoln Road, M-89
Allegan, Michigan 49010

Drain Commission/Department of Public Works

Pursuant to Act 185, Public Acts of 1957, the County entered into a program of water supply and sanitary sewer facility construction. The Allegan County Drain Commissioner was appointed as County agent by the Allegan County Board of Commissioners. The County appoints the voting majority to this organization's governing body. These factors result in the Drain Commission/Department of Public Works being reported as a component unit of the County. The County agent manages water supply and sanitary sewer system construction projects that are financed through bonding by the County. Pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Allegan County Drain Commissioner is responsible for planning, developing and maintaining surface water drainage systems within the County. The Drain Commissioner as a County agent may issue debt or levy a tax as authorized by the Drain Code without approval of the County Board of Commissioners. A separate report is not prepared for the Drain Commission/Department of Public Works.

Allegan County Brownfield Redevelopment Authority (the "Brownfield Authority")

The Brownfield Authority was established in January 2007 under Public Act 381 of 1996 (as amended by Public Act 145 of 2000) for the purpose of identifying and facilitating improvement of environmentally distressed areas, in order to promote revitalization within the County. The Authority is governed by a 9-member Board. All applications for projects must be approved by the County Board of Commissioners. The Brownfield Authority had no financial activity, assets,

Allegan County

Notes to the Financial Statements

or liabilities at December 31, 2019. As such, financial information is not presented within these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources* measurement focus and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. The fiduciary fund financial statements use the economic resources measurement focus, although the agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the delinquent tax revolving fund pays the County for any outstanding real property taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

Allegan County

Notes to the Financial Statements

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, within 60 days for property taxes, or within one year for reimbursement-based grants. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General fund – This fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

Central dispatch E911 fund – This fund is used to account for restricted revenues from surcharges on cell phone services and State funding under Public Act 32. These amounts are expended to construct, maintain, and operate emergency dispatching within the County.

Senior millage fund – This fund is used to account for a dedicated property tax millage and related expenditures for senior services.

Child care probate – This fund is used to account for the foster care of children, related to probate court. The primary source of funding is state revenue sharing and transfer from the general fund.

The County reports the following major enterprise funds:

Delinquent property tax fund – This fund is used to pay each local governmental unit, including the County itself, the respective amount of real property taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Medical Care Community fund – This fund accounts for the operations of the Allegan County Medical Care Community, which provides long-term health care to residents of the County.

Allegan County

Notes to the Financial Statements

Additionally, the County reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital items.

Internal service funds account for insurance coverage provided to County departments on a cost reimbursement basis.

Agency funds are used to account for assets held on behalf of outside parties, including other governments. The library penal fines fund is used to account for the collection of penal fines and distribution to libraries (including an allocation to the County law library).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the funds. Elimination of these charges would distort costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes and charges for services provided. The principal operating revenues of the County's internal service funds are charges to County departments for insurance coverage. Operating expenses for the enterprise funds consist of the costs of services, administrative expenses, and depreciation on capital assets. Operating expenses for the internal service funds include the cost of services (including claims) and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position is comprised of assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

A budget is adopted by the Board of Commissioners in accordance with Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, for the general and special revenue funds.

Allegan County

Notes to the Financial Statements

The Board amends the budget as necessary during the year. The budget is adopted on the modified accrual basis of accounting consistent with the actual financial statements for these funds. The budget is adopted at the activity level and control is exercised at the activity level for the general fund and special revenue funds. The County Finance Director is authorized to transfer budget amounts for line items within activities without formal Board approval. The Board must approve any amendments at the activity level (department) for the general fund and other budgeted funds.

All budget appropriations lapse at the end of each fiscal. All budgetary presentations include original and amended budgets.

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

Cash and Pooled Investments

The County maintains a cash and investment pool that is available for use by select funds. Each funds allocation of this pool is reported on the fund and government-wide statements as cash and pooled investments. For purpose of the statement of cash flows, the County considers all assets held in the cash and investment pools to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

Restricted Cash and Cash Equivalents

Restricted cash is related to patient trust funds and capital campaign dollars for the Medical Care Community. The restricted cash is offset by a “due to patients” liability account, reported as a component of “accounts payable” in the accompanying statement of net position.

Investments

Statutes authorize the County to invest in the following:

- Bonds, securities, and 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 which matures not more than 270 days after the day 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.

Allegan County

Notes to the Financial Statements

- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Interest income on cash deposits and investments is allocated only to those funds required by the State to earn income on interest-bearing accounts. Income is allocated based on the cash balance of each fund in comparison to the cash balance of the County as a whole. All interest income remaining after the allocation has been made is credited to the general fund.

Investments are carried at fair value.

Current Taxes Receivable

Property taxes are levied on the taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in taxable values to the lesser of 5% or the rate of inflation with taxable value reverting to 50% of true cash value when the property is sold. Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the general fund and other governmental funds, respectively.

Delinquent Taxes Receivable

Property taxes receivable in the delinquent tax revolving funds represent unpaid balances from the previous years' levies of the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a three-year period. Interest at one percent per month (increased to 1.5 percent after 12 months, retroactive to the date of delinquency) and administrative fees at four percent are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the delinquent tax revolving fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

Accounts Receivable and Due from Other Governments

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are recorded as unearned revenue.

Allegan County

Notes to the Financial Statements

Leases and Special Assessments Receivable

The Drain Commission/Department of Public Works component unit has leases and special assessments receivable recorded in the amount of \$6,649,646 and \$5,806,906, respectively. Leases receivable represent amounts owed to the County by other local units of government for the retirement of bonds payable issued to finance construction of water/sewer infrastructure. Special assessments are levied on properties within a drainage district that are deemed to receive the primary benefit of the maintenance/construction. The amounts generally correspond to related bonds and notes payable issued to finance the project and may be assessed over one year or multiple years. Of the leases and special assessment receivables, \$861,472 and \$1,697,081, respectively, are expected to be collected within one year while the remaining balances are long-term. Lease and special assessments receivable are recorded with an offsetting credit to deferred inflows of resources on the fund statements as the balances do not represent expendable available financial resources.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has two items that qualify for reporting in this category, pension related deferred outflows and a deferred charge on refunding. The government-wide statements and proprietary funds report deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as County contributions made after the measurement date of the net pension liability.

The Drain Commission/Department of Public Works component unit refunded certain bonds payable in order to secure lower interest rates and reduce future debt service payments. The difference between the carrying amount of the refunded debt and the amount placed in escrow for purposes of paying the remaining balance of refunded debt is reported as a loss on advance refunding. This amount is being amortized using the straight-line method over the life of the related bonds. Amortization expense for the year ending December 31, 2019 was \$12,711.

Due To/Due From

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as “due from other funds/component units” or “due to other funds/component units” on the fund balance sheets.

Advances to Other Funds

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not

Allegan County

Notes to the Financial Statements

constitute expendable available financial resources and therefore are not available for appropriation.

Inventory and Prepaids

Health department inventory is valued at cost, determined by the first-in, first-out (FIFO) method.

Payments made to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The capitalization threshold for drain infrastructure is \$25,000. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their acquisition value on the date received. The amount reported for infrastructure includes only assets added since December 31, 2000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure) is computed using the straight-line method, as follows:

	<u>Years</u>
Land improvements	20
Buildings and improvements	30 - 50
Machinery, equipment, and furniture	5 - 10
Infrastructure	8 - 50

Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured (e.g. – as a result of employee resignations and retirements).

Allegan County

Notes to the Financial Statements

Long-term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (which approximates the effective interest method). Bonds payable are reported net of the applicable bond premium or discount.

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

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.

Deferred Inflows of Resources

Property taxes (excluding those for the general fund and soldiers' relief allocation, which are subject to a different timeline) are levied and attach as an enforceable lien of property on December 1. Property taxes are payable through February 14. Although the County's 2019 ad valorem tax (excluding the portion for general operations and soldiers' relief) is levied and collectible on December 1, 2019, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2019 levy has been reported as deferred inflows of resources at year-end.

The County reports certain receivables in governmental funds that are not due and collectible soon enough to meet the criteria for revenue recognition under the current financial resources method of accounting. These amounts have also been reported as "deferred inflows of resources" in the fund financial statements, but are recognized when earned, regardless of the timing of collection, in the government-wide statements.

Fund Equity

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

Allegan County

Notes to the Financial Statements

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

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

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Stewardship and Budgetary Compliance

Budget Compliance

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The approved budgets of the County for all budgetary funds were adopted at the department (activity) level.

Allegan County

Notes to the Financial Statements

During the year ended December 31, 2019, the County had the following budget exceptions:

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Accounting department	\$ 398,976	\$ 416,211	\$ (17,235)
Register of deeds	310,377	313,004	(2,627)
Records management	89,523	91,063	(1,540)
Animal control	33,219	37,487	(4,268)
Courthouse	313,040	334,081	(21,041)
Human services building	241,608	271,361	(29,753)
Mail and copy services	191,233	192,500	(1,267)
CMH Clinic	18,000	27,055	(9,055)
Sheriff/jail building	629,323	701,981	(72,658)
Transportation building	-	5,339	(5,339)
Dumont Lake complex	47,110	59,813	(12,703)
Sheriff	4,895,702	5,118,660	(222,958)
WEMET - sheriff	114,595	126,770	(12,175)
Sheriff services	52,645	54,490	(1,845)
Detective bureau	701,993	756,629	(54,636)
Inmate programs	241,558	303,329	(61,771)
Senior Millage Fund			
Health and welfare	2,436,134	2,658,304	(222,170)

Allegan County

Notes to the Financial Statements

Note 3 - Deposits and Investments

Deposits and investments consisted of the following at December 31, 2019:

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and pooled investments	\$ 43,287,165	\$ 9,356,249	\$ 52,643,414
Statement of Fiduciary Assets and Liabilities			
Cash and pooled investments	1,675,863	-	1,675,863
Total Cash and Investments	\$ 44,963,028	\$ 9,356,249	\$ 54,319,277
Less Units Separately Audited			
Road Commission	-	(6,791,548)	(6,791,548)
Medical Care Community	(12,784)	-	(12,784)
Total Cash and Investments	\$ 44,950,244	\$ 2,564,701	\$ 47,514,945
Deposits and Investments			
			6,279,693
			10,388,195
			30,823,682
			23,375
		Total Deposits and Investments	\$ 47,514,945

These deposits are in multiple financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the County and a specific fund or common account. They are recorded in the County records at cost. Interest is recorded when earned.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$21,447,238 of the bank balance of \$22,721,400 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. As of December 31, 2019, none of the County's investments were exposed to risk since the securities are held in the County's name by the counterparty.

Allegan County

Notes to the Financial Statements

The County's investments at year-end are summarized as follows:

Money market accounts	\$ 22,497,371
U.S. government-backed securities	2,365,280
Certificate of deposits	10,388,195
Municipal bonds	5,961,031
	<u>\$ 41,211,877</u>

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 in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for investments and Certificates of Deposits held at year-end are summarized as follows:

No maturity	\$ 13,294,546
Less than 1 year	4,930,115
Due within 1-5 years	489,845
Due more than 5 years	22,497,371
	<u>\$ 41,211,877</u>

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, bankers acceptances of the County's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in "statutory authority" below. The investment policy does not have specific limits in excess of state law on investment credit risk.

The credit risk ratings for investments held at year-end are summarized as follows:

S&P AA/AA-/AA+	\$ 6,168,056
Moody's AA3	522,280
S&P A+	850,921
Not rated	33,670,620
	<u>\$ 41,211,877</u>

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The County's investment policy does not have specific limits in excess of State law on concentration of credit risk. All investments held at year-end are reported above.

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in

Allegan County

Notes to the Financial Statements

active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Money market accounts	\$ -	\$ 22,497,371	\$ -	\$ 22,497,371
U.S. government-backed securities	2,365,280	-	-	2,365,280
Certificate of deposits	10,388,195	-	-	10,388,195
Municipal bonds	5,961,031	-	-	5,961,031
	\$ 18,714,506	\$ 22,497,371	\$ -	\$ 41,211,877

Note 4 - Interfund Receivables and Payables

The amounts of interfund balances as of December 31, 2019 represent loans for cash flow purposes and are as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 597,894	\$ -
2921 Child Care Probate	-	305,345
Nonmajor governmental funds	-	292,549
	\$ 597,894	\$ 597,894

As of December 31, 2019, the general fund had an advance to the medical care community in the amount of \$657,698 to finance capital improvements and building expansion. The general fund also had an advance to the drains commission, a discretely-presented component unit, in the amount of \$250,000 to finance drain improvements.

For the year ended December 31, 2019, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 483,230	\$ (6,767,064)
2110/2113/2118 Central Dispatch E911 Fund	-	(930,110)
2921 Child Care Probate	2,815,125	(101,851)
Nonmajor governmental funds	7,900,292	(2,663,006)
6160-6209 Delinquent Property Tax	-	(830,808)
Medical Care Community	144,192	-
5950 Jail Commissary - Nonmajor	-	(50,000)
	\$ 11,342,839	\$(11,342,839)

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, 2) move receipts restricted to or allowed for debt service

Allegan County

Notes to the Financial Statements

from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 759,162	\$ -	\$ -	\$ 759,162
Construction in process	897,845	474,774	(870,579)	502,040
<i>Subtotal</i>	<u>1,657,007</u>	<u>474,774</u>	<u>(870,579)</u>	<u>1,261,202</u>
Capital assets being depreciated:				
Land improvements	3,416,499	-	(5,392)	3,411,107
Buildings and improvements	50,787,427	1,018,971	(1,099,803)	50,706,595
Equipment and furniture	24,433,826	774,716	(810,319)	24,398,223
Infrastructure	1,665,626	150,650	-	1,816,276
<i>Subtotal</i>	<u>80,303,378</u>	<u>1,944,337</u>	<u>(1,915,514)</u>	<u>80,332,201</u>
Less accumulated depreciation for:				
Land improvements	(2,411,446)	(126,165)	5,392	(2,532,219)
Buildings and improvements	(20,377,860)	(1,957,273)	1,099,803	(21,235,330)
Equipment and furniture	(13,930,532)	(1,773,559)	810,319	(14,893,772)
Infrastructure	(844,187)	(49,474)	-	(893,661)
<i>Subtotal</i>	<u>(37,564,025)</u>	<u>(3,906,471)</u>	<u>1,915,514</u>	<u>(39,554,982)</u>
Capital assets being depreciated, net	<u>42,739,353</u>	<u>(1,962,134)</u>	<u>-</u>	<u>40,777,219</u>
Capital assets, net	<u>\$ 44,396,360</u>	<u>\$ (1,487,360)</u>	<u>\$ (870,579)</u>	<u>\$ 42,038,421</u>

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental Activities:	
Judicial	\$ 43,837
General government	873,011
Public safety	2,656,782
Health and welfare	274,744
Recreation and culture	58,097
Total depreciation expense	<u>\$ 3,906,471</u>

Allegan County

Notes to the Financial Statements

A summary of changes in the Drain Commission/Department of Public Works capital assets was as follows:

Drains Commission	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 853,800	\$ -	\$ -	\$ 853,800
Construction in process	1,878,751	421,869	(70,485)	2,230,135
<i>Subtotal</i>	<u>2,732,551</u>	<u>421,869</u>	<u>(70,485)</u>	<u>3,083,935</u>
Capital assets being depreciated:				
Machinery and equipment	76,125	-	-	76,125
Infrastructure	20,111,684	70,485	-	20,182,169
<i>Subtotal</i>	<u>20,187,809</u>	<u>70,485</u>	<u>-</u>	<u>20,258,294</u>
Less accumulated depreciation for:				
Machinery and equipment	(24,957)	(13,857)	-	(38,814)
Infrastructure	(3,536,777)	(1,017,737)	-	(4,554,514)
<i>Subtotal</i>	<u>(3,561,734)</u>	<u>(1,031,594)</u>	<u>-</u>	<u>(4,593,328)</u>
Capital assets being depreciated, net	<u>16,626,075</u>	<u>(961,109)</u>	<u>-</u>	<u>15,664,966</u>
Capital assets, net	<u>\$ 19,358,626</u>	<u>\$ (539,240)</u>	<u>\$ (70,485)</u>	<u>\$ 18,748,901</u>

Note 6 - Long-term Obligations

The individual long-term debt and other long-term obligations of the County, and the changes therein, are summarized as follows:

Governmental Activities	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 11,175,000	\$ -	\$ (500,000)	\$ 10,675,000	\$ 550,000
Pension obligation bonds	12,270,000	-	(705,000)	11,565,000	720,000
Installment purchase agreement	4,725,323	-	(555,428)	4,169,895	565,149
Net premium/discount	81,782	-	(6,134)	75,648	-
Compensated Absences	<u>1,305,116</u>	<u>29,928</u>	<u>-</u>	<u>1,335,044</u>	<u>-</u>
Total Long-term Obligations	<u>\$ 29,557,221</u>	<u>\$ 29,928</u>	<u>\$ (1,766,562)</u>	<u>\$ 27,820,587</u>	<u>\$ 1,835,149</u>

Compensated absences in the governmental activities are liquidated by the general fund. The County has designated a portion of its general fund to fund future sick and vacation liabilities.

Allegan County

Notes to the Financial Statements

The individual long-term debt of the Drains Commission, a discretely-presented component unit, and the changes therein, are summarized as follows:

Drains Commission	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 12,619,124	\$ 422,400	\$ (1,715,133)	\$ 11,326,391	\$ 1,317,733
Notes payable	3,180,744	-	(580,111)	2,600,633	512,911
Net premium/discount	28,048	204	(9,764)	18,488	9,560
Total Long-term Obligations	\$ 15,827,916	\$ 422,604	\$ (2,305,008)	\$ 13,945,512	\$ 1,840,204

The following is the description of the above long-term debt of the County and Drains Commission, a discretely-presented component unit:

Governmental Activities

\$13,500,000 2012 Capital Improvement Bonds, due in annual installments of \$350,000 to \$1,000,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2032.	\$ 10,675,000
\$15,060,000 2014 Pension Obligation Bonds, due in annual installments of \$680,000 to \$1,110,000 plus interest ranging from 0.30 to 4.00%, payable semi-annually, through May 1, 2032.	11,565,000
\$5,807,685 2017 Installment Purchase Agreement, due in annual installments of \$638,121, payable annually through July 1, 2026, with an interest rate of 1.75%.	4,169,895
Total Long-term Debt	\$ 26,409,895

Allegan County

Notes to the Financial Statements

Drains/DPW Component Unit

\$1,549,000 2017 Selkirk Lake Drain Bond Payable, due in annual installments of \$77,000 to \$78,000 plus interest of 3.29%, payable semi-annually, through June 1, 2037.	\$ 1,395,000
\$1,358,000 2016 Cuddy Intercounty Drain Bonds Payable, due in annual installments of \$90,533 plus interest at 2.59%, payable semi-annually, through June 1, 2031.	1,086,401
\$965,000 2006 City of Otsego Water and Sewer General Obligation Limited Tax Refunding Bonds, due in annual installments of \$25,000 to \$115,000 plus interest ranging from 3.80 to 4.50%, payable semi-annually, through May 1, 2020.	105,000
\$1,195,000 2012 Village of Martin Water System No. 8 General Obligation Limited Tax Refunding Bonds, due in annual installments of \$35,000 to \$55,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2040.	935,000
\$659,000 2012 Moline Drainage District Bonds, due in annual installments of \$65,900 plus interest at 2.95%, payable semi-annually, through June 1, 2022.	197,700
\$1,930,000 2012 City of Wayland Sewage Disposal System No. 15 General Obligation Limited Tax Refunding Bonds, due in annual installments of \$180,000 to \$235,000 plus interest ranging from 2.00 to 2.50%, payable semi-annually, through October 1, 2020.	235,000
\$4,633,615 2012 Kalamazoo Lake Sewer and Water Authority Sewage Disposal System General Obligation Limited Tax Bonds (Clean Water Revolving Loan Program) Sewer Authority Bonds, due in annual installments of \$183,525 to \$295,000 plus interest at 2.50%, payable semi-annually, through April 1, 2033.	3,520,090
\$2,920,000 2013 Fillmore Township Water Supply and Sewage Disposal System No. 8 General Obligation Refunding Bonds, due in semi-annual installments of \$30,000 to \$335,000 plus interest ranging from 2.00 to 2.50%, payable semi-annually, through May 1, 2025.	1,825,000
\$427,000 2013 Coffey Drain Drainage District bonds payable, due in annual installments of \$42,700 plus interest at 2.30%, payable annually through June 1, 2023.	170,800
\$316,000 2013 Golf Drainage District bonds payable, due in annual installments of \$31,600 plus interest at 2.30%, payable annually through June 1, 2023.	126,400
\$422,400 Refinanced 2014 Kelly Lake Intercounty Drain Drainage District note payable, due in annual installments of \$38,400 plus interest at 3.01%, payable annually through June 1, 2030.	422,400
Miscellaneous Drainage District Notes, due in annual installments plus interest ranging from .70 to 4.95%, payable annually, through June 1, 2036.	3,926,721
Total Long-term Debt	<u>\$ 13,945,512</u>

Allegan County

Notes to the Financial Statements

The annual requirements to maturity on the long-term installment debt outstanding at December 31, 2019, are as follows:

Year Ended December 31,	Governmental Activities			Drains Commission, Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,835,149	\$ 797,698	\$ 2,632,847	\$ 1,840,204	\$ 363,953	\$ 2,204,157
2021	1,915,038	751,863	2,666,901	1,500,946	318,597	1,819,543
2022	2,045,102	700,910	2,746,012	1,552,912	280,840	1,833,752
2023	2,080,341	645,026	2,725,367	1,328,512	242,534	1,571,046
2024	2,190,759	584,793	2,775,552	1,233,112	208,577	1,441,689
2025 - 2029	10,243,506	-	10,243,506	3,691,268	662,057	4,353,325
2030 - 2034	6,100,000	-	6,100,000	2,204,558	259,281	2,463,839
2035 - 2039	-	-	-	579,000	49,230	628,230
2040 - 2044	-	-	-	15,000	-	15,000
2045 - 2049	-	-	-	-	-	-
Total	\$ 26,409,895	\$ 3,480,290	\$ 29,890,185	\$ 13,945,512	\$ 2,385,068	\$ 16,330,580

Note 7 - Net Investment in Capital Assets

The composition of the net investment in capital assets as of December 31, 2019 was as follows:

	Governmental Activities	Drains Commission
Capital assets:		
Capital assets not being depreciated	\$ 1,261,202	\$ 3,083,935
Capital assets being depreciated	40,777,219	15,664,966
<i>Subtotal</i>	<u>42,038,421</u>	<u>18,748,901</u>
Less long-term debt:		
Total long-term debt	(26,409,895)	(13,927,024)
Premiums/discounts on long-term debt	(75,648)	(18,488)
<i>Subtotal</i>	<u>(26,485,543)</u>	<u>(13,945,512)</u>
Add unrelated long-term debt:		
Pension obligation bonds	11,565,000	-
Other bonds payable*	-	6,620,000
<i>Subtotal</i>	<u>11,565,000</u>	<u>6,620,000</u>
Net investment in capital assets	<u>\$ 27,117,878</u>	<u>\$ 11,423,389</u>

*Certain bonds payable in the Drain Commission/Department of Public Works component unit are issued to fund construction projects for other local units of government (for which principal and interest payments on the related-debt will be repaid by the other entities in their entirety). The assets constructed with the debt proceeds are not owned by the County and therefore have been excluded from the calculation of the net investment in capital assets.

Allegan County

Notes to the Financial Statements

Note 8 - Employees' Retirement Systems

Defined Benefit

Plan description

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

Benefits Provided

Retirement benefits for employees are calculated as follows:

<u>Division</u>	<u>Benefit Multiplier</u>	<u>Benefit Maximum</u>	<u>Final Average Compensation (Years)</u>	<u>Normal Retirement Age</u>	<u>Unreduced Benefit (Age/Years of Service)</u>	<u>Reduced Benefit (Age/Years of Service)</u>	<u>Vesting (Years)</u>
01 - Tmstr Unit II - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
02 - POLC Rd Commd & Undersheriff - closed	2.50%	80%	3	60	50/25	55/15	10
06 - Mtl Hlth Dept - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
08 - Court Salaried - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
09 - Asst Pros Atty - closed	2.50%	80%	5	60	50/25	55/15	6
10 - Genl. Non Union - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
12 - Court Hourly - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
15 - Tmstrs. Unit 1 - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
16 - County Admnstr. - closed	2.00%	No Max	5	60	50/25	55/15	6
17 - Tmstr Unit 111 - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
20 - Polc deputies - closed	2.50%	80%	3	60	50/25 or 55/15	-	10
21 - POLC Corr Comm - closed	2.50%	80%	5	60	55/25	50/25 or 55/15	10

Employees Covered by Benefit Terms

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	254
Inactive plan members entitled to but not yet receiving benefits	89
Active plan members	<u>52</u>
Total employees covered by MERS	<u><u>395</u></u>

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

Allegan County

Notes to the Financial Statements

additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2019, the County had the following required contribution rates:

Division	Employee Contributions	Employer Contributions
01 - Tmstr Unit II - closed	4.00%	\$ 4,148
02 - POLC Rd Commd & Undersheriff - closed	8.00%	21,178
06 - Mtl Hlth Dept - closed	4.00%	121
08 - Court Salaried - closed	4.00%	4,574
09 - Asst Pros Atty - closed	10.79%	1,949
10 - Genl. Non Union - closed	4.00%	2,845
12 - Court Hourly - closed	4.00%	1,195
15 - Tmstrs. Unit 1 - closed	4.00%	7,900
16 - County Admnstr. - closed	4.00%	1,321
17 - Tmstr Unit 111 - closed	4.00%	2,009
20 - Polc deputies - closed	8.00%	30,520
21 - POLC Corr Comm - closed	8.09%	-

As all the divisions for the County are closed, the County makes monthly contributions for a set fixed amount rather than a percent of pay.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75% net of investment expenses, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female

Allegan County

Notes to the Financial Statements

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

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

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

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The 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. 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.

Allegan County

Notes to the Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

<u>Changes in Net Pension Liability (Asset)</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at December 31, 2017	\$ 66,641,702	\$ 66,820,082	\$ (178,380)
Service cost	563,239	-	563,239
Interest	5,176,056	-	5,176,056
Difference between expected and actual experience	355,330	-	355,330
Contributions - employer	-	392,628	(392,628)
Contributions - employee	-	281,627	(281,627)
Net investment loss	-	(2,507,442)	2,507,442
Benefit payments, including refunds	(4,445,235)	(4,445,235)	-
Administrative expenses	-	(127,060)	127,060
Other changes/transfers	-	(79,216)	79,216
<i>Net changes</i>	<u>1,649,390</u>	<u>(6,484,698)</u>	<u>8,134,088</u>
Balance at December 31, 2018	<u>\$ 68,291,092</u>	<u>\$ 60,335,384</u>	<u>\$ 7,955,708</u>

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

The following presents the net pension liability of the County, calculated using the discount rate of 8%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net pension liability of the County	<u>\$ 15,506,383</u>	<u>\$ 7,955,708</u>	<u>\$ 1,587,087</u>

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

Allegan County

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2019, the County recognized pension expense of \$1,722,875, the medical care \$57,546. The County reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 4,663,150	\$ -
Differences between expected and actual experience	198,694	44,296
Change in Assumptions	20,845	
Employer contributions to the plan subsequent to the measurement date*	592,513	-
Total	\$ 5,475,202	\$ 44,296

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2020.

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

Years Ending December 31,	Amount
2020	\$ 1,855,415
2021	539,814
2022	903,741
2023	1,539,423

Payable to the Pension Plan. At December 31, 2019, the County reported a payable of \$64,675 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Allegan County

Notes to the Financial Statements

Defined Contribution Plan

The County's defined contribution plan is offered through MERS; benefit provisions and contribution requirements are established and may be amended by the Allegan County Board of Commissioners. The County makes contributions of 4% of each participants' salary and will match up to 100% of employee contributions up to an additional 2% of salary (3% for non-bargaining employees). Total contributions for the year were \$1,885,919 (\$678,984 employee and \$1,206,935 employer).

Section 457 Deferred Compensation Plan

The County offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. Inasmuch as the plan assets are held in trust for the exclusive benefit of participants and their beneficiaries, the amounts are not reported in the accompanying financial statements.

Note 9 - Other Postemployment Benefits

Primary Government

In addition to the pension benefits described in Note 8, the County provides health insurance benefits to certain retirees. The benefit is equal to \$12/month for each year of service at the County, up to a maximum benefit of \$300/month. An alternative measurement method of the County's liability for these benefits in accordance with GASB Statements No. 74 and 75 has been performed. Inasmuch as the plan is only open to a small number of County employees, and participation in the voluntary program has historically been minimal, management has determined that the actuarially accrued liability would be immaterial to the financial statements taken as a whole.

For compliance with Public Act 202 of 2017, the County did have an actuarial valuation performed as of and for the year ended December 31, 2019. The actuarially determined contribution using the Uniform Assumptions was \$2,208 and the County did contribute the normal cost of \$85 for employees hired after June 30, 2018.

Allegan County

Notes to the Financial Statements

Note 10 - Fund Balances - Governmental Funds

The County has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds was as follows:

	2110/2113/21				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	18 Central Dispatch E911 Fund	2950 Senior Millage	2921 Child Care Probate		
Nonspendable						
Long-term advances	\$ 907,698	\$ -	\$ -	\$ -	\$ -	\$ 907,698
Prepaid items and inventory	92,850	50,792	10,865	-	38,977	193,484
<i>Total Nonspendable</i>	<u>1,000,548</u>	<u>50,792</u>	<u>10,865</u>	<u>-</u>	<u>38,977</u>	<u>1,101,182</u>
Restricted						
E-911/dispatch services	-	5,329,988	-	-	-	5,329,988
Senior services	-	-	754,596	-	-	754,596
Health/mental health	-	-	-	-	303,124	303,124
Friend of the court	-	-	-	-	941,470	941,470
Transportation	-	-	-	-	253,974	253,974
Register of deeds automation	-	-	-	-	603,348	603,348
Drug law enforcement	-	-	-	-	101,482	101,482
Sheriff	-	-	-	-	614,547	614,547
Housing assistance	-	-	-	-	120,246	120,246
State and federal grants	-	-	-	-	313,663	313,663
Parks and recreation	-	-	-	-	83,882	83,882
Debt service	-	-	-	-	2,235	2,235
Solid Waste	-	-	-	-	185,941	185,941
Concealed pistol licenses	-	-	-	-	199,811	199,811
Other purposes	-	-	-	-	1,202,814	1,202,814
<i>Total Restricted</i>	<u>-</u>	<u>5,329,988</u>	<u>754,596</u>	<u>-</u>	<u>4,926,537</u>	<u>11,011,121</u>
Committed						
Budget stabilization	3,906,496	-	-	-	-	3,906,496
Child care	-	-	-	671,989	-	671,989
Health/mental health	-	-	-	-	629,949	629,949
Animal shelters	-	-	-	-	63,005	63,005
Soldiers and sailors	-	-	-	-	105,335	105,335
Fitness center	-	-	-	-	75,351	75,351
Capital improvements	-	-	-	-	412,799	412,799
Public improvements	-	-	-	-	1,890,908	1,890,908
Debt service	-	-	-	-	271,843	271,843
Other purposes	-	-	-	-	4,124,099	4,124,099
<i>Total Committed</i>	<u>3,906,496</u>	<u>-</u>	<u>-</u>	<u>671,989</u>	<u>7,573,289</u>	<u>12,151,774</u>
Assigned						
Law library	92,517	-	-	-	-	92,517
Grant administration	23,599	-	-	-	-	23,599
Child care welfare	10,910	-	-	-	-	10,910
<i>Total Assigned</i>	<u>127,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,026</u>
Unassigned						
	6,254,150	-	-	-	-	6,254,150
Total Fund Balance	<u>\$ 11,288,220</u>	<u>\$ 5,380,780</u>	<u>\$ 765,461</u>	<u>\$ 671,989</u>	<u>\$ 12,538,803</u>	<u>\$ 30,645,253</u>

Allegan County

Notes to the Financial Statements

Note 11 - Risk Management/Self-Insurance Programs

Primary Government

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools, and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

Liability

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claims review and processing services for all member governments pursuant to its charter.

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (e.g., the self-insurance fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insurance retention limits along with certain other member-specific costs. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the years ended December 31, were as follows:

<u>Year Ended December 31,</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Net Claim Payments</u>	<u>End of Year Liability</u>
2017	\$ 105,629	\$ 633,408	\$ (559,952)	\$ 179,085
2018	179,085	478,234	(540,022)	117,297
2019	117,297	600,433	(591,223)	126,507

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

<u>Coverage</u>	<u>Self-insured Retention</u>
Liability	\$150,000
Property and crime	\$1,000 deductible per occurrence; 10% of next \$100,000

Allegan County

Notes to the Financial Statements

Employee Health Insurance

County employees are eligible for life insurance available through insurance companies. Health and dental insurances are provided through the self-insurance fund, an internal service fund. The self-insured programs are administered by a third-party administrator who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for both commercial and self-insured programs are paid into the internal service fund used to purchase insurance coverage from commercial carriers, or in the case of the self-insured programs, are available to pay health care claims, claim reserves, excess coverage and administrative funds by all other funds based on actual or illustrated rates. Excess coverage insurance purchased by the County covers individual claims in excess of \$120,000 annually. The liability at the end of the year is based on claims already incurred and an estimate of claims incurred but not yet reported.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

The County has ended the employee health insurance self-insurance program.

The changes in the claims liability for the years ended December 31, were as follows:

Year Ended December 31,	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Net Claim Payments	End of Year Liability
2017	\$ 558,513	\$ 4,643,677	\$ (5,010,403)	\$ 191,787
2018	191,787	4,020,527	(3,923,041)	289,273
2019	289,273	3,937,252	(4,226,525)	-

Unemployment

The County is self-insured for unemployment benefits, which is accounted for in the general fund. Unemployment claims are reimbursed annually to Michigan Employee Security Commission based on actual claims. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid. There was no end of year claims liability for unemployment.

Allegan County

Notes to the Financial Statements

Workers' Compensation

The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the self-insurance internal service fund. The specific risk retention associated with the worker's compensation self-insurance activity is \$400,000 with a liability limit of \$1,000,000 provided to the County through excess insurance coverage. The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage, and administrative costs.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for the years ended December 31 were as follows:

<u>Year Ended December 31,</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Net Claim Payments</u>	<u>End of Year Liability</u>
2017	\$ 28,286	\$ 171,871	\$ (156,864)	\$ 43,293
2018	43,293	199,643	(233,325)	9,611
2019	9,611	312,517	(211,420)	110,708

Note 12 - Litigation

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although other actions have been brought, the County has not experienced any additional significant losses or costs. It is the County's opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

Note 13 - Transportation Department Schedules

Cost Allocation Plans (CAP). The financial statements of the County include several transit schedules as required by the Office of Passenger Transportation (OPT) of the Michigan Department of Transportation. The Allegan County Transportation Department has four approved cost allocation plans: 2006 Indirect County Service, the 2006 Job Access Reverse Commute program, the 2008 Specialized Service program, and the 2015 Building Lease. These cost allocation plans were adhered to in the preparation of the transit schedules.

Allegan County

Notes to the Financial Statements

Nonfinancial Methodology The methodology used for compiling mileage and hours on Schedule 4N (for NonUrban Regular Service, JARC, and Specialized Service) has been reviewed and the recording method was found to be adequate and reliable.

Depreciation. The Allegan County Transportation Department is recognized as a special revenue fund in the County's audited financial statements using the modified accrual basis of accounting. Accordingly, depreciation expense was not recognized in these financial statements for the Allegan County Transportation Department.

Capital Used to Pay for Operating. No operating expenses are subtracted out as ineligible because no capital money was used to for operating expenses.

Expenses Associated with PTMS Codes 406 & 407. There were \$4,732 of expenses associated with 40620 Auxiliary Transportation Revenue and / or codes 40760 and 40799, and therefore, these expenses were deducted as ineligible for the year ended September 30, 2019.

Retirement Benefits. Pension costs incurred for Allegan County Transportation Department's portion of the Michigan Municipal Employees Retirement System were calculated pursuant to the MERS GASB 68 Implementation Guide (the "Guide"). The total pension expense recognized as calculated in step 6 of the Guide is \$14,899. The entire amount of \$14,899 was expensed in the general ledger and is reported in 50200 DB Pensions on the quarterly OAR reports as submitted to MDOT. Allegan County Transportation Department paid \$14,899 (as the fund is reported on the modified accrual basis of accounting), therefore, \$0 is subtracted out under 58020 Ineligible DB Pension for the year ended September 30, 2019.

Explanation of Ineligible Expenses per the BPT's R&E Manual. The Allegan County Transportation Department has determined and separated all ineligible expenses as required by OPT's R&E Manual. Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Audit costs are claimed as eligible given that they were only the portion allocable toward the federal single audit. The Allegan County Transportation Department did not incur expenses associated with local non-contractual income and therefore, no expenses are subtracted out as ineligible on OAR Schedule 4.

Note 14 - Contingencies

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the transit agency. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the transit agency expects such amounts, if any, to be immaterial.

Allegan County

Notes to the Financial Statements

Note 15 - Leases

The County is a lessor under an operating lease agreement for office space. The original cost of the leased assets constructed in 2002 is \$5,511,564 with accumulated depreciation of \$2,997,608 at year end. Future lease revenues for these facility leases are as follows:

Fiscal Year Ended	
December 31,	Amount
2020	\$ 394,283
2021	394,283
2022	394,283
2023	394,283
Total	\$ 1,577,132

Note 16 - Tax Abatements

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) exemption 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 exemption 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 by the local units during the year ended December 31, 2019 amounted to \$146,608.

Note 17 - Subsequent Events

The County may be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders. Management is in the process of determining if this outbreak will have a significant financial impact on the County's financial statements.

Note 18 - Prior Period Restatement

In the prior year, the County did not include the Allegan County Mental Health Services net pension liability/asset and the related deferrals on it financial statements. The subsequent correction resulted in a decrease of the County's net pension liability by \$378,812 and an increase in deferred outflows of resources and deferred inflows of resources by \$8,412 and \$514,939, respectively. The net effect was a decrease in net position of \$127,715.

In addition, in the prior year, the 6160-6209 Delinquent Property Tax was prepared to make a \$200,000 transfer out, which was recorded at year-end; however, the transfer never occurred. The

Allegan County

Notes to the Financial Statements

subsequent correction resulted in an increase in net position of \$200,000. There was a corresponding entry within the general fund of \$200,000 for transfers in, which was recorded at year-end but never occurred. The subsequent correction resulted in a decrease in fund balance of \$200,000 and a decrease in governmental activities net position of \$200,000.

The following changes to net position are shown as follows:

			6160-6209	
	General Fund	Governmental Activities	Delinquent Property Tax	Business-type Activities
Beginning net position as of December 31, 2018, as reported	\$ 10,699,111	\$ 46,613,938	\$ 11,881,244	\$ 14,919,222
Inclusion of Mental Health Services pension	-	(127,715)	-	-
Correction of transfer not occurred but recorded	(200,000)	(200,000)	200,000	200,000
Beginning net position as of December 31, 2018, as restated	<u>\$ 10,499,111</u>	<u>\$ 46,286,223</u>	<u>\$ 12,081,244</u>	<u>\$ 15,119,222</u>

Required Supplementary Information

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes and penalties	\$ 22,066,517	\$ 22,066,517	\$ 22,866,376	\$ 799,859
Licenses and permits	72,590	72,590	54,856	(17,734)
Intergovernmental revenues - Federal	53,259	53,259	85,249	31,990
Intergovernmental revenues - State	2,142,001	2,142,001	2,712,709	570,708
Charges for services	3,980,417	3,980,417	4,530,117	549,700
Fines and forfeitures	142,000	142,000	237,879	95,879
Interest and rentals	765,844	765,844	817,312	51,468
Other revenues	2,556,050	2,584,530	2,342,499	(242,031)
Total Revenues	<u>31,778,678</u>	<u>31,807,158</u>	<u>33,646,997</u>	<u>1,839,839</u>
Other Financing Sources				
Transfers in	109,906	683,230	483,230	(200,000)
Total Revenues and Other Financing Sources	<u>31,888,584</u>	<u>32,490,388</u>	<u>34,130,227</u>	<u>1,639,839</u>
Expenditures				
Legislative				
Board of commissioners	468,473	468,473	413,179	55,294
Judicial				
Circuit court	661,820	710,828	699,594	11,234
District court	1,521,046	1,483,109	1,473,500	9,609
Jury board	6,918	6,918	4,678	2,240
Probate court	466,734	480,550	480,129	421
Probate court - juvenile	692,857	692,857	681,849	11,008
Guardian/conservators	43,500	41,243	34,465	6,778
Probation - circuit court	7,480	7,480	7,847	(367)
Probation - district court	508,667	508,667	499,066	9,601
Family counseling services	15,125	15,125	9,180	5,945
Total Judicial	<u>3,924,147</u>	<u>3,946,777</u>	<u>3,890,308</u>	<u>56,469</u>
General Government				
Administration Department	353,601	353,601	303,634	49,967
Elections	126,322	126,322	94,986	31,336
Accounting department	398,976	398,976	416,211	(17,235)
Auditing services	65,000	65,000	54,500	10,500
Clerk	654,170	654,170	627,847	26,323
Equalization	464,007	464,007	461,701	2,306
Personnel department	443,674	443,674	405,982	37,692
Prosecuting attorney	1,268,301	1,286,980	1,277,761	9,219
Register of deeds	310,377	310,377	313,004	(2,627)
Treasurer	545,186	545,186	512,066	33,120
Cooperative extension	93,971	93,971	94,067	(96)
Network system	1,518,950	1,518,950	1,441,817	77,133
Drain commissioner	368,308	368,308	355,341	12,967
Records management	89,523	89,523	91,063	(1,540)
Other general government	330,000	280,992	--	280,992
Animal Control	33,219	33,219	37,487	(4,268)
Courthouse	313,040	313,040	334,081	(21,041)
Central dispatch building	149,309	149,309	121,487	27,822
Human services building	241,608	241,608	271,361	(29,753)
Medical care community building	297,800	297,800	228,322	69,478
General facilities management	703,148	705,577	652,286	53,291
Mail and copy services	190,454	191,233	192,500	(1,267)
ACC Building	13,000	13,000	9,220	3,780
CMH Clinic	18,000	18,000	27,055	(9,055)
Sheriff/jail building	629,323	629,323	701,981	(72,658)
County services building	119,858	161,297	134,216	27,081
Transportation building	--	--	5,339	(5,339)
Dumont Lake complex	88,549	47,110	59,813	(12,703)
Youth home building	78,500	78,500	60,302	18,198
Total General Government	<u>9,906,174</u>	<u>9,879,053</u>	<u>9,285,430</u>	<u>593,623</u>

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund - Continued
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Expenditures				
Public Safety				
Sheriff	\$ 4,809,845	\$ 4,895,702	\$ 5,118,660	\$ (222,958)
WEMET - sheriff	112,016	114,595	126,770	(12,175)
Secondary road patrol program	358,252	365,017	339,614	25,403
Sheriff services	52,645	52,645	54,490	(1,845)
Detective bureau	671,344	701,993	756,629	(54,636)
Courthouse security	206,366	259,393	227,756	31,637
Marine law enforcement	136,637	136,637	122,270	14,367
Jail	4,377,972	4,392,087	4,220,628	171,459
Inmate programs	232,546	241,558	303,329	(61,771)
Emergency management	119,668	123,894	115,416	8,478
L.E.P.C.	34,943	34,943	35,113	(170)
Animal shelter	98,937	98,937	72,652	26,285
Livestock claims	2,050	2,050	2,045	5
Total Public Safety	<u>11,213,221</u>	<u>11,419,451</u>	<u>11,495,372</u>	<u>(75,921)</u>
Public Works				
Department of public works	14,415	14,415	11,149	3,266
Drains - public benefits	116,954	116,954	81,142	35,812
Monumentation program	95,000	95,000	92,743	2,257
Total Public Works	<u>226,369</u>	<u>226,369</u>	<u>185,034</u>	<u>41,335</u>
Health and Welfare				
Communicable diseases	7,500	7,500	1,172	6,328
Medical examiner	201,310	201,310	202,223	(913)
Mental Health	346,095	346,095	346,095	--
Child care welfare	6,544	6,544	1,336	5,208
Veterans' services	112,833	112,833	111,746	1,087
Total Health and Welfare	<u>674,282</u>	<u>674,282</u>	<u>662,572</u>	<u>11,710</u>
Community and Economic Development				
Economic development	50,000	50,000	50,000	--
Land information systems	187,883	187,883	180,129	7,754
Total Community and Economic Development	<u>237,883</u>	<u>237,883</u>	<u>230,129</u>	<u>7,754</u>
Other				
Employees' other fringe benefits	30,000	30,000	27,030	2,970
Insurance and bonds	385,000	385,000	385,000	--
Total Other	<u>415,000</u>	<u>415,000</u>	<u>412,030</u>	<u>2,970</u>
Total Expenditures	<u>27,065,549</u>	<u>27,267,288</u>	<u>26,574,054</u>	<u>693,234</u>
Other Financing Uses				
Transfers out	4,362,296	6,767,094	6,767,064	30
Total Expenditures and Other Financing Uses	<u>31,427,845</u>	<u>34,034,382</u>	<u>33,341,118</u>	<u>693,264</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	<u>460,739</u>	<u>(1,543,994)</u>	<u>789,109</u>	<u>2,333,103</u>
Net Change in Fund Balance	460,739	(1,543,994)	789,109	2,333,103
<i>Fund Balance at Beginning of Period</i>	10,499,111	10,499,111	10,499,111	--
Fund Balance at End of Period	\$ 10,959,850	\$ 8,955,117	\$ 11,288,220	\$ 2,333,103

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
2110/2113/2118 Central Dispatch E911 Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 3,793,081	\$ 3,793,081	\$ 3,701,800	\$ (91,281)
Interest and rentals	28,000	28,000	80,889	52,889
Other revenues	--	--	184	184
Total Revenues	<u>3,821,081</u>	<u>3,821,081</u>	<u>3,782,873</u>	<u>(38,208)</u>
Expenditures				
Public safety	2,584,243	2,684,243	2,528,164	156,079
Total Expenditures	<u>2,584,243</u>	<u>2,684,243</u>	<u>2,528,164</u>	<u>156,079</u>
Other Financing Uses				
Transfers out	962,116	985,116	930,110	55,006
Total Expenditures and Other Financing Uses	<u>3,546,359</u>	<u>3,669,359</u>	<u>3,458,274</u>	<u>211,085</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>274,722</u>	<u>151,722</u>	<u>324,599</u>	<u>172,877</u>
Net Change in Fund Balance	<u>274,722</u>	<u>151,722</u>	<u>324,599</u>	<u>172,877</u>
Fund Balance at Beginning of Period	5,056,181	5,056,181	5,056,181	--
Fund Balance at End of Period	<u>\$ 5,330,903</u>	<u>\$ 5,207,903</u>	<u>\$ 5,380,780</u>	<u>\$ 172,877</u>

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
2950 Senior Millage
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes and penalties	\$ 2,143,282	\$ 2,143,282	\$ 2,339,483	\$ 196,201
Intergovernmental revenues - State	--	--	209,870	209,870
Interest and rentals	8,000	8,000	31,313	23,313
Other revenues	--	--	10,164	10,164
Total Revenues	<u>2,151,282</u>	<u>2,151,282</u>	<u>2,590,830</u>	<u>439,548</u>
Expenditures				
Health and welfare	<u>2,291,999</u>	<u>2,436,134</u>	<u>2,658,304</u>	<u>(222,170)</u>
Total Expenditures	<u>2,291,999</u>	<u>2,436,134</u>	<u>2,658,304</u>	<u>(222,170)</u>
Excess (Deficiency) of Revenues and Over Expenditures	<u>(140,717)</u>	<u>(284,852)</u>	<u>(67,474)</u>	<u>217,378</u>
Net Change in Fund Balance	<u>(140,717)</u>	<u>(284,852)</u>	<u>(67,474)</u>	<u>217,378</u>
Fund Balance at Beginning of Period	<u>832,935</u>	<u>832,935</u>	<u>832,935</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 692,218</u>	<u>\$ 548,083</u>	<u>\$ 765,461</u>	<u>\$ 217,378</u>

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
2921 Child Care Probate
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental revenues - Federal	\$ 45,000	\$ 45,000	\$ 44,797	\$ (203)
Intergovernmental revenues - State	2,383,881	2,406,951	2,741,376	334,425
Charges for services	467,250	467,250	384,379	(82,871)
Other revenues	12,200	12,200	8,223	(3,977)
Total Revenues	<u>2,908,331</u>	<u>2,931,401</u>	<u>3,178,775</u>	<u>247,374</u>
Other Financing Sources				
Transfers in	<u>2,799,745</u>	<u>2,815,125</u>	<u>2,815,125</u>	<u>--</u>
Total Revenues and Other Financing Sources	<u>5,708,076</u>	<u>5,746,526</u>	<u>5,993,900</u>	<u>247,374</u>
Expenditures				
Health and Welfare	<u>5,646,529</u>	<u>5,684,979</u>	<u>5,534,655</u>	<u>150,324</u>
Total Expenditures	<u>5,646,529</u>	<u>5,684,979</u>	<u>5,534,655</u>	<u>150,324</u>
Other Financing Uses				
Transfers out	<u>61,547</u>	<u>61,547</u>	<u>101,851</u>	<u>(40,304)</u>
Total Expenditures and Other Financing Uses	<u>5,708,076</u>	<u>5,746,526</u>	<u>5,636,506</u>	<u>110,020</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>--</u>	<u>--</u>	<u>357,394</u>	<u>357,394</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>357,394</u>	<u>357,394</u>
Fund Balance at Beginning of Period	<u>314,595</u>	<u>314,595</u>	<u>314,595</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 314,595</u>	<u>\$ 314,595</u>	<u>\$ 671,989</u>	<u>\$ 357,394</u>

Allegan County
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last Five Plan Years

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 563,239	\$ 566,872	\$ 575,360	\$ 630,413	\$ 630,185
Interest	5,176,056	5,158,817	5,101,578	4,873,458	4,758,873
Differences between expected and actual experience	355,330	(1,088,250)	(633,978)	331,814	-
Changes in assumptions	-	-	-	3,070,911	-
Benefit payments, including refunds	(4,445,235)	(4,395,034)	(4,251,411)	(4,111,028)	(3,889,485)
Other changes	-	2,160,970	-	(351)	-
Net Change in Pension Liability	<u>1,649,390</u>	<u>2,403,375</u>	<u>791,549</u>	<u>4,795,217</u>	<u>1,499,573</u>
<i>Total Pension Liability - Beginning</i>	<u>66,641,702</u>	<u>64,238,327</u>	<u>63,446,778</u>	<u>58,651,561</u>	<u>57,151,988</u>
Total Pension Liability - Ending (a)	<u>\$ 68,291,092</u>	<u>\$ 66,641,702</u>	<u>\$ 64,238,327</u>	<u>\$ 63,446,778</u>	<u>\$ 58,651,561</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 392,628	\$ 6,727,018	\$ 368,383	\$ 338,220	\$ 19,657,679
Contributions - employee	281,627	281,302	314,894	323,859	331,471
Net investment income (loss)	(2,507,442)	7,736,509	6,026,562	(846,351)	2,512,269
Benefit payments, including refunds	(4,445,235)	(4,395,034)	(4,251,411)	(4,111,028)	(3,889,485)
Administrative expenses	(127,060)	(298,081)	(119,106)	(125,827)	(92,867)
Transfers/other changes	(79,216)	176,601	-	-	655,392
Net Change in Plan Fiduciary Net Position	<u>(6,484,698)</u>	<u>10,228,315</u>	<u>2,339,322</u>	<u>(4,421,127)</u>	<u>19,174,459</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>66,820,082</u>	<u>56,591,767</u>	<u>54,252,445</u>	<u>58,673,572</u>	<u>39,499,113</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 60,335,384</u>	<u>\$ 66,820,082</u>	<u>\$ 56,591,767</u>	<u>\$ 54,252,445</u>	<u>\$ 58,673,572</u>
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 7,955,708	\$ (178,380)	\$ 7,646,560	\$ 9,194,333	\$ (22,011)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.4%	100.3%	88.1%	85.5%	100.0%
Covered Employee Payroll	\$ 3,854,768	\$ 3,936,371	\$ 4,073,529	4,606,328	4,648,412
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	206.4%	-4.5%	187.7%	199.6%	-0.5%

* Built prospectively upon implementation on GASB 68

**Allegan County
Required Supplementary Information
Schedule of Contributions
Last Six Calendar Years**

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 583,429	\$ 392,628	\$ 910,448	\$ 378,583	\$ 338,220	\$ 1,822,367
Contributions in Relation to the Actuarially Determined Contribution	591,556	392,628	6,727,018	378,583	338,220	20,313,070
Contribution Deficiency (Excess)	<u>\$ (8,127)</u>	<u>\$ -</u>	<u>\$ (5,816,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,490,703)</u>
Covered Employee Payroll	3,726,380	3,854,768	3,936,371	4,073,529	4,606,328	4,648,412
Contributions as a Percentage of Covered Employee Payroll	15.9%	10.2%	170.9%	9.3%	7.3%	0.0%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	1 - 13 Years, division specific
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75%, including inflation
Investment rate of return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the RP-2014 Group Annuity Mortality Table

Combining and Individual Fund Statements and Schedules

Allegan County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2019

	<u>1010 General</u>	<u>2570 Budget Stabilization Fund</u>	<u>2580 Sick & Vacation Liability</u>	<u>2690 Law Library</u>	<u>2710 Grant Administration</u>	<u>2922 Child Care Welfare</u>	<u>Total General Funds</u>
ASSETS							
Cash and pooled investments	\$ 4,099,687	\$ 3,906,496	\$ 1,175,075	\$ 94,674	\$ 23,599	\$ 10,910	\$ 9,310,441
Accounts receivable	408,647	--	--	--	--	--	408,647
Property taxes receivable	1,274,280	--	--	--	--	--	1,274,280
Due from other governments	524,132	--	--	--	--	--	524,132
Prepays	112,050	--	--	--	--	--	112,050
Due from other funds	597,894	--	--	--	--	--	597,894
Advance to component unit	250,000	--	--	--	--	--	250,000
Advance to other funds	657,698	--	--	--	--	--	657,698
Total Assets	\$ 7,924,388	\$ 3,906,496	\$ 1,175,075	\$ 94,674	\$ 23,599	\$ 10,910	\$ 13,135,142
LIABILITIES							
Accounts payable	\$ 438,554	\$ --	\$ --	\$ 2,157	\$ --	\$ --	\$ 440,711
Accrued liabilities	595,182	--	--	--	--	--	595,182
Total Liabilities	1,033,736	--	--	2,157	--	--	1,035,893
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	811,029	--	--	--	--	--	811,029
Total Liabilities and Deferred Inflows of Resources	1,844,765	--	--	2,157	--	--	1,846,922
FUND BALANCE							
Nonspendable	1,000,548	--	--	--	--	--	1,000,548
Committed	--	3,906,496	--	--	--	--	3,906,496
Assigned	--	--	--	92,517	23,599	10,910	127,026
Unassigned	5,079,075	--	1,175,075	--	--	--	6,254,150
Total Fund Balance	6,079,623	3,906,496	1,175,075	92,517	23,599	10,910	11,288,220
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 7,924,388	\$ 3,906,496	\$ 1,175,075	\$ 94,674	\$ 23,599	\$ 10,910	\$ 13,135,142

Allegan County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended December 31, 2019

	<u>1010 General</u>	<u>2570 Budget Stabilization Fund</u>	<u>2580 Sick & Vacation Liability</u>	<u>2690 Law Library</u>	<u>2710 Grant Administration</u>	<u>2922 Child Care Welfare</u>	<u>Elimination *</u>	<u>Total General Funds</u>
Revenues								
Taxes	\$ 22,866,376	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 22,866,376
Licenses and permits	54,856	--	--	--	--	--	--	54,856
Intergovernmental revenues - Federal	85,249	--	--	--	--	--	--	85,249
Intergovernmental revenues - State	2,712,709	--	--	--	--	--	--	2,712,709
Charges for services	4,530,117	--	--	--	--	--	--	4,530,117
Fines and forfeitures	231,379	--	--	6,500	--	--	--	237,879
Interest and rentals	815,417	--	--	1,513	382	--	--	817,312
Other revenues	2,342,499	--	--	--	--	--	--	2,342,499
Total Revenues	<u>33,638,602</u>	<u>--</u>	<u>--</u>	<u>8,013</u>	<u>382</u>	<u>--</u>	<u>--</u>	<u>33,646,997</u>
Expenditures								
Legislative	413,179	--	--	--	--	--	--	413,179
Judicial	3,864,774	--	--	25,534	--	--	--	3,890,308
General government	9,285,430	--	--	--	--	--	--	9,285,430
Public safety	11,495,372	--	--	--	--	--	--	11,495,372
Public works	185,034	--	--	--	--	--	--	185,034
Health and welfare	661,236	--	--	--	--	1,336	--	662,572
Community and economic development	230,129	--	--	--	--	--	--	230,129
Other	412,030	--	--	--	--	--	--	412,030
Total Expenditures	<u>26,547,184</u>	<u>--</u>	<u>--</u>	<u>25,534</u>	<u>--</u>	<u>1,336</u>	<u>--</u>	<u>26,574,054</u>
Excess of Revenues Over (Under) Expenditures	<u>7,091,418</u>	<u>--</u>	<u>--</u>	<u>(17,521)</u>	<u>382</u>	<u>(1,336)</u>	<u>--</u>	<u>7,072,943</u>
Other Financing Sources (Uses)								
Transfers in	1,308,271	900,924	256,148	25,000	--	5,211	(2,012,324)	483,230
Transfers out	(7,954,347)	(695,000)	(130,041)	--	--	--	2,012,324	(6,767,064)
Net Other Financing Sources (Uses)	<u>(6,646,076)</u>	<u>205,924</u>	<u>126,107</u>	<u>25,000</u>	<u>--</u>	<u>5,211</u>	<u>--</u>	<u>(6,283,834)</u>
Net Change in Fund Balance	<u>445,342</u>	<u>205,924</u>	<u>126,107</u>	<u>7,479</u>	<u>382</u>	<u>3,875</u>	<u>--</u>	<u>789,109</u>
<i>Fund Balance at Beginning of Period (Restated, Note 18)</i>	5,634,281	3,700,572	1,048,968	85,038	23,217	7,035	--	10,499,111
Fund Balance at End of Period	<u>\$ 6,079,623</u>	<u>\$ 3,906,496</u>	<u>\$ 1,175,075</u>	<u>\$ 92,517</u>	<u>\$ 23,599</u>	<u>\$ 10,910</u>	<u>\$ --</u>	<u>\$ 11,288,220</u>

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue						
	2210 Health	2550 Animal Shelter	2560 Register of Deeds Automation	2650/2651 Drug Law Enforcement	2930 Soldiers Relief	2640/2660 Law Enforcement Training	2771 Housing Assistance
ASSETS							
Cash and pooled investments	\$ 925,303	\$ 63,005	\$ 652,507	\$ 101,482	\$ 106,716	\$ 124,450	\$ 120,246
Accounts receivable	--	--	--	--	366	2,563	--
Due from other governments	75,244	--	--	--	3,243	--	--
Inventory	18,673	--	--	--	--	--	--
Prepays	15,894	4,410	--	--	--	--	--
Total Assets	\$ 1,035,114	\$ 67,415	\$ 652,507	\$ 101,482	\$ 110,325	\$ 127,013	\$ 120,246
LIABILITIES							
Accounts payable	\$ 20,215	\$ --	\$ 49,159	\$ --	\$ 3,917	\$ 1,322	\$ --
Accrued liabilities	46,080	--	--	--	1,073	--	--
Due to other governments	11,293	--	--	--	--	--	--
Unearned revenue	18,673	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	--
Total Liabilities	96,261	--	49,159	--	4,990	1,322	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	1,168	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	97,429	--	49,159	--	4,990	1,322	--
FUND BALANCE							
Nonspendable	34,567	4,410	--	--	--	--	--
Restricted	303,124	--	603,348	101,482	--	125,691	120,246
Committed	599,994	63,005	--	--	105,335	--	--
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	937,685	67,415	603,348	101,482	105,335	125,691	120,246
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,035,114	\$ 67,415	\$ 652,507	\$ 101,482	\$ 110,325	\$ 127,013	\$ 120,246

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue						
	2790/2791 State and Federal Grants	2801-2811 Law Enforcement Road Patrol	2900 Social Welfare	2960 Farmland Preservation	2961 Fitness Center	2475 Annual Projects	2635 Concealed Pistol Licensing
ASSETS							
Cash and pooled investments	\$ 258,150	\$ 430,788	\$ 29,955	\$ 238	\$ 75,351	\$ 296,026	\$ 202,048
Accounts receivable	--	--	--	--	--	--	--
Due from other governments	121,204	77,211	--	--	--	--	--
Inventory	--	--	--	--	--	--	--
Prepays	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 379,354</u>	<u>\$ 507,999</u>	<u>\$ 29,955</u>	<u>\$ 238</u>	<u>\$ 75,351</u>	<u>\$ 296,026</u>	<u>\$ 202,048</u>
LIABILITIES							
Accounts payable	\$ 36,787	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,237
Accrued liabilities	5,904	38,478	--	--	--	--	--
Due to other governments	--	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--
Due to other funds	23,000	20,100	--	--	--	--	--
<i>Total Liabilities</i>	<u>65,691</u>	<u>58,578</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,237</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>65,691</u>	<u>58,578</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,237</u>
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	313,663	449,421	--	--	--	--	199,811
Committed	--	--	29,955	238	75,351	296,026	--
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>313,663</u>	<u>449,421</u>	<u>29,955</u>	<u>238</u>	<u>75,351</u>	<u>296,026</u>	<u>199,811</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 379,354</u>	<u>\$ 507,999</u>	<u>\$ 29,955</u>	<u>\$ 238</u>	<u>\$ 75,351</u>	<u>\$ 296,026</u>	<u>\$ 202,048</u>

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue						
	2080 Parks & Recreation Fund	2150/2151 Friend of the Court Fund	2300 Transportation	2470 Local Revenue Sharing	2630 Palisades Emergency Planning	2590 Unfunded Accrued Liability	Agency Collaborative Committee
ASSETS							
Cash and pooled investments	\$ 94,314	\$ 712,990	\$ --	\$ 366,315	\$ 39,684	\$ 3,351,866	\$ 14,756
Accounts receivable	--	--	20,194	94,898	--	--	--
Due from other governments	--	257,793	627,371	--	--	--	--
Inventory	--	--	--	--	--	--	--
Prepays	--	--	--	--	--	--	--
<i>Total Assets</i>	\$ 94,314	\$ 970,783	\$ 647,565	\$ 461,213	\$ 39,684	\$ 3,351,866	\$ 14,756
LIABILITIES							
Accounts payable	\$ 6,967	\$ 4,558	\$ 133,080	\$ --	\$ 249	\$ --	\$ --
Accrued liabilities	3,465	24,755	11,062	--	--	--	--
Due to other governments	--	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--
Due to other funds	--	--	249,449	--	--	--	--
<i>Total Liabilities</i>	10,432	29,313	393,591	--	249	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	10,432	29,313	393,591	--	249	--	--
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	83,882	941,470	253,974	--	39,435	--	--
Committed	--	--	--	461,213	--	3,351,866	14,756
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	83,882	941,470	253,974	461,213	39,435	3,351,866	14,756
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 94,314	\$ 970,783	\$ 647,565	\$ 461,213	\$ 39,684	\$ 3,351,866	\$ 14,756

Allegheny County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue		Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	2211 Solid Waste	2600 MIDC	3601 Jail Construction Bonds	3603 Radio Debt	3602 Pension Defined Benefit Debt	2465 Youth Home CIP	2450/2455/2456 Public Improvement	2460 CIP Building Capital	
ASSETS									
Cash and pooled investments	\$ 247,657	\$ 1,231,520	\$ 1	\$ 271,843	\$ 2,234	\$ 424,121	\$ 2,041,133	\$ 11,846	\$ 12,196,545
Accounts receivable	--	--	--	--	--	--	38,893	--	156,914
Due from other governments	18,528	20,808	--	--	--	--	--	--	1,201,402
Inventory	--	--	--	--	--	--	--	--	18,673
Prepays	--	--	--	--	--	--	--	--	20,304
<i>Total Assets</i>	\$ 266,185	\$ 1,252,328	\$ 1	\$ 271,843	\$ 2,234	\$ 424,121	\$ 2,080,026	\$ 11,846	\$ 13,593,838
LIABILITIES									
Accounts payable	\$ 48,511	\$ 38,063	\$ --	\$ --	\$ --	\$ 23,168	\$ 189,118	\$ --	\$ 557,351
Accrued liabilities	--	11,451	--	--	--	--	--	--	142,268
Due to other governments	--	--	--	--	--	--	--	--	11,293
Unearned revenue	31,733	--	--	--	--	--	--	--	50,406
Due to other funds	--	--	--	--	--	--	--	--	292,549
<i>Total Liabilities</i>	80,244	49,514	--	--	--	23,168	189,118	--	1,053,867
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	--	--	--	--	--	--	--	--	1,168
<i>Total Liabilities and Deferred Inflows of Resources</i>	80,244	49,514	--	--	--	23,168	189,118	--	1,055,035
FUND BALANCE									
Nonspendable	--	--	--	--	--	--	--	--	38,977
Restricted	185,941	1,202,814	1	--	2,234	--	--	--	4,926,537
Committed	--	--	--	271,843	--	400,953	1,890,908	11,846	7,573,289
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	185,941	1,202,814	1	271,843	2,234	400,953	1,890,908	11,846	12,538,803
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 266,185	\$ 1,252,328	\$ 1	\$ 271,843	\$ 2,234	\$ 424,121	\$ 2,080,026	\$ 11,846	\$ 13,593,838

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue						
	2210 Health	2550 Animal Shelter	2560 Register of Deeds Automation	2650/2651 Drug Law Enforcement	2930 Soldiers Relief	2640/2660 Law Enforcement Training	2771 Housing Assistance
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 100,097	\$ --	\$ --
Licenses and permits	855,021	--	--	--	--	--	--
Intergovernmental revenues - Federal	398,902	--	--	--	--	--	--
Intergovernmental revenues - State	814,553	--	--	--	6,693	9,947	--
Intergovernmental revenues - Local	--	--	--	--	--	--	--
Charges for services	187,124	--	115,215	--	--	28,912	23,025
Fines and forfeitures	--	--	--	4,045	--	--	--
Interest and rentals	17,810	1,024	11,146	1,617	940	2,085	1,831
Other revenues	113,116	1,190	--	--	2,998	--	--
Total Revenues	<u>2,386,526</u>	<u>2,214</u>	<u>126,361</u>	<u>5,662</u>	<u>110,728</u>	<u>40,944</u>	<u>24,856</u>
Expenditures							
Legislative	--	--	--	--	--	--	--
Judicial	--	--	--	--	--	--	--
General government	--	--	235,017	--	--	--	--
Public safety	--	--	--	--	--	49,514	--
Public works	--	--	--	--	--	--	--
Health and welfare	2,635,818	53,213	--	--	117,445	--	--
Recreation and cultural	--	--	--	--	--	--	--
Community and economic development	--	--	--	--	--	--	5,030
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	<u>2,635,818</u>	<u>53,213</u>	<u>235,017</u>	<u>--</u>	<u>117,445</u>	<u>49,514</u>	<u>5,030</u>
Excess of Revenues Over (Under) Expenditures	<u>(249,292)</u>	<u>(50,999)</u>	<u>(108,656)</u>	<u>5,662</u>	<u>(6,717)</u>	<u>(8,570)</u>	<u>19,826</u>
Other Financing Sources (Uses)							
Transfers in	769,764	52,560	--	--	--	--	--
Transfers out	(435,548)	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>334,216</u>	<u>52,560</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	84,924	1,561	(108,656)	5,662	(6,717)	(8,570)	19,826
<i>Fund Balance at Beginning of Period</i>	852,761	65,854	712,004	95,820	112,052	134,261	100,420
Fund Balance at End of Period	<u>\$ 937,685</u>	<u>\$ 67,415</u>	<u>\$ 603,348</u>	<u>\$ 101,482</u>	<u>\$ 105,335</u>	<u>\$ 125,691</u>	<u>\$ 120,246</u>

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue						
	2790/2791 State and Federal Grants	2801-2811 Law Enforcement Road Patrol	2900 Social Welfare	2960 Farmland Preservation	2961 Fitness Center	2475 Annual Projects	2635 Concealed Pistol Licensing
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--	59,476
Intergovernmental revenues - Federal	159,543	--	--	--	--	--	--
Intergovernmental revenues - State	445,421	--	--	--	--	--	--
Intergovernmental revenues - Local	20,000	976,045	--	--	--	--	--
Charges for services	33,372	--	--	--	4,511	--	--
Fines and forfeitures	--	--	--	--	--	--	--
Interest and rentals	--	--	--	--	--	--	--
Other revenues	6,046	--	--	--	--	--	--
Total Revenues	<u>664,382</u>	<u>976,045</u>	<u>--</u>	<u>--</u>	<u>4,511</u>	<u>--</u>	<u>59,476</u>
Expenditures							
Legislative	--	--	--	--	--	--	--
Judicial	354,004	--	--	--	--	--	--
General government	46,889	--	--	--	8,541	--	3,582
Public safety	251,623	1,171,450	--	--	--	--	--
Public works	--	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--	--
Community and economic development	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	<u>652,516</u>	<u>1,171,450</u>	<u>--</u>	<u>--</u>	<u>8,541</u>	<u>--</u>	<u>3,582</u>
Excess of Revenues Over (Under) Expenditures	<u>11,866</u>	<u>(195,405)</u>	<u>--</u>	<u>--</u>	<u>(4,030)</u>	<u>--</u>	<u>55,894</u>
Other Financing Sources (Uses)							
Transfers in	1,711	168,000	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>1,711</u>	<u>168,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>13,577</u>	<u>(27,405)</u>	<u>--</u>	<u>--</u>	<u>(4,030)</u>	<u>--</u>	<u>55,894</u>
<i>Fund Balance at Beginning of Period</i>	300,086	476,826	29,955	238	79,381	296,026	143,917
Fund Balance at End of Period	<u>\$ 313,663</u>	<u>\$ 449,421</u>	<u>\$ 29,955</u>	<u>\$ 238</u>	<u>\$ 75,351</u>	<u>\$ 296,026</u>	<u>\$ 199,811</u>

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue						Agency Collaborative Committee
	2080 Parks & Recreation Fund	2150/2151 Friend of the Court Fund	2300 Transportation	2470 Local Revenue Sharing	2630 Palisades Emergency Planning	2590 Unfunded Accrued Liability	
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--	--
Intergovernmental revenues - Federal	--	995,969	348,936	--	--	--	--
Intergovernmental revenues - State	--	129,126	881,923	--	--	--	--
Intergovernmental revenues - Local	--	--	--	396,289	--	--	--
Charges for services	31,997	32,260	281,686	--	--	--	--
Fines and forfeitures	--	49,411	--	--	--	--	--
Interest and rentals	85,879	10,695	479	--	--	--	--
Other revenues	--	13,794	38,909	--	20,000	--	--
Total Revenues	117,876	1,231,255	1,551,933	396,289	20,000	--	--
Expenditures							
Legislative	--	--	--	--	--	--	--
Judicial	--	1,492,280	--	--	--	--	--
General government	--	--	1,751,170	--	--	--	--
Public safety	--	--	--	--	13,175	--	--
Public works	--	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	3,404
Recreation and cultural	358,107	--	--	--	--	--	--
Community and economic development	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	358,107	1,492,280	1,751,170	--	13,175	--	3,404
Excess of Revenues Over (Under) Expenditures	(240,231)	(261,025)	(199,237)	396,289	6,825	--	(3,404)
Other Financing Sources (Uses)							
Transfers in	257,073	546,724	--	--	--	2,874,975	5,000
Transfers out	--	(68,204)	--	(342,263)	(711)	--	--
Net Other Financing Sources (Uses)	257,073	478,520	--	(342,263)	(711)	2,874,975	5,000
Net Change in Fund Balance	16,842	217,495	(199,237)	54,026	6,114	2,874,975	1,596
<i>Fund Balance at Beginning of Period</i>	67,040	723,975	453,211	407,187	33,321	476,891	13,160
Fund Balance at End of Period	\$ 83,882	\$ 941,470	\$ 253,974	\$ 461,213	\$ 39,435	\$ 3,351,866	\$ 14,756

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue		Debt Service					Total Nonmajor Governmental Funds	
	2211 Solid Waste	2600 MIDC	3601 Jail Construction Bonds	3603 Radio Debt	3602 Pension Defined Benefit Debt	2465 Youth Home CIP	Public Improvement Fund		2460 CIP Building Capital
Revenues									
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 100,097
Licenses and permits	--	--	--	--	--	--	--	--	914,497
Intergovernmental revenues - Federal	--	--	--	--	--	--	--	--	1,903,350
Intergovernmental revenues - State	--	2,185,015	--	--	--	--	2,318,465	--	6,791,143
Intergovernmental revenues - Local	--	300,096	--	--	--	--	--	--	1,692,430
Charges for services	791,579	--	--	--	--	--	--	--	1,529,681
Fines and forfeitures	--	--	--	--	--	--	--	--	53,456
Interest and rentals	8,591	21,524	--	--	--	--	48,457	7,029	219,107
Other revenues	23,260	--	--	--	--	--	91,442	--	310,755
Total Revenues	823,430	2,506,635	--	--	--	--	2,458,364	7,029	13,514,516
Expenditures									
Legislative	--	--	--	--	--	--	9,975	--	9,975
Judicial	--	1,532,985	--	--	--	--	--	--	3,379,269
General government	--	--	--	--	--	--	572,352	--	2,617,551
Public safety	--	--	--	--	--	--	--	--	1,485,762
Public works	830,040	--	--	--	--	--	--	--	830,040
Health and welfare	--	--	--	--	--	--	--	--	2,809,880
Recreation and cultural	--	--	--	--	--	--	132,493	--	490,600
Community and economic development	--	--	--	--	--	--	--	--	5,030
Capital outlay	--	--	--	--	--	66,324	1,083,937	--	1,150,261
Debt service - principal	--	--	500,000	555,428	705,000	--	--	--	1,760,428
Debt service - interest	--	--	331,750	82,693	424,668	--	--	--	839,111
Total Expenditures	830,040	1,532,985	831,750	638,121	1,129,668	66,324	1,798,757	--	15,377,907
Excess of Revenues Over (Under) Expenditures	(6,610)	973,650	(831,750)	(638,121)	(1,129,668)	(66,324)	659,607	7,029	(1,863,391)
Other Financing Sources (Uses)									
Transfers in	--	229,164	830,808	909,585	1,129,434	40,304	85,190	--	7,900,292
Transfers out	--	--	--	--	--	--	(1,816,280)	--	(2,663,006)
Net Other Financing Sources (Uses)	--	229,164	830,808	909,585	1,129,434	40,304	(1,731,090)	--	5,237,286
Net Change in Fund Balance	(6,610)	1,202,814	(942)	271,464	(234)	(26,020)	(1,071,483)	7,029	3,373,895
<i>Fund Balance at Beginning of Period</i>	192,551	--	943	379	2,468	426,973	2,962,391	4,817	9,164,908
Fund Balance at End of Period	\$ 185,941	\$ 1,202,814	\$ 1	\$ 271,843	\$ 2,234	\$ 400,953	\$ 1,890,908	\$ 11,846	\$ 12,538,803

Allegan County
Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	<u>Internal Service</u>		
	<u>6770 Self- Insurance</u>	<u>6612 Fleet Management</u>	<u>Total Internal Service Funds</u>
ASSETS			
<i>Current Assets</i>			
Cash and pooled investments	\$ 6,561,753	\$ 7	\$ 6,561,760
Accounts receivable	4,193	--	4,193
Prepays	301,916	--	301,916
Total Assets	<u>6,867,862</u>	<u>7</u>	<u>6,867,869</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	20,049	--	20,049
Accrued liabilities	238,532	--	238,532
Total Liabilities	<u>258,581</u>	<u>--</u>	<u>258,581</u>
NET POSITION			
<i>Unrestricted</i>	6,609,281	7	6,609,288
Total Net Position	<u>\$ 6,609,281</u>	<u>\$ 7</u>	<u>\$ 6,609,288</u>

Allegan County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2019

	<u>Internal Service</u>		
	<u>6770 Self- Insurance</u>	<u>6612 Fleet Management</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services	\$ 5,083,173	\$ --	\$ 5,083,173
Other revenues	781,725	6,559	788,284
<i>Total Operating Revenues</i>	<u>5,864,898</u>	<u>6,559</u>	<u>5,871,457</u>
Operating Expenses			
Administrative expense	--	6,552	6,552
Insurance and employee benefits expense	5,334,281	--	5,334,281
<i>Total Operating Expenses</i>	<u>5,334,281</u>	<u>6,552</u>	<u>5,340,833</u>
<i>Operating Income (Loss)</i>	<u>530,617</u>	<u>7</u>	<u>530,624</u>
<i>Change In Net Position</i>	530,617	7	530,624
<i>Net Position at Beginning of Period</i>	6,078,664	--	6,078,664
<i>Net Position at End of Period</i>	<u>\$ 6,609,281</u>	<u>\$ 7</u>	<u>\$ 6,609,288</u>

Allegan County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	<u>Internal Service</u>		
	<u>6770 Self- Insurance</u>	<u>6612 Fleet Management</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities			
Cash received from interfund charges	\$ 5,878,248	\$ 6,559	\$ 5,884,807
Cash payments for fleet management	-	(6,552)	(6,552)
Cash payments for insurance and employee benefits	(5,944,381)	-	(5,944,381)
Net Cash Provided (Used) by Operating Activities	<u>(66,133)</u>	<u>7</u>	<u>(66,126)</u>
Net Increase (Decrease) in Cash and Pooled Investments	(66,133)	7	(66,126)
<i>Cash and Pooled Investments - Beginning of Year</i>	6,627,886	-	6,627,886
Cash and Pooled Investments - End of Year	<u>\$ 6,561,753</u>	<u>\$ 7</u>	<u>\$ 6,561,760</u>
Reconciliation of Operating Income to			
Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 530,617	\$ 7	\$ 530,624
Adjustments to Reconcile Operating Income to			
Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities			
Accounts receivable	13,350	-	13,350
Prepays	(18,397)	-	(18,397)
Accounts payable	(413,174)	-	(413,174)
Accrued liabilities	(178,529)	-	(178,529)
Net Cash Provided (Used) by Operating Activities	<u>\$ (66,133)</u>	<u>\$ 7</u>	<u>\$ (66,126)</u>

Transportation Fund Schedules

**Allegan County Transportation
Local Revenues
Schedule 1
For the Year Ended December 31, 2019**

	1/1/2019 to 9/30/2019	10/1/2019 to 12/31/2019	Total
Nonurban regular service			
Farebox revenues	\$ 60,754	\$ 28,072	\$ 88,826
Contract with Allegan CMH	2,364	1,152	3,516
Contract with Allegan ACSET	5,445	829	6,274
Contracts with other agencies	68,007	84,206	152,213
Rental of Bldgs. or Other Property	4,004	1,623	5,627
Misc. Reimbursement	17,353	-	17,353
Sale of capital assets	11,000	4,930	15,930
Interest income	-	479	479
	<hr/>	<hr/>	<hr/>
Total nonurban regular service	168,927	121,291	290,218
	<hr/>	<hr/>	<hr/>
Job access reverse commute			
Farebox revenues	2,264	569	2,833
	<hr/>	<hr/>	<hr/>
Specialized services			
Farebox revenues	2,390	633	3,023
Contract Support	18,750	6,250	25,000
	<hr/>	<hr/>	<hr/>
Total specialized services	21,140	6,883	28,023
	<hr/>	<hr/>	<hr/>
Total local revenue	\$ 192,331	\$ 128,743	\$ 321,074
	<hr/>	<hr/>	<hr/>

**Allegan County Transportation
Local Revenues
Schedule 1A
For the Year Ended September 30, 2019**

	10/1/2018 to 12/31/2018	1/1/2019 to 9/30/2019	Total
Nonurban - regular service			
Farebox revenues	\$ 27,942	\$ 60,754	\$ 88,696
Contract with Allegan CMH	-	2,364	2,364
Contract with Allegan ACSET	594	5,445	6,039
Contracts with other agencies	33,582	68,007	101,589
Maintenance	2,858	-	2,858
Rental of Bldgs. or Other Property	728	4,004	4,732
Misc. Reimbursement	-	17,353	17,353
Sale of capital assets	-	11,000	11,000
Interest income	2,800	-	2,800
 Total nonurban regular service	 <u>68,504</u>	 <u>168,927</u>	 <u>237,431</u>
 Job access reverse commute			
Farebox revenues	964	2,264	3,228
 Specialized services			
Farebox revenues	741	2,390	3,131
Contract Support	6,250	18,750	25,000
 Total specialized services	 <u>6,991</u>	 <u>21,140</u>	 <u>28,131</u>
 Total local revenue	 <u>\$ 76,459</u>	 <u>\$ 192,331</u>	 <u>\$ 268,790</u>

**Allegan County Transportation
Expenditures of Federal and State Awards
Schedule 2
For the Year Ended December 31, 2019**

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	State Number	Program or Award Amount	Current Year's Expenditures			Prior Year Expenditures	Award Remaining
				Total	Federal	State		
<u>U.S. Department of Transportation</u>								
Passed through the Michigan Department of Transportation:								
2019 Operating Assistance - Section 5311	20.509	2017-0003/P16	\$ 206,264	\$ 153,816	\$ 153,816	\$ -	\$ 52,242	\$ 206
2020 Operating Assistance - Section 5311	20.509	2017-0003/P23	178,000	48,542	48,542	-	-	129,458
U.S. DOT Operating Grant - RTAP	20.509	N/A	4,500	1,779	1,779	-	-	2,721
2019 Job Access Reverse Commute - Section 5311	20.516	2017-0003/P10	51,150	38,362	38,362	-	12,788	-
2020 Job Access Reverse Commute - Section 5311	20.516	2017-0003/P18	51,150	12,788	12,788	-	-	38,362
				-				
Capital Grant - 100% State	N/A	2017-0003/P11	280,932	280,844	-	280,844	-	88
Capital Grant - Section 5311	20.509	2017-0003/P12	65,000	64,284	51,427	12,857	-	716
Capital Grant - Section 5311	20.526	2017-0003/P15/R	388,074	-	-	-	-	388,074
Capital Grant - Section 5311	20.509	2017-0003/P20	306,000	-	-	-	-	306,000
Capital Grant - 100% State	N/A	2017-0003/P21	77,288	-	-	-	-	77,288
2019 Capital Grant - Section 5310 New Freedom	20.521	2017-0003/P14	58,000	39,875	31,900	7,975	13,548	4,577
2020 Capital Grant - Section 5310 New Freedom	20.521	2017-0003/P22	62,500	12,902	10,322	2,580	-	49,598
<u>Michigan Department of Transportation</u>								
2019 Operating assistance - Act 51	N/A	FY2019	436,212	326,769	-	326,769	109,053	390
2020 Operating assistance - Act 51	N/A	FY2019	363,972	90,993	-	90,993	-	272,979
FY16 Final Audit payback	N/A	FY2016	(10,447)	(10,447)	-	(10,447)	-	-
FY17 Reconciliation Adjustment	N/A	FY2017	46,812	46,812	-	46,812	-	-
FY18 Reconciliation Adjustment	N/A	FY2018	(70,479)	(31,325)	-	(31,325)	-	(39,154)
2019 Specialized Services	N/A	2017-0003/P13	106,704	78,626	-	78,626	26,676	1,402
2020 Specialized Services	N/A	2017-0003/P19/R	124,918	25,089	-	25,089	-	99,829
2019 Job Access Reverse Commute - Section 5311	20.516	2017-0003/P10	51,150	38,362	-	38,362	12,788	-
2020 Job Access Reverse Commute - Section 5311	20.516	2017-0003/P18	51,150	12,788	-	12,788	-	38,362
Totals			\$ 2,828,850	\$ 1,230,860	\$ 348,936	\$ 881,923	\$ 227,095	\$ 1,370,895

Allegan County Transportation

Federal and State Awards Operating Revenue Only Schedule 2A For the Year Ended December 31, 2019

	1/1/2019 to 9/30/2019	10/1/2019 to 12/31/2019	Total
Michigan Department of Transportation			
2020 Local Bus Operating (Act 51)	\$ -	\$ 90,993	\$ 90,993
2019 Local Bus Operating (Act 51)	326,769	-	326,769
2016 Final Audit Payback	(10,447)	-	(10,447)
2017 Reconciliation Adjustment	46,812	-	46,812
2018 Reconciliation Adjustment (\$70,479 due)	(7,832)	(23,493)	(31,325)
	355,302	67,500	422,802
Job Access Reverse Commute 2017-0003/P10	-	12,788	12,788
Job Access Reverse Commute 2017-0003/P7	38,362	-	38,362
Specialized Services - Contract 2017-0003/P19/R1	-	25,090	25,090
Specialized Services - Contract 2017-0003/P13	78,626	-	78,626
	472,290	105,378	577,668
Federal Transit Administration			
U.S. DOT Operating Grant - Section 5311:			
Contract 2017-0003/P16	153,816	-	153,816
Contract 2017-0003/P23	-	48,542	48,542
RTAP	1,779	-	1,779
U.S. DOT Job Access Reverse Commute:			
Contract 2017-0003/P10	-	12,788	12,788
Contract 2017-0003/P7	38,362	-	38,362
	193,957	61,330	255,287
Total revenues - state and federal	\$ 666,247	\$ 166,708	\$ 832,955

**Allegan County Transportation
Federal and State Awards
Operating Revenue Only
Schedule 2B
For the Year Ended September 30, 2019**

	10/1/2018 to 12/31/2018	1/1/2019 to 9/30/2019	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 109,053	\$ 326,769	\$ 435,822
2016 Final Audit Payback		(10,447)	(10,447)
2017 Reconciliation Adjustment	-	46,812	46,812
2018 Reconciliation Adjustment (\$70,479 due)	-	(7,831)	(7,831)
	<u>109,053</u>	<u>355,303</u>	<u>464,356</u>
 Total local bus operating			
Job Access Reverse Commute - MDOT 50% Contract 2017-0003/P10	12,788	38,362	51,150
 Specialized Services - Contract 2017-0003/P13	26,676	78,626	105,302
	<u>148,517</u>	<u>472,291</u>	<u>620,808</u>
 Total Michigan Department of Transportation			
Federal Transit Administration			
U.S. DOT Operating Grant - Section 5311 Contract 2017-0003/P16	52,242	153,816	206,058
 U.S. DOT Operating Grant - RTAP	546	1,779	2,325
 Job Access Reverse Commute - U.S. DOT 50% Contract 2017-0003/P10	12,788	38,362	51,150
	<u>65,576</u>	<u>193,957</u>	<u>259,533</u>
 Total Federal Transit Administration			
 Total revenues - state and federal	<u>\$ 214,093</u>	<u>\$ 666,248</u>	<u>\$ 880,341</u>

**Allegan County Transportation
Operating and Contract Expenses
Schedule 3
For the Year Ended December 31, 2019**

	Nonurban	Job Access Reverse Commute	Specialized Services	Total
Labor	\$ 544,312	\$ 52,509	\$ 73,116	\$ 669,937
Fringe benefits	143,480	13,882	19,242	176,603
Services	21,204	2,010	2,845	26,059
Materials and supplies	118,534	11,262	16,358	146,154
Utilities	33,637	3,249	4,561	41,447
Casualty and liability costs	153,307	14,598	20,988	188,893
Miscellaneous	4,312	149	209	4,670
Capital outlay	400,130	-	-	400,130
Leases and rentals	78,431	7,871	10,973	97,276
 Total transit programs	 <u>1,497,347</u>	 <u>105,530</u>	 <u>148,293</u>	 <u>1,751,170</u>
Less: ineligible capital outlay	<u>(400,130)</u>	<u>-</u>	<u>-</u>	<u>(400,130)</u>
 Total eligible expenses	 <u>\$ 1,097,217</u>	 <u>\$ 105,530</u>	 <u>\$ 148,293</u>	 <u>\$ 1,351,040</u>

**Allegan County Transportation
Operating and Contract Expenses Split Between a December 31 and September 30 Year End
Schedule 3A
For the Year Ended December 31, 2019**

	Nonurban			Job Access Reverse Commute			Specialized Services		
	1/1/2019 to 9/30/2019	10/1/2019 to 12/31/2019	Total	1/1/2019 to 9/30/2019	10/1/2019 to 12/31/2019	Total	1/1/2019 to 9/30/2019	10/1/2019 to 12/31/2019	Total
Labor	\$ 419,833	\$ 124,479	\$ 544,312	\$ 40,525	\$ 11,984	\$ 52,509	\$ 54,695	\$ 18,421	\$ 73,116
Fringe benefits	115,709	27,771	143,480	11,208	2,674	13,882	15,132	4,110	19,242
Services	15,273	5,931	21,204	1,439	571	2,010	1,967	878	2,845
Materials and supplies	89,211	29,323	118,534	8,439	2,823	11,262	12,019	4,339	16,358
Utilities	23,426	10,211	33,637	2,266	983	3,249	3,050	1,511	4,561
Casualty and liability costs	99,132	54,175	153,307	9,382	5,216	14,598	12,971	8,017	20,988
Miscellaneous	3,681	631	4,312	88	61	149	116	93	209
Leases and rentals	62,224	16,207	78,431	6,034	1,837	7,871	8,149	2,824	10,973
Total transit programs	\$ 828,489	\$ 268,728	\$ 1,097,217	\$ 79,381	\$ 26,149	\$ 105,530	\$ 108,099	\$ 40,194	\$ 148,293

**Allegan County Transportation
Operating and Contract Expenses by Program
Schedule 3B
For the Year Ended September 30, 2019**

	Nonurban			Job Access Reverse Commute			Specialized Services		
	10/1/2018 to 12/31/2018	1/1/2019 to 9/30/2019	Total	10/1/2018 to 12/31/2018	1/1/2019 to 9/30/2019	Total	10/1/2018 to 12/31/2018	1/1/2019 to 9/30/2019	Total
Labor	\$ 184,132	\$ 419,833	\$ 603,965	\$ 15,815	\$ 40,525	\$ 56,340	\$ 21,324	\$ 54,695	\$ 76,019
Fringe benefits	35,399	115,709	151,108	3,040	11,208	14,248	4,100	15,132	19,232
Services	20,826	15,273	36,099	1,789	1,439	3,228	2,412	1,967	4,379
Materials and supplies	47,564	89,211	136,775	4,085	8,439	12,524	5,508	12,019	17,527
Utilities	8,766	23,426	32,192	753	2,266	3,019	1,015	3,050	4,065
Casualty and liability costs	30,983	99,132	130,115	2,661	9,382	12,043	3,588	12,971	16,559
Miscellaneous	1,839	3,681	5,520	111	88	199	150	116	266
Leases and rentals	18,210	62,224	80,434	1,564	6,034	7,598	2,109	8,149	10,258
Total transit programs	\$ 347,719	\$ 828,489	\$ 1,176,208	\$ 29,818	\$ 79,381	\$ 109,199	\$ 40,206	\$ 108,099	\$ 148,305

**Allegan County Transportation
Schedule of Nonurban Regular Service Revenue
Schedule 4R (Nonurban)
For the Year Ended September 30, 2019**

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 88,696
40200	Contract fares	109,992
407 :	Non-transportation revenue	
40760	Gains from the sale of capital assets (vehicles)	11,000
407 :	Local revenue	
40720	Rental of Bldgs. or Other Property	4,732
407 :	Local revenue	
40710	Sales of Maintenance Services	2,858
411 :	State formula and contracts	
41101	State operating assistance	435,822
41113	Capital contract reimbursement for admin expense (vehicle purchase 2% admin)	1,166
413 :	Federal contracts	
41301	Federal section 5311 (operating funds only) (18.0% of budgeted)	206,081
41398	RTAP	2,325
41400	Interest income	2,800
44000	Refunds and Credits	20,103
	Total revenues	<u>\$ 885,575</u>

**Allegan County Transportation
Schedule of Nonurban Regular Service Expense
Schedule 4E (Nonurban)
For the Year Ended September 30, 2019**

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501 :	Labor				
50101	Operators' salaries and wages	\$ 284,845	\$ -	\$ -	\$ 284,845
50102	Other salaries and wages	-	36,983	153,621	190,604
50103	Dispatchers' salaries and wages	128,516	-	-	128,516
502 :	Fringe benefits				
50200	Other fringe benefits	77,901	22,723	50,484	151,108
503 :	Services				
50302	Advertising fees	-	-	410	410
50305	Audit costs	-	-	1,625	1,625
50399	Other services	1,517	-	32,548	34,065
504 :	Materials and supplies				
50401	Fuel and lubricants	98,465	15,304	-	113,769
50402	Tires and tubes	-	5,242	-	5,242
50499	Other materials and supplies	2,208	14,135	1,419	17,762
505 :	Utilities				
50500	Utilities	12,401	-	19,791	32,192
506 :	Insurance				
50603	Liability insurance	45,909	-	-	45,909
50699	Other insurance	84,206	-	-	84,206
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	4,036	4,036
50903	Association dues and subscriptions	-	-	1,788	1,788
512 :	Operating leases and rentals				
51200	Operating leases and rentals	-	-	80,433	80,433
560 :	Ineligible expenses				
56004	Expense associated with Rentals or Lease	-	-	(184)	(184)
560	Ineligible expenses				
56001	Ineligible Maintenance	-	(2,858)	-	(2,858)
574 :	Ineligible expenses				
57402	Ineligible RTAP	-	(4,778)	-	(4,778)
	Total eligible expenses	\$ 735,968	\$ 94,387	\$ 346,155	\$ 1,176,510
				Total expenses	\$ 1,176,510
				Total ineligible expenses	31,135
				Total eligible expenses	\$ 1,145,375

Allegan County Transportation
Schedule of Nonurban Regular Service Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (Nonurban)
For the Year Ended September 30, 2019

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle hours	17,536	498	76	18,110
611	Vehicle miles	368,595	7,294	1,858	377,747
615	Passengers - regular	9,709	44	-	9,753
616	Passengers - elderly	5,095	13	5	5,113
617	Passengers - persons w/ disabilities	10,512	234	20	10,766
618	Passengers - elderly persons w/ disabilities	5,440	299	46	5,785
622	Total demand-response passengers	30,756	560	71	31,387
625	Days operated	310	52	13	375
Total passengers					31,417
<u>Vehicle Information</u>					
655	Total demand-response vehicles				24
656	Demand-response vehicle w/ lifts				24
658	Total transit vehicles				24
Total vehicles					24
<u>Miscellaneous Information</u>					
660	Diesel/gasoline gallons consumed				41,620
661	Total transit agency employees (FT equivalents)				21
662	Total revenue vehicle operators (FT equivalents)				16
663	Number of accidents				4

**Allegan County Transportation
Schedule of Job Access Reverse Commute Service Revenue
Public Service
Schedule 4R (JARC)
For the Year Ended September 30, 2019**

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 3,228
411 :	State formula and contracts	
41199	Other state contracts and reimbursements	51,151
413 :	Federal contracts	
41399	Other federal transit contracts and reimbursements	51,151
		<hr/>
	Total revenues	<u>\$ 105,530</u>

Allegan County Transportation
Schedule of Job Access Reverse Commute Service Expenses
Schedule 4E (JARC)
For the Year Ended September 30, 2019

<u>Code</u>	<u>Description</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Gen. Admin.</u>	<u>Total</u>
501 :	Labor				
50101	Operators' salaries and wages	\$ 26,433	\$ -	\$ -	\$ 26,433
50102	Other salaries and wages	-	3,474	14,412	17,886
50103	Dispatchers' salaries and wages	12,020	-	-	12,020
502 :	Fringe benefits				
50200	Other fringe benefits	7,297	2,139	4,813	14,249
503 :	Services				
50302	Advertising fees	-	-	38	38
50305	Audit Costs	-	-	140	140
50399	Other services	144	-	2,907	3,051
504 :	Materials and supplies				
50401	Fuel and lubricants	8,964	1,477	-	10,441
50402	Tires and tubes	-	476	-	476
50499	Other materials and supplies	219	1,254	134	1,607
505 :	Utilities				
50500	Utilities	1,191	-	1,827	3,018
506 :	Insurance				
50603	Liability insurance	4,190	-	-	4,190
50699	Other insurance	7,853	-	-	7,853
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	29	29
50903	Association dues and subscriptions	-	-	170	170
512 :	Operating leases and rentals				
51200	Operating leases and rentals	-	-	7,598	7,598
550 :	Ineligible expenses				
55000	Ineligible JARC and NF fares	(3,228)	-	-	(3,228)
	Total eligible expenses	\$ 68,311	\$ 8,820	\$ 32,068	\$ 109,199
				Total expenses	\$ 109,199
				Total ineligible expenses	(3,228)
				Total eligible expenses	\$ 105,971

**Allegan County Transportation
Schedule of Job Access Reverse Commute Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (JARC)
For the Year Ended September 30, 2019**

<u>Code</u>	<u>Description</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
610 :	Vehicle hours	1,690	-	-	1,690
611 :	Vehicle miles	38,043	-	-	38,043
615 :	Passengers - regular	1,325	-	-	1,325
617 :	Passengers - persons w/ disabilities	510	-	-	510
618 :	Elderly Passengers - persons w/ disabilities	66	-	-	66
622 :	Total demand-response passengers	1,901	-	-	1,901
625 :	Days operated	269	-	-	269
	Total passengers				1,901
<u>Vehicle Information</u>					
655 :	Total demand-response vehicles				2
656 :	Demand-response vehicle w/ lifts				2
658 :	Total transit vehicles				2
	Total vehicles				2
<u>Miscellaneous Information</u>					
660	Diesel/gasoline gallons consumed				4,174
661	Total transit agency employees (FT equivalents)				2
662	Total revenue vehicle operators (FT equivalents)				2
663	Number of accidents				-

**Allegan County Transportation
Schedule of Nonurban Specialized Service Revenue
Schedule 4R (Specialized Service)
For the Year Ended September 30, 2019**

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 2,753
40200	Contract fares	25,000
411 :	State formula and contracts	
41199	Other state operating assistance	105,966
	Total revenues	<u>\$ 133,719</u>

Allegheny County Transportation
Schedule of Nonurban Specialized Service Expense
Schedule 4E (Specialized Service)
For the Year Ended September 30, 2019

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501 :	Labor				
50101	Operators' salaries and wages	\$ 35,676	\$ -	\$ -	\$ 35,676
50102	Other salaries and wages	-	4,701	19,417	24,118
50103	Dispatchers' salaries and wages	16,225	-	-	16,225
502 :	Fringe benefits				
50200	Other fringe benefits	9,877	2,886	6,469	19,232
503 :	Services				
50302	Advertising fees	-	-	52	52
50305	Audit costs	-	-	188	188
50399	Other services	198	-	3,942	4,140
504 :	Materials and supplies				
50401	Fuel and lubricants	12,393	1,898	-	14,291
50402	Tires and tubes	-	646	-	646
50499	Other materials and supplies	290	1,698	173	2,161
505 :	Utilities				
50500	Utilities	1,561	-	2,506	4,067
506 :	Insurance				
50603	Liability insurance	5,965	-	-	5,965
50699	Other insurance	10,595	-	-	10,595
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	39	39
50903	Association dues and subscriptions	-	-	226	226
512 :	Operating leases and rentals				
51200	Operating leases and rentals	-	-	10,258	10,258
	Total eligible expenses	\$ 92,780	\$ 11,829	\$ 43,270	\$ 147,879
				Total expenses	\$ 147,879
				Total ineligible expenses	-
				Total eligible expenses	\$ 147,879

Allegan County Transportation
Schedule of Specialized Services Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (Specialized Service)
For the Year Ended September 30, 2019

<u>Code</u>	<u>Description</u>	<u>Agency</u>	<u>Volunteer</u>	<u>Total</u>
610	Vehicle hours	2,280	-	2,280
611	Vehicle miles	89,021	-	89,021
616	Passengers - elderly	220	-	220
617	Passengers - persons w/ disabilities	431	-	431
618	Passengers - elderly persons w/ disabilities	2,126	-	2,126
	Total passengers			2,779
<u>Vehicle Information</u>				
655	Total demand-response vehicles	2		
656	Demand-response vehicle w/ lifts	2		
658	Total transit vehicles	2		
	Total vehicles	2		

**Allegan County Transportation
Operating Assistance Calculation
Schedule 5
For the Year Ended September 30, 2019**

	<u>Nonurban</u>	
Total expenses	\$ 1,176,207	
Less ineligible expenses:		
Ineligible Refunds and Credits	(20,103)	
Ineligible Percent of Association Dues	(184)	
Sale of Maintenance Services	(2,858)	
Other ineligible - Rental/lease	(4,778)	
RTAP	<u>(2,046)</u>	
Association dues	(1,469)	
Total ineligible expenses	<u>(31,438)</u>	
Total state eligible expenses	1,144,769	
Eligible expenses for state reimbursement	1,144,769	
x Reimbursement percentage	<u>38.0667%</u>	
State operating assistance	<u>\$ 435,776</u>	
State operating assistance received		<u>\$ 435,822</u>
Amount due from state		<u>\$ (46)</u>
Total federal eligible expenses	\$ 1,144,769	
Less additional federal expenses ineligible		
Audit costs	<u>-</u>	
Eligible expenses for federal reimbursement	1,144,769	
x Reimbursement percentage	<u>18.0000%</u>	
Federal operating assistance	<u>\$ 206,058</u>	
Federal operating assistance received		<u>\$ 206,058</u>
Amount due from federal		<u>\$ -</u>

**Allegan County Transportation
Mileage / Hourly Data (Unaudited)
Non Financial Data Summary
For the Year Ended September 30, 2019**

		<u>Nonurban Transportation</u>	<u>JARC Transportation</u>	<u>Specialized Services Transportation</u>	<u>Total Transportation</u>
<u>Mileage</u>					
First Quarter	10/18 - 12/18	117,272	9,750	22,946	149,968
Second Quarter	1/19 - 3/19	98,015	9,961	22,474	130,450
Third Quarter	4/19 - 6/19	86,114	9,121	22,325	117,560
Fourth Quarter	7/19 - 9/19	76,346	9,211	21,276	106,833
Total Operation		<u>377,747</u>	<u>38,043</u>	<u>89,021</u>	<u>504,811</u>
<u>Hours</u>					
First Quarter	10/18 - 12/18	5,414	465	627	6,506
Second Quarter	1/19 - 3/19	4,795	464	596	5,855
Third Quarter	4/19 - 6/19	4,231	364	541	5,136
Fourth Quarter	7/19 - 9/19	3,660	397	516	4,573
Total Operation		<u>18,100</u>	<u>1,690</u>	<u>2,280</u>	<u>22,070</u>
Percentage of total hours		82.0%	7.7%	10.3%	100.0%

The methodology used for compiling mileage and hours has been reviewed and found to be an adequate and reliable method for recording vehicle mileage and hours of service.

Component Units

**Allegan County Drains
Statement of Net Position
December 31, 2019**

ASSETS

Current Assets

Cash and pooled investments	\$	2,564,701
Special assessments receivable		1,697,081
Leases receivable		861,472
Due from other governments		12,755
Total Current Assets		5,136,009

Noncurrent Assets

Capital assets not being depreciated		3,083,935
Capital assets being depreciated, net		15,664,966
Special assessments receivable, long-term		4,109,825
Leases receivable, long-term		5,788,174
Total Assets		33,782,909

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on bond refunding		80,831
Total Deferred Outflows of Resources		80,831

LIABILITIES

Current Liabilities

Accounts payable		153,187
Accrued payroll		2,173
Accrued interest		235,490
Current portion of long-term debt		1,840,204
Total Current Liabilities		2,231,054

Noncurrent Liabilities

Long-term debt		12,105,308
Advance from primary government		250,000
Total Liabilities		14,586,362

NET POSITION

Net investment in capital assets		11,423,389
<i>Restricted for:</i>		
Debt Service		5,923,180
<i>Unrestricted</i>		1,930,809
Total Net Position	\$	19,277,378

**Allegan County Drains
Statement of Activities
For the Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Drains/Public works	\$ 1,869,593	\$ 1,051,224	\$ 233,661	\$ 1,697,021	\$ 1,112,313
Interest on long-term debt	479,400	--	--	--	(479,400)
<i>Total Government</i>	\$ 2,348,993	\$ 1,051,224	\$ 233,661	\$ 1,697,021	\$ 632,913
		General Purpose Revenues:			
					39,252
					39,252
					672,165
					18,605,213
					\$ 19,277,378

**Allegan County Drains
Balance Sheet
Governmental Funds
December 31, 2019**

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		3672 - Fillmore Water and Sewer No.9	Lake Sewer/Water Debt No.18	6010 - Revolving Drain		
ASSETS						
Cash and pooled investments	\$ 2,373,892	\$ 989	\$ --	\$ 124,111	\$ 4,808	\$ 2,503,800
Special assessments receivable	5,806,906	--	--	--	--	5,806,906
Leases receivable	--	1,830,265	3,541,419	--	1,277,962	6,649,646
Due from other funds	--	--	--	125,889	--	125,889
<i>Total Assets</i>	\$ 8,180,798	\$ 1,831,254	\$ 3,541,419	\$ 250,000	\$ 1,282,770	\$ 15,086,241
LIABILITIES						
Accounts payable	\$ 152,831	\$ --	\$ --	\$ --	\$ --	\$ 152,831
Due to other funds	125,889	--	--	--	--	125,889
Advance from primary government	--	--	--	250,000	--	250,000
<i>Total Liabilities</i>	278,720	--	--	250,000	--	528,720
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - special assessments	5,806,906	--	--	--	--	5,806,906
Unavailable revenue - leases receivable	--	1,830,265	3,541,419	--	1,277,962	6,649,646
<i>Total Liabilities and Deferred Inflows of Resources</i>	6,085,626	1,830,265	3,541,419	250,000	1,277,962	12,985,272
FUND BALANCE						
Restricted	--	989	--	--	4,808	5,797
Unassigned	2,095,172	--	--	--	--	2,095,172
<i>Total Fund Balance</i>	2,095,172	989	--	--	4,808	2,100,969
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 8,180,798	\$ 1,831,254	\$ 3,541,419	\$ 250,000	\$ 1,282,770	\$ 15,086,241

Allegan County Drains
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2019

Total Fund Balance - Governmental Funds	\$	2,100,969
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements		108,438
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, the interest expenditure is reported when due.		(235,490)
General government capital assets of \$23,266,104, net of accumulated depreciation of \$4,554,514, are not financial resources and, accordingly, are not reported in the funds.		18,711,590
Long-term liabilities, including the current portion of long-term debt, are not payable in the current period and, therefore, are not reported in the funds.		(13,864,681)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset (such as property taxes, special assessments receivables, and leases receivable not collected in 60 days of year end) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		12,456,552
Total Net Position - Governmental Activities	\$	<u>19,277,378</u>

Allegan County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		3672 - Fillmore Water and Sewer No.9	Lake Sewer/Water Debt No.18	6010 - Revolving Drain		
Revenues						
Special assessments	\$ 1,633,557	\$ --	\$ --	\$ --	\$ --	\$ 1,633,557
Intergovernmental - Local	--	281,811	295,565	--	411,005	988,381
Interest income	37,680	28	--	--	662	38,370
Other revenues	1,051,224	--	--	--	--	1,051,224
Total Revenues	2,722,461	281,839	295,565	--	411,667	3,711,532
Expenditures						
Drains/Public works	1,270,090	--	--	--	3	1,270,093
Debt service - Principal	1,490,244	240,000	205,000	--	360,000	2,295,244
Debt service - Interest	228,755	42,525	90,565	--	53,055	414,900
Total Expenditures	2,989,089	282,525	295,565	--	413,058	3,980,237
Excess of Revenues Over (Under) Expenditures	(266,628)	(686)	--	--	(1,391)	(268,705)
Other Financing Sources (Uses)						
Issuance of long-term debt	422,400	--	--	--	--	422,400
Net Other Financing Sources (Uses)	422,400	--	--	--	--	422,400
Net Change in Fund Balance	155,772	(686)	--	--	(1,391)	153,695
<i>Fund Balance at Beginning of Period</i>	1,939,400	1,675	--	--	6,199	1,947,274
Fund Balance at End of Period	\$ 2,095,172	\$ 989	\$ --	\$ --	\$ 4,808	\$ 2,100,969

**Allegan County Drains
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2019**

Total Net Change in Fund Balances - Governmental Funds	\$	153,695
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements		(2,750)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		(64,500)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is represented by which capital outlay expenditures of \$421,869 is less than depreciation expense of \$1,017,737.		(595,868)
Proceeds from the issuance of notes payable are reported as other financing sources in the fund statements, but reported as liabilities in the Statement of Net Position.		(422,400)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term debt reduces long-term liabilities on the statement of net position.		2,295,244
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.		(691,256)
Changes in Net Position - Governmental Activities	\$	<u>672,165</u>

**Allegan County Drains
Statement of Net Position
Proprietary Fund
December 31, 2019**

	Governmental Activities Internal Service Fund
ASSETS	
<i>Current Assets</i>	
Cash and pooled investments	\$ 60,901
Due from other governments	12,755
<i>Total Current Assets</i>	73,656
<i>Noncurrent Assets</i>	
Capital assets being depreciated, net	37,311
<i>Total Assets</i>	110,967
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable	356
Accrued payroll	2,173
<i>Total Liabilities</i>	2,529
NET POSITION	
Net investment in capital assets	37,311
<i>Unrestricted</i>	71,127
<i>Total Net Position</i>	\$ 108,438

Allegan County Drains
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2019

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	\$ 97,574
<i>Total Operating Revenues</i>	97,574
Operating Expenses	
Drains/Public works	87,349
Depreciation expense	13,857
<i>Total Operating Expenses</i>	101,206
<i>Operating Income (Loss)</i>	(3,632)
Non-Operating Revenues (Expenses)	
Interest earned on investments	882
<i>Net Non-Operating Revenues (Expenses)</i>	882
<i>Change In Net Position</i>	(2,750)
<i>Net Position at Beginning of Period</i>	111,188
<i>Net Position at End of Period</i>	\$ 108,438

Drain Commission/Department of Public Works Component Unit
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2019

	Drain Equipment
Cash Flows from Operating Activities	
Cash received from interfund charges	\$ 98,056
Cash payments to suppliers for goods and services	(14,744)
Cash payments to employees for services	(70,986)
<i>Net Cash Provided by Operating Activities</i>	12,326
 Cash Flows from Investing Activities	
Interest on deposits	882
<i>Net Cash Provided by Investing Activities</i>	882
 <i>Net Increase in Cash and Pooled Investments</i>	13,208
<i>Cash and Pooled Investments - Beginning of Year</i>	47,693
<i>Cash and Pooled Investments - End of Year</i>	\$ 60,901
 Reconciliation of Operating Loss to	
Net Cash Provided by Operating Activities	
Operating Loss	\$ (3,632)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	13,857
Changes in Assets and Liabilities	
Due from other governments	482
Accounts payable	297
Accrued liabilities	1,322
Net Cash Provided by Operating Activities	\$ 12,326

**Allegan County Drains
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Debt Service						Total Nonmajor Governmental Funds
	3654 - Sewer No.13 Saugatuck	3666 - Water & Sewer No.3 Otsego Twp	3669 - Otsego Water/Sewer Refunding	3670 - City of Wayland Refunding	3671 - Martin Village Refunding	8229 - Bear Swamp	
ASSETS							
Cash and pooled investments	\$ 384	\$ --	\$ 2,092	\$ 1,405	\$ 927	\$ --	\$ 4,808
Leases receivable	--	--	103,302	235,064	939,596	--	1,277,962
<i>Total Assets</i>	\$ 384	\$ --	\$ 105,394	\$ 236,469	\$ 940,523	\$ --	\$ 1,282,770
LIABILITIES							
<i>Total Liabilities</i>	--	--	--	--	--	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - leases receivable	--	--	103,302	235,064	939,596	--	1,277,962
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	--	103,302	235,064	939,596	--	1,277,962
FUND BALANCE							
Restricted	384	--	2,092	1,405	927	--	4,808
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	384	--	2,092	1,405	927	--	4,808
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 384	\$ --	\$ 105,394	\$ 236,469	\$ 940,523	\$ --	\$ 1,282,770

Allegan County Drains
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Debt Service						Total Nonmajor Governmental Funds
	3654 - Sewer No.13 Saugatuck	3666 - Water & Sewer No.3 Otsego Twp	3669 - Otsego Water/Sewer Refunding	3670 - City of Wayland Refunding	3671 - Martin Village Refunding	8229 - Bear Swamp	
Revenues							
Intergovernmental - Local	\$ --	\$ --	\$ 117,173	\$ 225,163	\$ 68,669	\$ --	\$ 411,005
Interest income	--	--	205	337	120	--	662
Total Revenues	<u>--</u>	<u>--</u>	<u>117,378</u>	<u>225,500</u>	<u>68,789</u>	<u>--</u>	<u>411,667</u>
Expenditures							
Drains/Public works	--	3	--	--	--	--	3
Debt service - Principal	--	--	110,000	215,000	35,000	--	360,000
Debt service - Interest	--	--	7,673	10,963	34,419	--	53,055
Total Expenditures	<u>--</u>	<u>3</u>	<u>117,673</u>	<u>225,963</u>	<u>69,419</u>	<u>--</u>	<u>413,058</u>
Excess of Revenues Over (Under) Expenditures	<u>--</u>	<u>(3)</u>	<u>(295)</u>	<u>(463)</u>	<u>(630)</u>	<u>--</u>	<u>(1,391)</u>
Net Change in Fund Balance	<u>--</u>	<u>(3)</u>	<u>(295)</u>	<u>(463)</u>	<u>(630)</u>	<u>--</u>	<u>(1,391)</u>
<i>Fund Balance at Beginning of Period</i>	384	3	2,387	1,868	1,557	--	6,199
Fund Balance at End of Period	<u>\$ 384</u>	<u>\$ --</u>	<u>\$ 2,092</u>	<u>\$ 1,405</u>	<u>\$ 927</u>	<u>\$ --</u>	<u>\$ 4,808</u>



**ALLEGAN COUNTY
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED DECEMBER 31, 2019**

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

July 28, 2020

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan (the "County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 28, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Gabridge & Company, PLC
Grand Rapids, MI

Allegan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-Through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster:				
** School Breakfast Program	10.553	MDE	03-000-8001	\$ 13,646
** National School Lunch Program	10.555	MDE	03-000-8001	27,854
Commodities (non-cash assistance)	10.555	MDE	03-000-8001	3,297
Total Child Nutrition Cluster:				44,797
Total U.S. Department of Agriculture				
				44,797
U.S. Department of Health and Human Services				
Administration for Children and Families:				
Child Support Enforcement:				
* Friend of the Court Incentive Payments	93.563	MDHHS	CSCOM-17-03003	161,332
* Cooperative Reimbursement Program	93.563	MDHHS	CSCOM-17-03003	834,637
Centers for Disease Control and Prevention:				
Immunization:				
* Immunization Action Plan (IAP)	93.268	MDHHS	NH23IP000752	33,409
* Immunization Action Plan (IAP)	93.268	MDHHS	NH23IP922635	10,648
* Immunization Action Plan (IAP)	93.268	MDHHS	NU62PA924530	14,889
* Immunization Fixed Fees	93.268	MDHHS	NH23IP000752	950
* Immunization Fixed Fees	93.268	MDHHS	NH23IP922635	450
* Vaccines (non-cash assistance)	93.268	MDHHS	N/A	43,906
Public Health Emergency Preparedness (PHEP):				
* Hosp Preparedness + PH Emer Prep	93.069	MDHHS	NU90TP921906	66,138
* Hosp Preparedness + PH Emer Prep	93.069	MDHHS	NU90TP922062	29,509
* Hosp Preparedness + PH Emer Prep	93.069	MDHHS	U3REP190584	30,489
* Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	MDHHS	U52PS004693	219
* Epidemiology and Lab Capacity for Infectious Diseases (ELC)	93.323	MDHHS	NU50CK000369	19,705
Centers for Medicare and Medicaid Services:				
Medicaid Cluster:				
* CSHCS - Outreach and Advocacy	93.778	MDHHS	1905MI5ADM	31,027
* CSHCS - Outreach and Advocacy	93.778	MDHHS	2005MI5ADM	10,329
* Care Coordination Services - Fixed Fees (PCA 88080)	93.778	MDHHS	1905MI5ADM	5,200
* Care Coordination Services - Fixed Fees (PCA 88080)	93.778	MDHHS	N/A	1,100
* Care Coordination Services - Fixed Fees (PCA 88050)	93.778	MDHHS	1905MI5ADM	120
* Care Coordination Services - Fixed Fees (PCA 88050)	93.778	MDHHS	N/A	30
* Care Coordination Services - Fixed Fees (PCA 89650)	93.778	MDHHS	N/A	202
* CSHCS - Medicaid Outreach	93.778	MDHHS	2005MI5ADM	29,160
* Medicaid Outreach	93.778	MDHHS	2005MI5ADM	5,653
* Medicaid Outreach	93.778	MDHHS	2005MI5ADM	2,122
* Care Coordination Services - Fixed Fees (PCA 88040)	93.994	MDHHS	B0432550	1,170
* Care Coordination Services - Fixed Fees (PCA 88040)	93.994	MDHHS	N/A	90
* Care Coordination Services - Fixed Fees (PCA 88070)	93.994	MDHHS	B0432550	5,250
* Care Coordination Services - Fixed Fees (PCA 88070)	93.994	MDHHS	N/A	1,850
Total Medicaid Cluster:				93,303
Health Resources and Services Administration:				
Maternal and Child Health Services Block Grant:				
* Enabling Services Children - MCH	93.994	MDHHS	B0432550	15,002
* Enabling Services Children - MCH	93.994	MDHHS	B04MC33846	7,248
* Public Health Infrastructure - MCH	93.994	MDHHS	B0432550	20,040
* Public Health Infrastructure - MCH	93.994	MDHHS	B04MC33846	4,698
Total U.S. Department of Health and Human Services				1,386,572

Allegan County
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-Through / Grantor Number	Federal Expenditures
U.S. Department of Homeland Security				
* Emergency Management Performance Program	97.042	MSP	EMC-2019-EP-00004	\$ 23,560
* Emergency Management Performance Program	97.042	MSP	N/A	9,211
Homeland Security Grant 2017	97.067	VBC	EMW-2017-SS-00013	470
Homeland Security Grant 2017 (non cash)	97.067	VBC	EMW-2017-SS-00013	7,103
Homeland Security Grant 2018 (non cash)	97.067	VBC	EMW-2018-SS-0042	4,170
PreDisaster Mitigation Grant	97.047	MSP	EMC-2019-EP-00004	2,130
Total U.S. Department of Homeland Security				<u>46,644</u>
U.S. Department of Justice				
Bureau of Justice Assistance:				
* State Criminal Alien Assistance Program	16.606	Direct	2020-AP-BX-0766	4,475
* Edwin Byrne Memorial Justice Grant	16.738	SCAO	72157-SCAO-2019	61,618
* Edwin Byrne Memorial Justice Grant	16.738	SCAO	72157-SCAO-2020	17,990
* Southwest MI Enforcement Team	16.738	MSP	2017-MU-BX-0191	24,000
* Southwest MI Enforcement Team	16.738	MSP	2018-MU-BX-0886	24,000
Total U.S. Department of Justice				<u>132,083</u>
U.S. Department of Transportation				
Federal Transit Administration:				
Formula Grants for Rural Areas:				
* Operating - Section 5311	20.509	MDOT	2017-0003/16	153,816
* Operating - Section 5311	20.509	MDOT	2017-0003/23	48,542
* Capital - Section 5311	20.509	MDOT	2017-0003/P12	51,427
* Operating - RTAP	20.509	MDOT	n/a	1,779
* Operating - Section 5311 JARC	20.516	MDOT	2017-0003/P10	38,362
* Operating - Section 5311 JARC	20.516	MDOT	2017-0003/P18	12,788
* Capital - Section 5310 New Freedom	20.521	MDOT	2017-0003/P14	31,900
* Capital - Section 5310 New Freedom	20.521	MDOT	2017-0003/P22	10,322
Total Federal Transit Cluster:				<u>348,936</u>
National Highway Traffic Safety Administration:				
* DWI Sobriety Court	20.601	OHSP	AL-19-05	31,017
* DWI Sobriety Court	20.601	OHSP	AL-20-05	12,918
* Highway Safety - OWI	20.600	OHSP	PT-19-21	10,320
* Highway Safety - OWI	20.600	OHSP	PT-20-29	4,477
* Highway Safety - Seatbelt	20.600	OHSP	PT-19-21	1,721
* Highway Safety - Seatbelt	20.600	OHSP	PT-20-29	1,661
* Highway Safety - Underage Drinking Enforcement	20.616	OHSP	AL-19-12	3,565
Total Highway Safety Cluster:				<u>65,679</u>
Total U.S. Department of Transportation				<u>414,615</u>
U.S. Environmental Protection Agency				
Office of Water:				
* State Drinking Water Revolving Loan - Standard/Operator Assistance	66.468	MDEQ	FS975487-17	1,313
* State Drinking Water Revolving Loan - Standard/Operator Assistance	66.468	EGL	FS975487-18	1,531
* State Drinking Water Revolving Loan - Local Assistance	66.468	MDEQ	FS975487-17	1,700
* Public Water Supply Supervision - Revised Total Coliform Rule	66.468	MDEQ	FS975487-17	3,757
Total U.S. Environmental Protection Agency				<u>8,301</u>
Executive Office of the President				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	KT	n/a	384
Total Executive Office of the President				<u>384</u>
Total Expenditures of Federal Awards				<u>\$ 2,033,396</u>

Allegan County

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Allegan County, Michigan (the “County”) under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

The County’s reporting entity is defined in Note 1 of the County’s financial statement audit report. The County’s financial statements include the operations of the Allegan County Road Commission as a discretely presented component unit, which received federal awards that are not included in the Schedule for the year ended December 31, 2019, as it was separately audited. The County’s financial statements include the Allegan County Medical Care Community, an enterprise fund, which received federal awards that are not included in the Schedule for the year ended December 31, 2019, as the entity was separately audited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

NOTE 3 - FISCAL REPORTING

Certain departments report on a different fiscal year than the County. Grants accounted for and reported on year-ends other than December 31, 2019 are denoted as such in the Schedule with an asterisk (*) for September 30 year-ends, or a double asterisk (**) for June 30 year-ends.

Allegan County

Notes to the Schedule of Expenditures of Federal Awards

NOTE 4 - PASS-THROUGH AGENCIES

The County received certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency	
Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDHHS	Michigan Department of Health and Human Services
MDOT	Michigan Department of Transportation
OHSP	Michigan Office of Highway Safety Planning
MSP	Michigan Department of State Police
SCAO	State Court Administrative Office
VBC	County of Van Buren, Michigan
KT	Kalamazoo Township, Michigan
EGLE	Environmental, Great Lakes & Energy - State of Michigan

NOTE 5 - RECONCILIATION TO FINANCIAL STATEMENTS

The County's governmental funds reported total *intergovernmental revenues – federal* of \$2,033,396 during the year ended December 31, 2019. This amount reconciles with the total federal expenditures from the Schedule.

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

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, 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 Allegan County, Michigan (the “County”), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated July 28, 2020. Our report includes a reference to other auditors who audited the financial statements of the Allegan County Road Commission and the Allegan County Medical Care Community, as described in our report on the County’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the typed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI
July 28, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, Michigan

Report on Compliance for Each Major Federal Program

We have audited Allegan County, Michigan's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Allegan County Road Commission and the Allegan County Medical Care Community, which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, described below, did not include the operations of the Allegan County Road Commission and the Allegan County Medical Care Community because they arranged for a separate financial statement audit report.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Gabridge & Company, PLC
Grand Rapids, MI
July 28, 2020

Allegheny County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No findings or questioned costs in the prior year.

July 28, 2020

To the Board of Commissioners
Allegan County
Allegan, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan (the "County") as of and for the year ended December 31, 2019. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 10, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the fiscal year ended December 31, 2019. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 28, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

The Nonurban Regular Service Nonfinancial Data, Job Access Reverse Commute Nonfinancial Data, the Specialized Services Nonfinancial Data, and the Mileage / Hourly Data schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

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

Very truly yours,



Gabridge & Company, PLC
Grand Rapids, MI